COLOMBO PORT CITY
ECONOMIC COMMISSION

READY FOR A NEW TOMORROW

ANNUAL REPORT 2023

COLOMBO PORT CITY ECONOMIC COMMISSION

READY FOR A NEW TOMORROW

A vision realized: Colombo Port City stands as a testament to Sri Lanka's aspirations for a modern, sustainable future. This ambitious project, strategically located in the heart of the capital, combines world-class urban planning with unparalleled natural beauty. As a pivotal hub for financial services, technology, trade, and tourism, Colombo Port City is poised to catalyze economic growth and innovation on a regional and global scale. With its state-of-the-art infrastructure and commitment to environmental stewardship, it offers unique opportunities for investment, lifestyle, and sustainable development. The project is poised to emerge as an example of progress in the 21st century, attracting investment, talent, and opportunities globally. As it prepares for the future, Colombo Port City embodies the spirit of innovation, connectivity, and resilience, shaping Sri Lanka's destiny as a competitive business hub in the region.

Content

About Us

Welcome to the third Annual Report of the Colombo Port City Economic Commission (the Commission). This report provides a comprehensive view of the financial and non-financial information pertaining to Colombo Port City for the financial year ended December 2023. The report details the year's operational environment, project progress, sustainability management, financial performance, risk management framework, corporate governance, and the future plans of the Colombo Port City Special Economic Zone (SEZ).

This report is intended to allow stakeholders to gain comprehensive insights into the operations and progress of the Colombo Port City Special Economic Zone development. The audited Financial Statements and the related notes and requisite disclosures are set out in the report.

This report also provides information about the strategic plans of Colombo Port City and even though these statements are made in good faith based on current realities and assumptions, future results may vary from the predictions in line with the evolution of the project as well as socioeconomic impacts.

Our Vision

To be a world-class, sustainable service-oriented special economic zone.

Our Mission

- Boost ease of doing business.
- Accelerate sustainable economic growth by creating intrinsic value for investors.
- Generate opportunities for stakeholders by providing a smart city.
- Adhere to environmental sustainability standards to position Colombo Port City as the preferred investment destination in the region.

Our Values

- Efficient
- Resilient
- Ethical
- Transparent
- Trustworthy

Project Highlights

91 HA
Public Space

45 HA
Green Space

Total Expected Investment	Reclamation & Infrastructure Investment
USD 15 BN	**USD 1.4 BN**

Projected City Development Investment
USD 13.5 BN

Land Area	Development Area
269 HA	**179 HA**

Total Build Area (GFA)
6.3 MN SQM

International Island

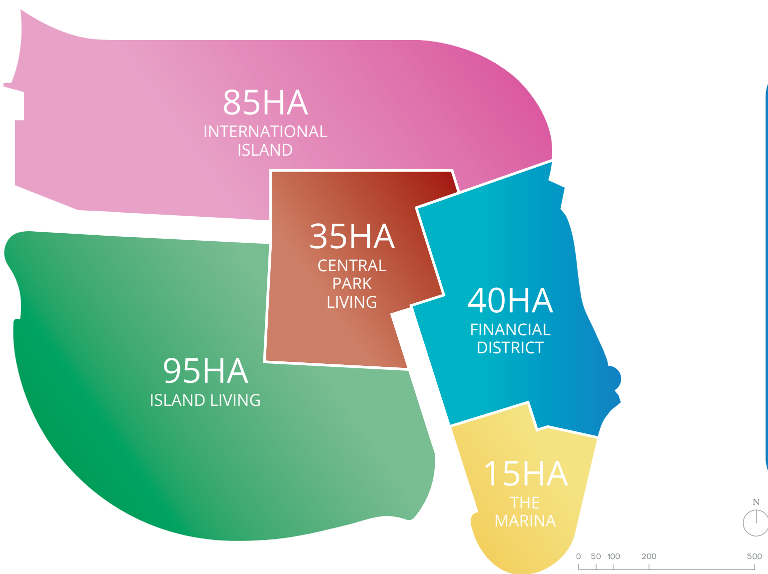
Enjoy a wide variety of options for business and leisure.

- Medium Density
- International School
- Entertainment Hub
- Convention & Exhibition Centre
- Integrated Resort
- Healthcare Facility

Central Park Living

Enjoy nature in the heart of the city. Cycle, run, stroll and picnic in a lush oasis.

- Medium High Density
- Central Park
- Green Heart
- The Channel
- Pavillions
- Open Blocks



Financial District

Business and pleasure come together in a world commercial district.

- High Density
- Grade-A office Buildings
- Commercial Boulevard
- Linear Park
- CBD Plaza
- Retail Destination

Island Living

Everyday is a staycation with the sand and sea at your doorstep.

- Medium Density
- Harbour Quay Park
- Lotus Boulevard
- City Beach
- Cinnamon Park
- Villa Living

The Marina

Promenade among yachts and dine alfresco in the serenity of The Marina.

- Low Density
- Marina Park
- Entertainment & Luxury Retail
- Marina Promontory
- Luxury Residences

Project Highlights Continued

Flagship Projects

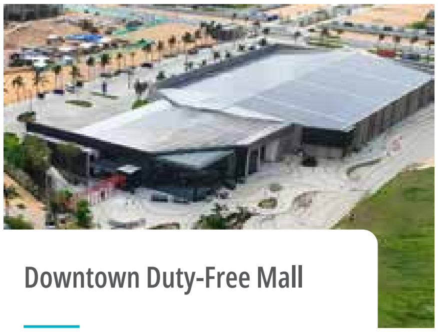
Convention Exhibition Centre and Hotel

Education Cluster

International Hospital

Luxury Marina Residences

Colombo International Financial Centre



Downtown Duty-Free Mall

Colombo Port City is committed to creating a premier international hub conducive to both business success and resident well-being. These development initiatives uphold elevated standards of living and foster commercial expansion.

Convention Exhibition Centre and Hotel

Nestled within the vibrant landscape of Colombo Port City, the expansive Convention Exhibition Centre serves as a premier venue designed to cater to the growing demands of Sri Lanka's Meetings, Incentives, Conferences, and Exhibitions (MICE) segment. This state-of-the-art facility features versatile event spaces that can be customized for various functions, making it an ideal location for both local and international gatherings. Adjacent to the convention centre, the strategically located hotel enhances the appeal of this integrated venue. Together, these two facilities have become highly sought-after destinations for hosting some of Colombo's largest and most significant events.

Centralized Location

The Convention Exhibition Centre is situated in the heart of Colombo, ensuring easy accessibility for attendees. It is conveniently located just a 30-minute drive from Bandaranaike International Airport via the Port Access Elevated Highway, making it an attractive option for both local and international visitors.

Pioneering Facilities

Spanning between 20,000 and 30,000 square meters of dedicated event space, the centre is capable of hosting a diverse array of events, from corporate meetings to large-scale exhibitions. With the capacity to accommodate over 750 events annually, it stands out as one of the largest event venues in the region, catering to the evolving needs of the MICE industry.

State-of-the-Art Amenities

The centre features a stunning 3,000-seat auditorium, perfect for large conferences and presentations, alongside a flexible 4,000-seat multi-purpose area that can be adapted for a variety of functions. The adjoining business hotel offers between 400 to 450 rooms, complemented by modern meeting rooms and breakout spaces that can comfortably host groups ranging from 25 to 200 delegates.

Comprehensive Services

Attendees can benefit from a range of comprehensive services provided by the Convention Exhibition Centre, including catering options, technical support, and professional event management assistance. These amenities are designed to enhance the overall experience, ensuring that every event runs smoothly and successfully.

The Convention Exhibition Centre and Hotel at Colombo Port City is set to redefine the landscape of event hosting in Sri Lanka, providing an exceptional venue that combines modern facilities with convenient access and comprehensive services, thereby elevating Colombo's status as a key player in the global MICE market.

Education Cluster

Colombo Port City's premium International School and University provide an exceptional education experience, offering internationally recognized programs at the primary, secondary, and tertiary levels. Students can pursue diplomas, undergraduate, and postgraduate degrees in fields such as business management, engineering, finance, IT, and medicine. The institution's expert-led classrooms are equipped with state-of-the-art technology, allowing students to develop critical skills for competitive careers. With a diverse international

Project Highlights Continued

student body, the Education Cluster promotes global networking and cross-cultural friendships.

Campus and Boarding
Spread across a 2.5-hectare site, the campus includes boarding facilities that can accommodate 1,000 students, providing a comfortable and immersive educational environment.

Premium Fees
The annual fee for the school is USD 25,000, reflecting the premium quality of education, facilities, and personalized learning experiences offered to students.

Investment in Education
A USD 40 million investment has been made to ensure top-tier facilities, including cutting-edge classrooms, modern boarding accommodations, and advanced learning tools.

Career and Lifestyle Opportunities
Located in the heart of Colombo Port City, students have access to a vibrant urban lifestyle, including career development opportunities, fine dining, entertainment parks, and educational hubs like libraries and knowledge centres, enhancing both their academic and social experiences.

International Hospital
The International Hospital at Colombo Port City is Sri Lanka's premier healthcare facility, dedicated to delivering best-in-class medical treatment and clinical services to patients from around the globe. Developed in partnership with a renowned international operator, this state-of-the-art hospital represents a significant multi-million-dollar investment aimed at transforming the healthcare landscape in Sri Lanka. By offering a wide range of advanced medical services, the hospital seeks to establish Sri Lanka as a key medical tourism destination in South Asia.

Equipped with cutting-edge technology, the International Hospital focuses on quaternary and tertiary care across various specialties. These include critical areas such as cardiology, oncology, neurology, and joint replacements, allowing the facility to address complex medical conditions that require specialized attention. The hospital is designed to provide a patient-centred approach, ensuring high-quality care and comfort for all patients.

State-of-the-Art Facilities
The International Hospital boasts a capacity of 500 beds, offering distinct healthcare services such as dental care, plastic surgery, organ transplants, and advanced surgical procedures that are not widely available elsewhere in the country. The facility is outfitted with the latest medical equipment and high-tech screening technologies to ensure precise diagnoses and effective treatments.

Professional Talent Enhancement
The hospital places a strong emphasis on continuous professional development, offering dedicated training programs for medical staff. These initiatives ensure that healthcare professionals are kept up to date with the latest advancements in medical methods and technologies, which translates into better patient outcomes. The training programs also encourage collaboration with international medical experts, further enhancing the skills and knowledge of the staff.

Medical Tourism Destination

Strategically positioned to become a prominent medical tourism hub in South Asia, the International Hospital aims to cater to the growing demand from regional markets. By providing high-value tertiary and quaternary care, the hospital enhances Sri Lanka's appeal to international patients seeking specialized treatments. The facility's commitment to quality and excellence is expected to attract patients from countries across the region, seeking reliable and advanced medical care.

Significant Investment

With a total investment of USD 110 million, the International Hospital is poised to raise the standard of health and well-being in Sri Lanka. This substantial investment will drive medical transformation by integrating innovative healthcare solutions and enhancing the overall patient care experience. The hospital's establishment is expected to create job opportunities within the healthcare sector, contribute to the local economy, and solidify Sri Lanka's position in the global healthcare market.

Through its commitment to excellence, state-of-the-art facilities, and a focus on professional development, the International Hospital at Colombo Port City is set to transform the healthcare landscape in Sri Lanka and elevate the country's status as a leading destination for medical tourism.

Luxury Marina Residences

The Luxury Marina Residences at Colombo Port City feature meticulously designed apartment units that offer state-of-the-art utilities, technology, and amenities, all while providing breathtaking views of the Indian Ocean and The Marina. These residences are divided into three exclusive developments across dedicated land parcels, catering to diverse investment preferences. Ideally located near popular attractions, these apartments promise to be perfect homes for those who appreciate leisure activities, excursions, and vibrant nightlife, along with convenient access to Bandaranaike International Airport.

Luxury Yacht Marina

This development includes the first Luxury Yacht Marina in South Asia, spanning a 3.1-hectare site with a Gross Floor Area (GFA) of 33,853 square meters. It boasts a berthing capacity for 200 mid to large-sized vessels, catering to yacht owners and enthusiasts. The marina is complemented by opportunities for sunset bars, seaside restaurants, and retail facilities, creating a vibrant waterfront atmosphere that enhances both leisure and lifestyle options for residents and visitors.

Spacious Residences

The Luxury Marina Residences occupy a 1.4-hectare site with a GFA of 48,811 square meters, featuring the potential for 255 residential apartment units. Each apartment is designed with an average area of approximately 160 square meters, ensuring ample living space and comfort. Residents can choose from a variety of upscale designs that meet their individual preferences, with each unit offering modern amenities and breathtaking views of the Marina and Indian Ocean.

Strategic Location

Located in close proximity to the south ingress of Colombo Port City, residents enjoy easy access to a myriad of attractions, including entertainment venues, fine dining restaurants, lively bars, public parks, and retail outlets. The area is well-served by a robust public transport system, providing seamless connectivity to neighbouring precincts and key landmarks, including the Luxury Yacht Marina, ensuring that residents can fully immerse themselves in the vibrant local lifestyle.

Cutting-Edge Design

The residences embody a cutting-edge design philosophy that prioritizes aesthetics and functionality. Nearly all apartments feature extended facades that maximize views of the seashore, allowing residents to enjoy stunning coastal scenery. This innovative approach not only enhances the visual appeal of the living spaces but also creates an inviting atmosphere that promotes relaxation and leisure, making the most of the scenic South and South-west landscape.

Project Highlights Continued

Colombo International Financial Centre

The Colombo International Financial Centre (CIFC) is a premier business and finance destination situated within the Colombo Port City Special Economic Zone (SEZ). This landmark mixed-use development features a striking 220-meter-tall flagship Grade "A" office tower, over 600 luxury residences, and a modern shopping complex that spans 23,000 square meters. Designed to enhance business activity in the region, CIFC seamlessly integrates modern architecture with sustainable principles, creating an environment where professionals can thrive while enjoying a balanced lifestyle in the heart of Colombo.

Strategic Mixed-Use Development

The CIFC occupies a 3.1-hectare site with a built-up area of 250,000 square meters. This expansive development includes state-of-the-art office spaces designed for multinational corporations, luxury condominiums offering stunning ocean views, and a shopping complex that features a downtown duty-free offering. This integrated approach fosters a dynamic environment where business, leisure, and living converge.

All-in-One Commercial Destination

CIFC serves as a strategic business hub housing leading business and financial corporations. The modern office spaces are complemented by luxurious residences that provide high-quality living conditions, ensuring residents enjoy an exceptional lifestyle. The facility is designed to support a variety of business operations while providing convenient access to retail, dining, and entertainment options.

Incentivized Business Environment

Attracting large-scale multinational corporations in key sectors such as finance, technology, and trade, CIFC offers compelling benefits, including capital appreciation and long-term foreign exchange returns. The centre's unique downtown duty-free shopping experience adds an extra layer of appeal, creating diverse investment opportunities and enhancing the overall business ecosystem.

Secure Regulatory Framework

CIFC operates within an economically ring-fenced system in the Colombo Port City SEZ, ensuring a secure environment for international investments and trade networks. This framework includes strict investment protection mechanisms and a progressive regulatory environment, allowing businesses at CIFC to navigate global market changes effectively while pursuing sustainable growth opportunities. The support offered by the SEZ positions CIFC as an attractive location for both local and international businesses.

The Mall

The Financial District in Colombo Port City proudly hosts South Asia's inaugural Downtown Duty-Free inside The Mall of the SEZ, a promising a unique and exclusive retail experience. This state-of-the-art mall is managed by globally renowned travel retail operators and will feature a carefully curated assortment of dining, retail, and lifestyle offerings. With its upscale amenities and premium goods, the Mall is poised to transform Colombo into a leading retail destination, setting a new standard for duty-free shopping in the region.

First of Its Kind

As Sri Lanka's first Downtown Duty-Free, this development offers travellers a distinctive shopping experience tailored to their needs. It is strategically located within the bustling Financial District of Colombo Port City, making it a convenient stop for both arriving and departing passengers.

Extensive Gross Floor Area

The Mall will encompass an impressive gross floor area of 7,000 square meters. This ample space allows for a diverse mix of luxury retail brands, ranging from high-end fashion labels to exclusive local boutiques. Shoppers will also find a variety of lifestyle products and services that cater to a wide array of tastes and preferences.

Unparalleled Selection
The Downtown Duty-Free of the Mall, offers an extensive selection of premium goods at competitive prices, enabling travellers to indulge in luxury shopping without breaking the bank. Visitors can explore an array of offerings, including cosmetics, electronics, gourmet foods, and fashion accessories, all while enjoying duty-free savings.

Luxurious Amenities
Designed for maximum comfort and sophistication, the mall features an array of luxurious amenities, including elegant dining establishments and cozy cafes that serve gourmet food and beverages. Travellers can relax and rejuvenate in inviting spaces while enjoying culinary delights from around the world. The Mall aims to create an enjoyable atmosphere for shopping, dining, and socializing, making it a vibrant hub within Colombo Port City.

In summary, The Mall at Colombo Port City is set to redefine the retail landscape in South Asia, with its Downtown Duty Free experience, a offering a world-class shopping experience that combines luxury, variety, and exceptional value for both local and international visitors.

Message from the President

"Let us build together a brighter future for our country—one defined by progress, prosperity, and opportunity for all."

As we enter a pivotal phase in our nation's economic development journey. Sri Lanka stands on the cusp of unprecedented growth and prosperity, driven by our unwavering commitment to innovation, sustainability, and inclusive economic policies.

Our economic strategy is centered on strengthening key sectors such as infrastructure, tourism, agriculture, and technology. By investing in these areas, we aim not only to stimulate economic growth but also to create sustainable jobs, raise living standards, and ensure equitable opportunities for all Sri Lankans.

At the heart of our vision for economic advancement is the Colombo Port City, a transformative initiative that symbolizes our nation's progress. This state-of-the-art financial center is set to attract international investments, drive economic activity, and enhance Sri Lanka's global competitiveness. The Port City will become a hub for innovation, commerce, and trade, solidifying our position as a regional economic powerhouse.

As we embark on this ambitious journey, I call on every citizen to actively participate in shaping our collective future. Together, let us leverage our strengths, embrace innovation, and cultivate an environment where entrepreneurship can flourish. By working in unison, we can realize our vision of a prosperous Sri Lanka where every individual contributes to and reaps the benefits of our nation's economic success.

With unwavering determination and optimism, let us build together a brighter future for our country—one defined by progress, prosperity, and opportunity for all.

Ranil Wickremesinghe
President
Democratic Socialist Republic of Sri Lanka

Message from State Minister of Ministry of Investment Promotion

In recent years, Sri Lanka has made significant strides in attracting foreign direct investment (FDI), marking a pivotal moment in its economic development trajectory. The country's strategic location, coupled with ongoing infrastructure developments and policy reforms, has positioned it as an increasingly attractive destination for investors seeking new opportunities in South Asia.

At the forefront of this investment progress stands the Colombo Port City, spanning 269 hectares of reclaimed land adjacent to Colombo's central business district. This visionary initiative aims to transform Sri Lanka into a regional hub for finance, commerce, and trade, accommodating industries such as offshore banking, logistics, IT services, and tourism. The establishment of a Special Economic Zone within Colombo Port City offers preferential incentives to businesses, enhancing its appeal to both local and international investors.

Beyond Colombo Port City, Sri Lanka has focused on improving its business environment through regulatory reforms and infrastructure enhancements. Initiatives like streamlining bureaucratic procedures, enhancing governance transparency, and investing in transport and logistics have bolstered investor confidence across sectors including manufacturing, tourism, telecommunications, and renewable energy.

Additionally, Sri Lanka's proactive engagement in regional economic frameworks, such as the Belt and Road Initiative (BRI) and bilateral trade agreements, has opened new avenues for investment collaboration with global partners. These initiatives not only facilitate trade but also foster joint ventures and partnerships that promote sustainable economic growth and job creation.

FDI inflows have shown positive trends, reflecting growing investor interest in Sri Lanka's potential as a business hub. Government initiatives supporting entrepreneurship, innovation, and skills development further contribute to creating a conducive ecosystem for sustainable investment.

Looking ahead, Sri Lanka continues to prioritize investment promotion strategies aimed at diversifying its economy, enhancing competitiveness, and fostering inclusive growth. By leveraging strategic advantages and embracing global best practices, Sri Lanka is poised to capitalize on emerging opportunities and solidify its position as a key investment destination in the region.

Colombo Port City emerges as a beacon of hope and progress, marking a transformative milestone in Sri Lanka's journey towards recovery and sustainable growth. Under the government's stewardship and with a robust regulatory framework, this initiative is set to attract significant FDI, generating employment, boosting tourism, enhancing international trade, and strengthening foreign exchange reserves. As it evolves into a dynamic Special Economic Zone, Colombo Port City not only aims to attract investors but also to stimulate nationwide economic growth, fostering a conducive environment for business expansion and innovation.

With meticulous planning and strategic execution, Colombo Port City is poised to become a cutting-edge urban center integrating sustainability with functionality across sectors like international trade, offshore banking, logistics, IT services, business process outsourcing, corporate headquarters, regional distribution hubs, and tourism. It is positioned to play a pivotal role in facilitating global commerce and attracting multinational corporations.

As Sri Lanka navigates through these challenges, Colombo Port City symbolizes a collective vision for a brighter future, where economic growth harmonizes with environmental sustainability and social well-being. With collaborative efforts and determination, Sri Lanka is poised to overcome obstacles and fully realize the transformative potential of Colombo Port City as a cornerstone of its economic resurgence.

Dilum Amunugama
State Minister
Ministry of Investment Promotion

Message from the Secretary of Ministry of Investment Promotion

Investor confidence in Colombo Port City is further underpinned by our robust support and facilitation measures. Through proactive policies and streamlined processes, we aim to create an environment conducive to innovation, entrepreneurship, and sustainable economic growth. The establishment of a Special Economic Zone within Colombo Port City offers attractive incentives and a regulatory framework designed to catalyze investment across key sectors such as finance, logistics, IT services, and tourism.

Since the establishment of the Colombo Port City Economic Commission under Act No.11 of 2021, we have formulated several regulations to streamline seamless operation with in the Area of Authority of Colombo Port City such as Regulation for Registration, Licensing, Authorisation and other Approvals of Authorised Persons, Regulation for Registration and Licensing of Authorised Person (Fees), Regulation on Colombo Port City (Registration of Offshore Companies), Colombo Port City (Development Control) Regulation, Regulation on Colombo Port City (Authorised persons Engaged in Business), Regulation on Colombo Port City (Guidelines on the Grant of Exemptions or Incentives to Businesses of Strategic Importance), Regulation on Colombo Port City (Guidelines on the Grant of Exemptions or Incentives to Businesses of Strategic Importance – Duty Free Operations), Regulation on Colombo Port City (Fees), Regulation on Colombo Port City (Management of Condominium Property), Regulation on Colombo Port City (Offshore Banking – Preliminary) and Regulation on Colombo Port City Offshore Banking – Prudent Management and Confidence).

Furthermore, to provide exemptions and incentives to the investors in the Area of Authority of Colombo Port City, this Ministry has obtained Approval of the Cabinet of Ministers to designate 2 Primary Businesses of Strategic Importance, 17 Secondary Businesses of Strategic Importance and 3 Businesses of Strategic Importance – Duty Free Operations, following the provisions under the Colombo Port City Economic Commission Act No. 11 of 2021 and subsequent regulations.

And also, we made the Port City Down Town Duty Free a reality, and the good progress so far made on the Offshore Banking Regulations has garnered notable interest among the investor community and would augur well for the developments at Port City and to secure the presence of globally renowned entities. The Ministry obtained Cabinet approvals for a number of companies for the designation of a business as a business of strategic importance (BSI) and for the granting of exemptions or incentives to such businesses.

As we navigate through global challenges and opportunities, the government remains steadfast in its support for Colombo Port City. We continue to work closely with our international partners and stakeholders to leverage their expertise and resources, ensuring the successful realization of this visionary project. Colombo Port City is not just a development initiative—it is a symbol of our collective ambition to build a modern, resilient, and inclusive Sri Lanka.

In closing, I invite investors, businesses, and global partners to join us on this transformative journey. Together, let us build a vibrant Colombo Port City that sets new benchmarks for sustainable urban development and economic resilience while fostering prosperity and opportunities for all.

M. M. Nayeemudeen
Secretary
Ministry of Investment Promotion

Chairman's Message

I am delighted to provide you with an update on the remarkable progress and promising future of Colombo Port City—a transformative project that signifies a new era of economic dynamism and sustainable growth for Sri Lanka. As we continue to advance, it is crucial to highlight the manifold benefits and advantages that Colombo Port City offers, as well as the robust governance structure ensuring its success.

At Colombo Port City, our governance framework stands as a cornerstone of our commitment to excellence in transparency, accountability, and efficiency. Designed to foster economic prosperity and enhance global connectivity, this framework is meticulously structured to uphold the highest standards.

The Colombo Port City Economic Commission, mandated by legislation, operates autonomously to oversee the development and management of this landmark initiative. This independence ensures impartial decision-making and regulatory oversight that align with international best practices, bolstering investor confidence and ensuring the project's integrity.

Central to our governance strategy is a commitment to transparency, with direct communication channels providing regular updates on project milestones, regulatory reforms, and operational advancements. We enforce stringent regulatory frameworks governing land use, environmental sustainability, and business practices within the Special Economic Zone, safeguarding stakeholders' interests while promoting sustainable growth.

Ethical conduct and integrity are non-negotiable principles at Colombo Port City, underpinned by stringent codes of conduct and ethics. We prioritize fairness, honesty, and adherence to the rule of law in all interactions, fostering a business environment built on trust and accountability.

As we shape the future of Colombo Port City, our governance structure remains agile and responsive, dedicated to continual enhancement to uphold the trust and confidence bestowed upon us by stakeholders.

We sincerely appreciate your ongoing support and collaboration as we strive to unlock the full potential of Colombo Port City and contribute meaningfully to Sri Lanka's economic advancement in a sustainable manner. Together, we are charting a course towards a prosperous and resilient future.

Dinesh Weerakkody
Chairman
Colombo Port City Economic Commission

Operational Overview

Global

As of the conclusion of 2023, the global economic landscape has largely followed the anticipated trajectory as outlined in projections. Growth rates have exhibited the expected pattern, with a decrease from 3.4 percent in 2022 to 3.1 percent in 2023. Projections indicate that growth will remain steady at 3.1 percent in 2024 before edging up slightly to 3.2 percent in 2025. However, advanced economies experienced a more pronounced slowdown, declining from 2.6 percent in 2022 to 1.5 percent in 2023, and are forecasted to further decrease to 1.4 percent in 2024 as policy tightening measures take effect.

This sluggish global economic growth can be attributed to a variety of factors, including geopolitical tensions, supply chain disruptions, and lingering effects of the COVID-19 pandemic. These challenges have weighed on consumer confidence, business investment, and trade activity, dampening overall economic performance. Additionally, policy tightening measures in advanced economies have contributed to the subdued growth outlook, as central banks seek to address inflationary pressures and financial stability concerns.

According to statistics from the IMF, global headline inflation saw a decline, dropping from 8.7 percent in 2022 to 7.0 percent in 2023. Projections suggest a continued decrease to 5.8 percent in 2024 and further to 4.4 percent in 2025, with a downward revision in the 2025 forecast. This downward trend can be attributed to several key factors affecting pricing dynamics across industries. One significant contributor has been the decrease in commodity prices witnessed across various sectors, driven by factors such as heightened supply levels and weakened demand amidst prevailing economic uncertainties. Additionally, advancements in technology and automation have played a role in enhancing operational efficiency and lowering production costs for numerous goods and services, thereby exerting downward pressure on prices. Moreover, sluggish global economic growth, alongside persistent underemployment and labour market slack, has curtailed firms' ability to transfer cost increases to consumers, thereby limiting inflationary pressures.

It remains unlikely that inflation will return to target levels before 2025 across various scenarios. This underscores the persistent challenges and complexities influencing global economic conditions, underscoring the need for stakeholders to maintain vigilance and employ adaptive strategies.

Local

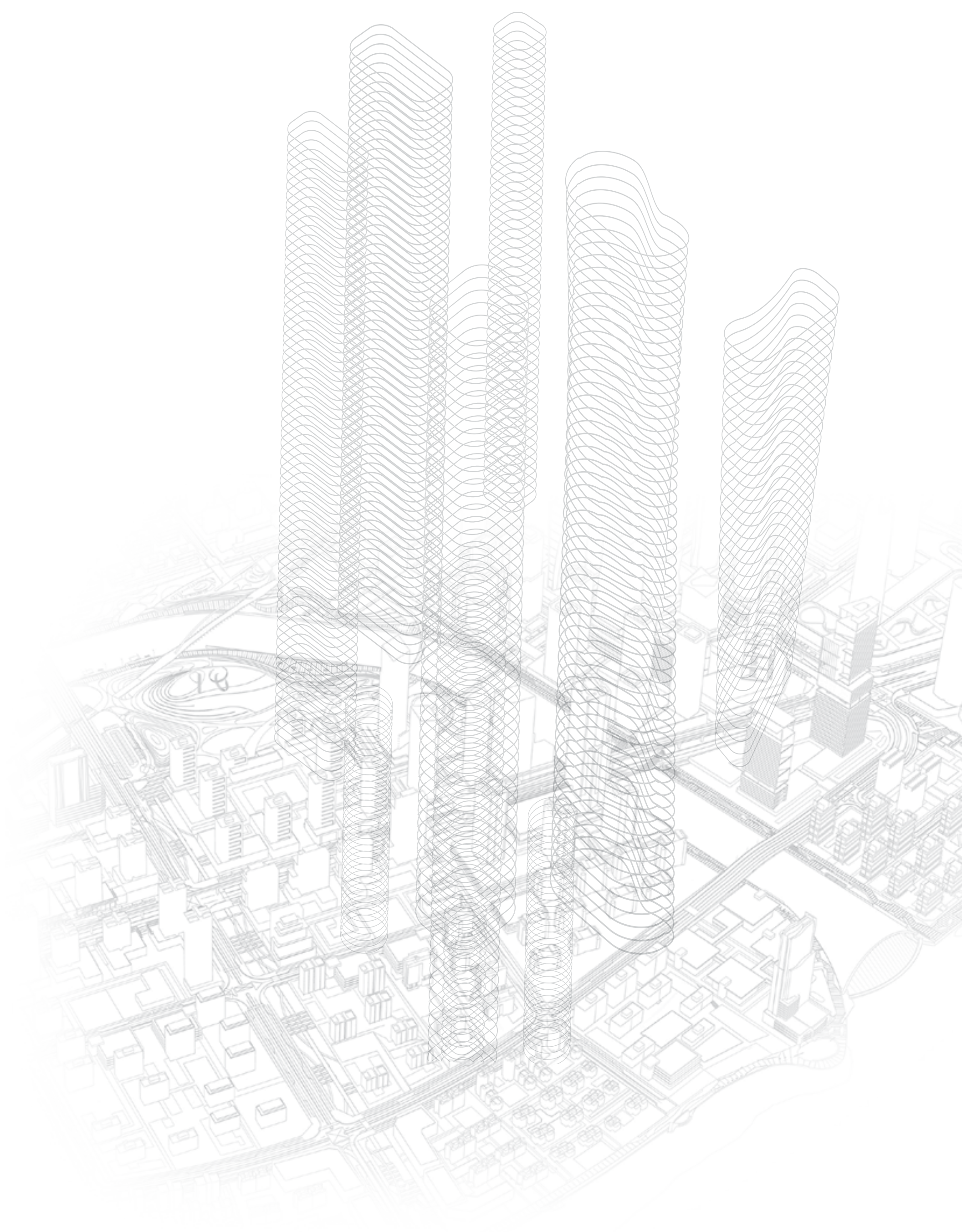
In the first half of 2023, the Sri Lankan economy displayed early signs of stabilization, albeit at a relatively modest equilibrium level. This stabilization was facilitated by the implementation of several critical reforms, including the adoption of cost-reflective utility pricing, the introduction of new revenue measures, the transition to a floating currency regime, and monetary tightening measures coupled with the phase-out of monetary financing.

Notably, inflation returned to single-digit levels in July 2023 for the first time in 19 months. Positive developments such as an improved trade balance, a promising recovery in tourism and remittances, continued external debt service suspension, and increased inflows from development partners have contributed to bolstering usable official reserves, which reached approximately 5 to 6 weeks of imports, amounting to US$2.4 billion by the end of July 2023 compared to US$500 million in December 2022.

Despite a decline in the primary deficit during the first four months of 2023 compared to the same period in 2022, a significant increase in interest payments resulted in a high overall deficit. Moreover, macroeconomic adjustments and subdued demand led to a contraction of real GDP by 7.9 percent year-on-year in the initial half of 2023, with external trade activity remaining subdued. The endorsement of the IMF's Extended Fund Facility (EFF) program in March 2023 established objectives focused on enhancing debt sustainability

Against the backdrop of prevailing conditions, Colombo Port City has diligently employed prudent and ongoing strategies to safeguard its long-term growth trajectory, fulfil investor expectations, and uphold transparency standards. By meticulously assessing market dynamics and adapting to evolving trends, the Port City has remained agile and proactive in navigating challenges while capitalizing on emerging opportunities. Through transparent communication channels and robust governance practices, stakeholders are assured of Colombo Port City's commitment to integrity and accountability, fostering trust and confidence in its operations. Furthermore, the implementation of sustainable development initiatives underscores the Colombo Port City's dedication to responsible business practices, aligning its growth objectives with broader societal and environmental goals. These strategic endeavours not only reinforce Colombo Port City's resilience but also position it as a beacon of stability and reliability in the business landscape

(SOURCE: IMF. World Economic Outlook Update, October 2023: Navigating Global Divergences /World Economic Outlook Update, January 2024: Moderating Inflation and Steady Growth Open Path to Soft Landing. The World Bank, Sri Lanka Development Update: October 2023 – Mobilizing Tax Revenue for a Brighter Future)



Commission Members

Dinesh Weerakkody
Chairman

Dinesh Weerakkody, DBA, has been the Chairman of Hatton National Bank PLC and Commercial Bank of Ceylon PLC. He has been Chairman of the Colombo Port City Economic Commission since July 28^{th}, 2022.

Dinesh is Deputy Chairman of the Employers' Federation of Ceylon, Immediate Past Chairman of the International Chamber of Commerce Sri Lanka, Vice Chairman of the Sri Lanka Institute of Directors of Sri Lanka, and Director of several companies. He is currently an Advisor on Treasury Affairs to the President and Chairman of the Colombo Port City Economic Commission. He is a former Chairman of the Employees' Trust Fund Board of Sri Lanka, the International Chamber of Commerce Sri Lanka, and the National Human Resource Development Council of Sri Lanka. He was also an Advisor to the Prime Minister of Sri Lanka, the Ministry of National Policies and Economic Affairs and the Minister of Tourism Development.

E. D. P. Soosaipillai
Acting Director General / Commission Member

E. D. P. Soosaipillai was appointed a member of the Commission on 22^{nd} June 2023 and appointed Acting Director General of the Commission on 13^{th} July 2023.

He is currently the Independent Non-Executive Chairman of HDFC Bank of Sri Lanka since April 2023 and an Independent Non-Executive Director on the Board of James Finlays Colombo Ltd. Since January 2021. He previously served as Independent Non-Executive Chairman of Commercial Credit and Finance PLC and as an Independent Non-Executive Director on the Board of Hatton National Bank PLC.

Mr. D. Soosaipillai is a fellow of the Institute of Chartered Accountants of Sri Lanka and the Institute of Certified Management Accountants of Sri Lanka. In a career spanning over 35 years in the governance of financial and reporting systems both at the operational and strategic levels.

He brings to the table a core discipline in finance, a core competency in Risk Identification, Assessment and Management at operational levels and Forward Risk Assessment at a strategic level and three decades of experience in senior management in the banking and financial services industry.

His decade and a half of board-level executive experience spans that of several leading specialised leasing companies in the capacity of Finance Director, Chief Executive Officer, and Managing Director, whilst his experience as a Non-Executive Director includes the boards of LFCs, a Systemically Important LCB and Regional Plantation Companies. He was briefly engaged by the World Bank as a Short-Term Consultant on a Payables Assessment assignment in the Maldives as part of a wider Public Finance Management project in 2012.

Saliya Wickramasuriya
Commission Member

Saliya joined the upstream oil and gas industry in 1984, working for Schlumberger, the world's largest petroleum services company. Following 20 years in oil exploration worldwide, he returned to Sri Lanka in 2004 and was appointed Chairman/Director General of the Sri Lanka Board of Investment.

He was Chairman of the Sri Lanka Ports Authority from 2006 to 2009, after which he spent 3 years in the international oil and gas sector. Returning to Sri Lanka in 2011, he spent 6 years as the Director General of the Petroleum Resources Development Secretariat, an institution tasked with developing the country's emerging upstream petroleum industry.

Mr. Wickramasuriya has been Co-Chair of the Energy Committee of the Ceylon Chamber of Commerce since 2017, and was appointed Member of the Colombo Port City Economic Commission in May 2021, taking on the additional role of Acting Director General until 1st March 2022 February 28th, 2022. He also serves as the Chairman of the Petroleum Development Authority of Sri Lanka, the newly created upstream petroleum regulator.

Mahinda Siriwardana
Commission Member

Mahinda is a Deputy Governor of the Central Bank of Sri Lanka and has more than 31 years of service experience in the Central Bank of Sri Lanka.

Prior to his appointment as a Deputy Governor, he held the key positions of Assistant Governor and Director of the Economic Research Department of the Central Bank of Sri Lanka. He was released from the Central Bank of Sri Lanka, to serve as the Secretary to the Treasury and the Ministry of Finance, Economic Stabilization and National Policies. He also serves as the ex-officio Member of the Monetary Board of the Central Bank and the Finance Commission.

He has served in many committees and councils in various capacities as Chairman of Sustainable Development Council, Chairman of the Monetary Policy Committee and Market Operations Committee of the Central Bank and as a member of the Board of Directors/Treasury Representative in several institutions, including Bank of Ceylon, Commercial Bank of Ceylon PLC, National Savings Bank, Sri Lanka Ports Authority, Board of Investments of Sri Lanka, Export Development Board, Sri Lanka Export Credit Insurance Corporation and Sri Lanka Vocational Training Authority.

He holds a Master of Arts (MA) Degree in Economics and a Postgraduate Diploma in Economic Development from Vanderbilt University, USA and a Bachelor of Arts (BA) (Special) Degree in Economics from the University of Kelaniya.

Reyaz Mihular
Commission Member

Reyaz has served as Managing Partner of KPMG Sri Lanka & Maldives from April 1, 2012, to March 31, 2022, and was the Chairman of KPMG's Middle East & South Asia (MESA) Regional Cluster during the period 1st October 2018 to 30th September 2021. Reyaz previously served a term as the Chief Operating Officer of the MESA regional office. He also served on KPMG's Europe Middle East & Africa (EMA) Board and on the Global Council of KPMG International.

Reyaz is a Past President and Fellow Member of the Institute of Chartered Accountants of Sri Lanka and is a Fellow Member of the Chartered Institute of Management Accountants (CIMA) – UK. He also served as the Chairman of the CIMA Sri Lanka Division during the year 2013. Reyaz has completed International Executive Education programmes at INSEAD, France, Harvard Business School and the London Business School, UK.

Reyaz served as a Board Member of the International Accounting Standards Committee (IASC) for a 5-year term from July 1995 to December 2000. Subsequently, he served on the IASC's Standing Interpretations Committee for a year and as a Member of the IFRS Advisory Council of the International Accounting Standards Board for a 5-year period. He also served as a member of the International Ethics Standards Board for Accountants

Commission Members Continued

(IESBA) for a six-year term from January 2013 – December 2018.

Reyaz presently serves as Chairman of Sri Lanka Telecom PLC and Bairaha Farms PLC and as an Independent Non-Executive Director of Nestle Lanka PLC, Melstacorp PLC, DAMRO Holdings Ltd, LTL Holdings Ltd and Agility Innovation (Pvt) Ltd. He also serves on the Colombo Port City Economic Commission as a Commissioner and as a Member of the Stakeholder Engagement Committee of the Central Bank of Sri Lanka.

Niranjan Arulpragasam
Commission Member

Niranjan Arulpragasam is an Attorney-at-Law practising in Colombo for over 11 years. Previously he was an investment banker at Merrill Lynch, New York, from 2006 to 2009 and an Associate Vice President at Moody's Analytics, Colombo from 2009 to 2010. Nirajan was a Consultant to the Ministry of Finance from 2015 to 2017 and also served as a member of the Board of Directors of the Regional Development Bank during this time.

Niranjan received a Kofi Annan International Scholarship to pursue a Bachelor of Arts in Economics at Macalester College, USA, and is a member of Omicron Delta Epsilon, an international honour society in Economics. He also holds an MBA from the INSEAD School of Business, France/Singapore, and was called to the bar in 2012 after passing with honours from the Sri Lanka Law College.

Lalith Wickramaratne
Commission Member

Lalith is a Chartered Civil Engineer with a distinguished career. He earned his degree from the Faculty of Engineering at the University of Peradeniya in 1981 and immediately commenced his professional journey with the Colombo Municipal Council (CMC).

During his tenure at CMC, he held various pivotal roles, including District Engineer, Deputy Director, Director, Deputy Municipal Commissioner, and ultimately serving as the Municipal Commissioner. Lalith played a pivotal role in the success of numerous noteworthy projects, including the Construction of the R Premadasa Cricket Stadium, the Privatisation of waste management services, the Greater Colombo Wastewater Management Project, and the Metropolitan Environmental Improvement Program, among several other city development and beautification initiatives under the CMC's purview.

Following his retirement from the CMC in 2019, Lalith continued his impactful contributions within the engineering realm. He served as a Consultant's Site Engineer at Yooshin Engineering Corporation, overseeing design and building contracts for Torrington and New Mutwal Stormwater Tunnels. He also served as a Solid Waste Expert at Summit Engineering and Consultants (Pvt) Ltd, contributing to the ADB-funded "Sustainable Urban Development Project," aimed at enhancing Environmental Management Services in Trincomalee, Dambulla, Kurunegala, and Ratnapura. Additionally, he took on the role of Senior Utility Engineer for the esteemed Consultant Japanese Airports Consultants/Nippon Koei during the Bandaranaike International Airport Development Project Phase II Stage 2, focusing on enhancing water supply, sewage, and solid waste systems.

Commission Directors' Profiles

Revan Wickramasuriya
Chief Operating Officer

Over 25 years of financial services sector experience across Sri Lanka, Australia, the Asian Subcontinent, the Middle East and Africa.

Revan is a member of the Chartered Financial Analysts (CFA) USA and the Chartered Institute of Management Accountants (CIMA) UK.

He has expertise in developing solutions to manage risks related to financial markets, foreign exchange flows, and credit risk, providing solutions in bilateral and multilateral financing, and balance of payment restructuring to government institutions including Central Banks, Financial Institutions, and Multinational Corporations Across various industries.

Ruwan Karunaratne
Director Finance

Fellow Chartered Accountant with over 25 years of experience in both public and private sector organizations.

Ruwan holds an MBA, specialised in Finance from the University of Colombo, a Fellow Chartered Accountant (FCA), a Chartered Tax Advisor and an Associate member of Certified Management Accounts. (ACMA).

He has extensive experience in Financial Reporting, Tax and Financial Planning, Central Treasury Operations, Budgeting and Forecasting.

Vindhya Weerasekera
Director Legal & Corporate Affairs

Attorney-at-Law with over 25 years of experience.

Vindhya holds a Bachelor of Laws Degree (LLB) from the University of Colombo, a Master of Laws (LLM) in International Trade Law from the University of Wales, an Post Attorney Diploma in Intellectual Property Law from the Sri Lanka Law College in collaboration with the Asia Pacific Institute, Washington DC, USA.

She has extensive experience at senior levels in both the legal and corporate sectors in senior capacities.

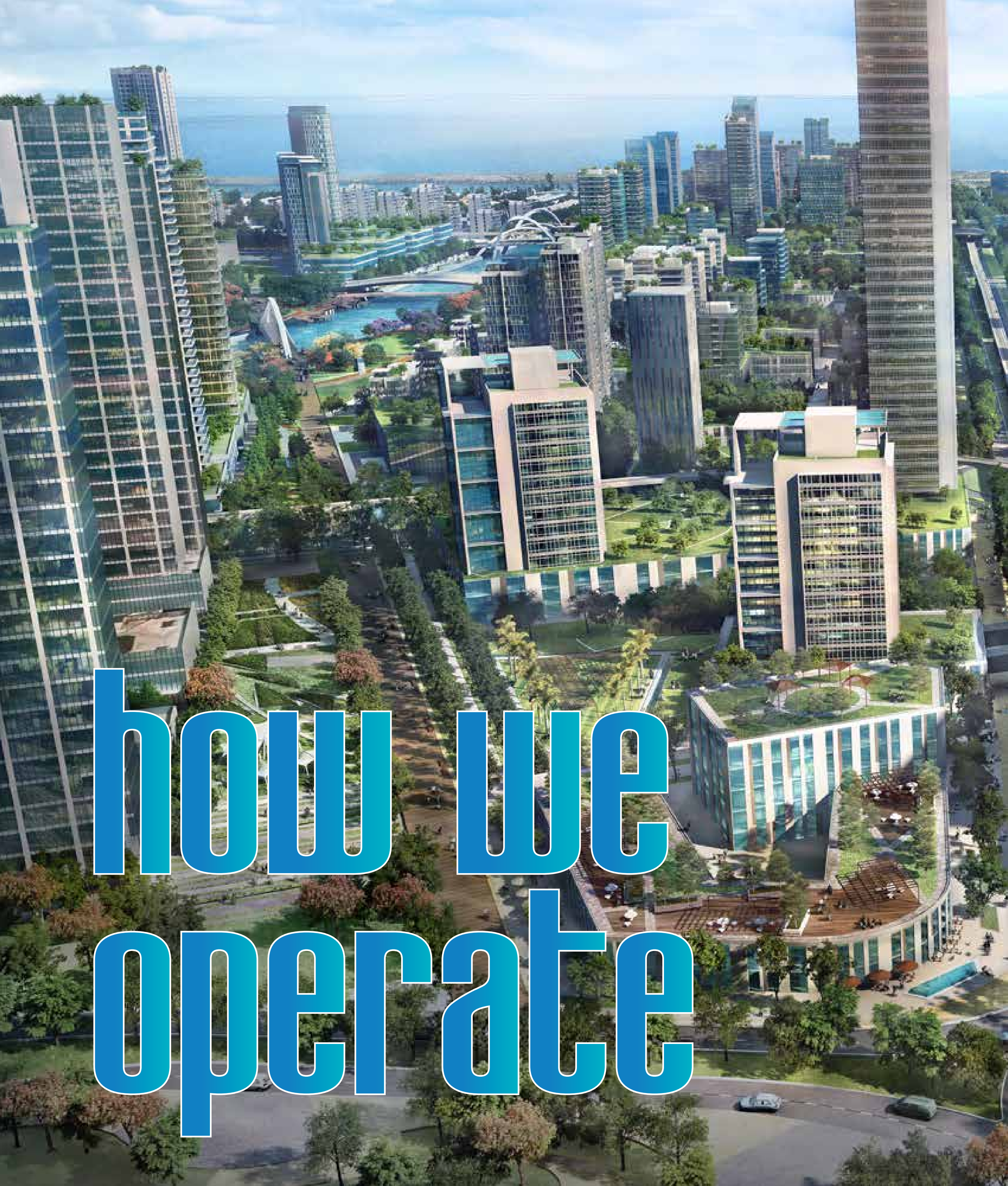
H C J Thilakarathne
Director Engineering

Over 23 years of experience across Sri Lanka, Asia Pacific, and the Gulf Region in both public and private sectors.

He holds a Bachelor of Science in Engineering (BSc. Eng. Hons) from the University of Peradeniya, Post Graduate Diplomas in Foundation Engineering and Earth Retaining Systems, and Construction Law and Dispute Resolution from the University of Moratuwa. A Chartered Civil Engineer registered in the Engineering Council of Sri Lanka.

He has vast experience in the fields of civil engineering, construction management and administration.

how we operate



Our Strategic Approach

The Colombo Port City Special Economic Zone is geared and positioned to become South Asia's first - and future-ready economic hub and sustainable city. The City's well-planned, and high-quality infrastructure will facilitate global-scale commercial, entertainment, medical, education and lifestyle opportunities. Our core aspirations hinge on creating a global centre for sustainable business innovation and growth through attracting Foreign Direct Investments to operate within a multi-currency, export of services, special economic zone.

Roles and Responsibilities

In executing an ambitious, complex concept such as the Colombo Port City project, different stakeholders collaborate and take responsibility for various aspects of the plan to achieve goals. As shared below, the integral parties for the Colombo Port City project and their respective responsibilities.

The Commission drives the Colombo Port City project by strategically engaging stakeholders across different areas, thus ensuring project requirements are implemented effectively, contributing to a strong business ecosystem.

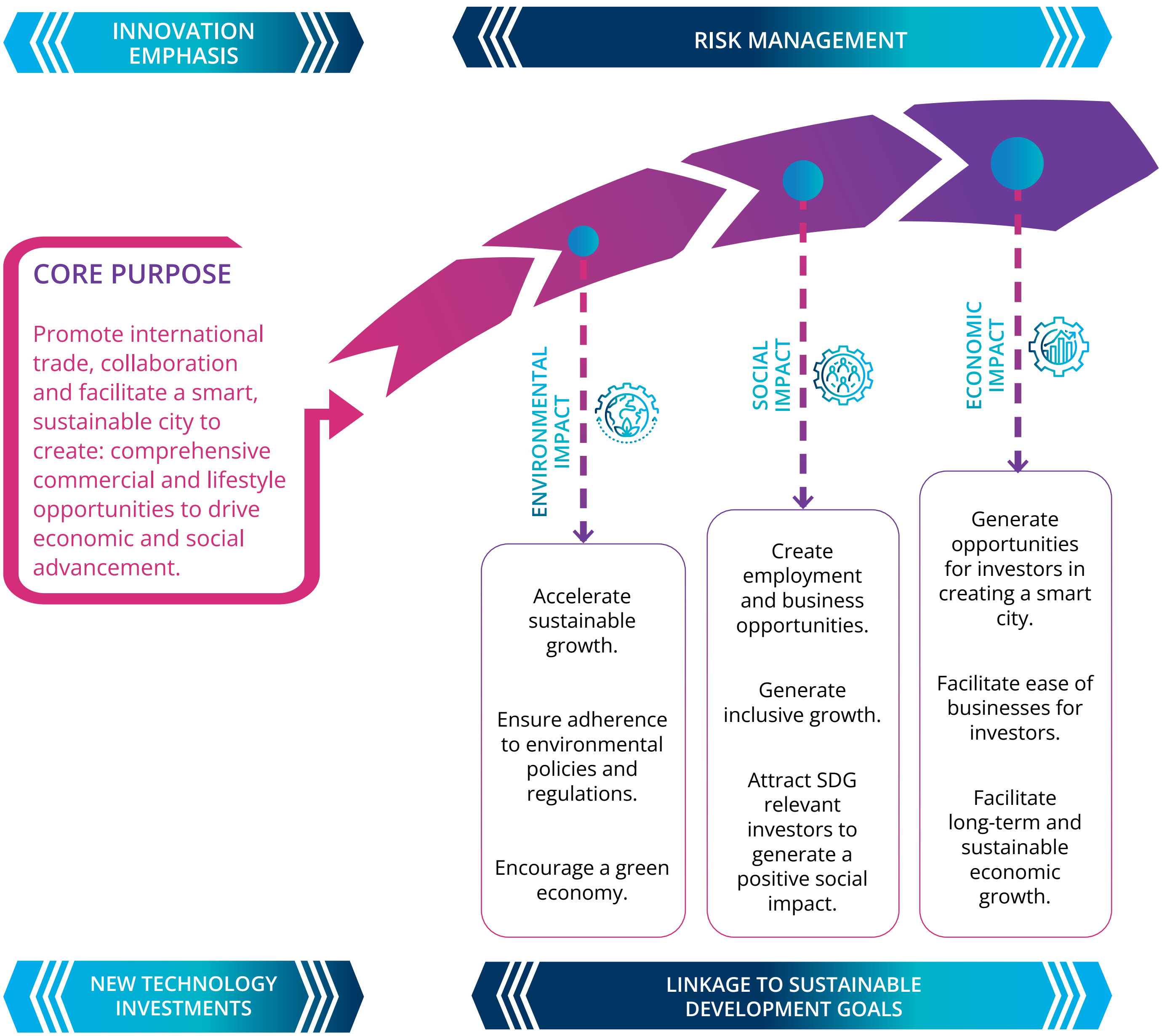
Stakeholder	Primary responsibilities
Colombo Port City Economic Commission	The Colombo Port City Economic Commission is the government authority responsible for overseeing the regulation, development, and administration of the Colombo Port City Special Economic Zone (SEZ) authorised by way of the Colombo Port City Economic Commission Act No.11 of 2021. Established as a Single Window Investment Facilitator for businesses and investors, to promote the ease of doing business, and granting incentives or exemptions to Businesses of Strategic Importance.
CHEC Port City Colombo Pvt Ltd	China Harbour Engineering Company (CHEC) Limited has been the primary developer of the Colombo Port City SEZ since 2014. As part of the project's Public-Private Partnership, CHEC is responsible for the primary project development of the SEZ., under the incorporated company CHEC Port City Colombo Pvt Ltd.

Business Fundamentals

Colombo Port City is a mixed developed, futuristic and sophisticated concept, crafted to create economic prosperity through developing a global scale hub for commercial as well as residential activities in a specialised economic zone. As such, our business fundamentals pivot on core principles of autonomy, inclusivity, authority, and coordination. Moreover, Colombo Port City strives to meet the United Nation's Sustainable Development Goals (SDG) and facilitate an environment that spearheads viable growth.

The interconnected sustainable economic model we strive to cultivate; provides autonomy to investors to maximise on the opportunities for growth that Colombo Port City facilitates, to ensure business success within parameters of positive social, economic and environmental impact. Meanwhile, the Colombo Port City Economic Commission, are the regulators, and the Government of Sri Lanka entrusted with the authority the authority to ensure that investors meet compliance standards. Our inclusivity agenda fosters a vibrant tapestry of interconnected pursuits for growth, where coordination binds organic and strategic development. Weaving sustainability into this fabric, Colombo Port City actively seeks SDG-aligned investors, ensuring long-term prosperity for all.

Our strategy is strongly linked to our value creation and preservation model.



Stakeholder Engagement

The growth potential and success of Colombo Port City depends largely on how we engage with stakeholders and how well we meet their requirements. As such, we have carefully crafted a framework to manage stakeholder relations to create lasting value for each group in line with their expectations, as well as the overall goals of Colombo Port City.

How We Address Stakeholder Interest

We rely on a well-defined stakeholder management framework and interest mapping tool to understand the different concerns and interests of stakeholders and respond accordingly to create a lasting impact.

As we strive to effectively address different and sometimes conflicting stakeholder interests, we develop appropriate engagement strategies to gauge the prioritization of interest, identify relevant concerns and engage methodologies in a meaningful way to stay true to our core aspirations while taking into consideration broader sustainability.

How We Manage Stakeholder Relationships

In engaging stakeholders, we conduct a purposeful, transparent, inclusive and relevant dialogue. This meaningful dialogue allows us to meet different communication needs, select suitable engagement methods and remain open to alternative views. We remain proactive to find solutions, address needs and respond to all stakeholders in a timely and respectful manner.

Sustainability Management Review

Overview

Colombo Port City stands as a beacon of eco-friendliness and sustainability in urban development projects. From its inception, the project has been meticulously designed to prioritize environmental conservation and promote eco-friendly practices. One of the key features of Colombo Port City is its commitment to energy efficiency and renewable energy sources. The buildings within the development are constructed using sustainable materials and incorporate energy-efficient technologies to minimize carbon emissions and reduce energy consumption.

Furthermore, Colombo Port City o integrates green spaces and landscaped areas throughout its design, fostering biodiversity and enhancing the overall quality of life for residents. The project also includes measures to conserve water resources, such as rainwater harvesting systems and efficient irrigation techniques. Waste management practices are implemented to minimize landfill waste and promote recycling and composting.

Colombo Port City is also dedicated to promoting sustainable transportation options, including pedestrian-friendly pathways, dedicated cycling lanes, and efficient public transportation systems. By prioritizing eco-friendly modes of transportation, the project aims to reduce traffic congestion and air pollution while encouraging healthy and active lifestyles among its residents.

Overall, Colombo Port City sets a new standard for eco-friendly urban development, demonstrating that economic growth and environmental sustainability can go hand in hand. Through its innovative design and commitment to green principles, the project serves as a model for sustainable living in the 21st century.

Master Plan Overview

Colombo Port City isn't merely a city, it's a sustainable, intelligent urban centre meticulously crafted to evolve into a forward-thinking international hub; and moreover, it is at the forefront of championing sustainability and Environmental, Social, and Governance (ESG) principles as Sri Lanka's premier "Green and Blue SEZ." With sustainability deeply integrated into every aspect, from initial planning to infrastructure design and beyond. Here, the fusion of business prosperity, urban lifestyle, and opulence defines a space of unparalleled excellence, while exemplifying an unwavering commitment to environmental stewardship and social advancement. As construction progresses, Colombo Port City will transcend national borders, emerging as a truly global metropolis.

Spanning across an expansive 40 hectares of land, incorporating not only lush green spaces but also captivating coastal expanses. Within this vast expanse, a harmonious blend of nature and modern infrastructure sets the stage for a truly remarkable urban experience.

Master Transport Strategy

As we delve into the Master Transport Strategy here at Colombo Port City, sustainability is at the forefront of our vision. Our goal is to shape this development into a leading example of eco-conscious urban planning in South

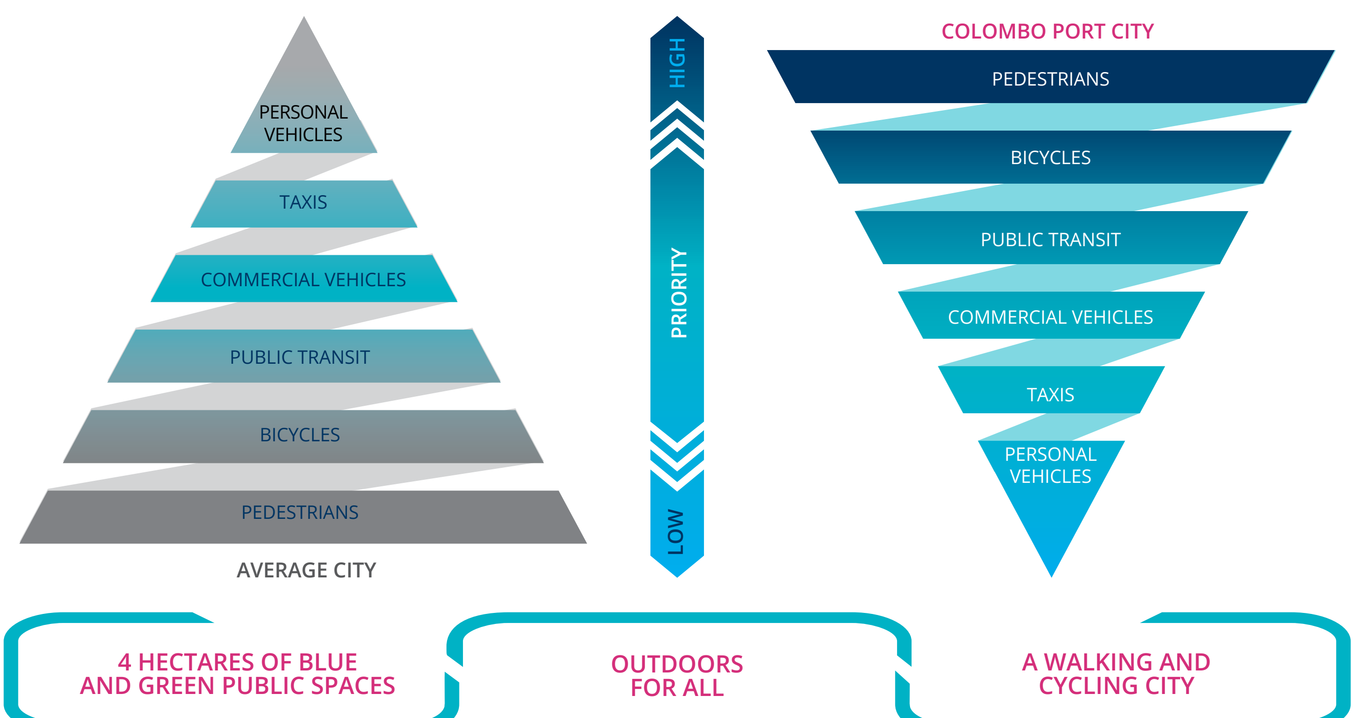
The 40-hectare landscape comprises of:

Parks and Green Spaces **24.5ha**	Waterfront Promenade **9.8ha**
Recreational Sports Facilities **1.4ha**	Beach **3.3ha**

Asia, crafting a lively, car-lite city that fosters a healthy, outdoor lifestyle for all.

To realize this vision, our boulevards are designed with innovative features, including underground walkways paired with overhead light rail transit stations. This integrated transport network not only enhances accessibility but also promotes sustainable transportation methods, paving the way for a greener and more efficient urban environment for residents and visitors alike.

The transport strategy of the Colombo Port City Project seamlessly integrates with the 'Green and Blue' strategy, prioritizing sustainable mobility and environmental harmony. This approach underscores our commitment to creating an environmentally conscious urban development that sets new standards for sustainability and resilience in transportation infrastructure.

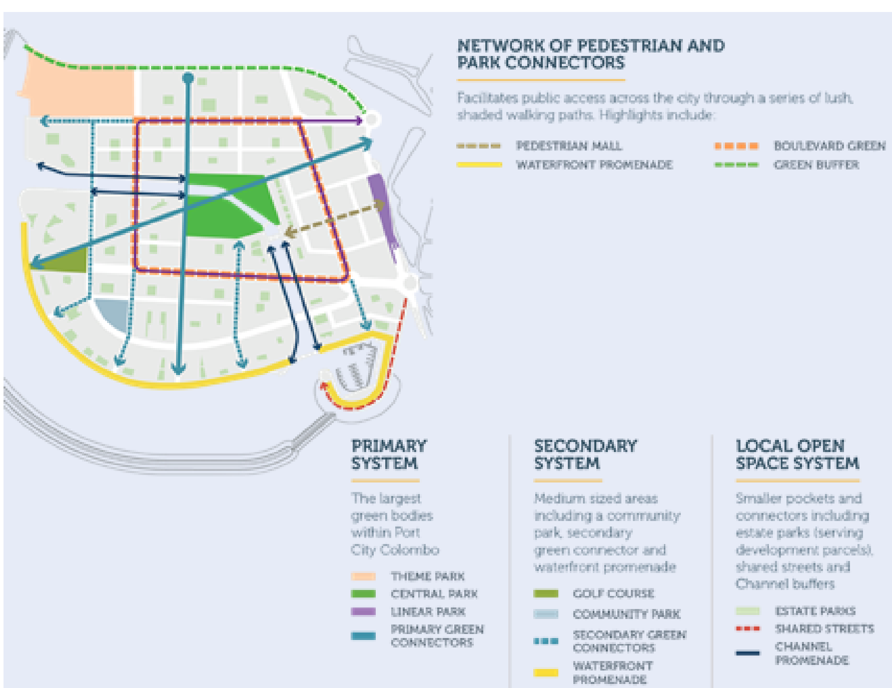


Green Hierarchy

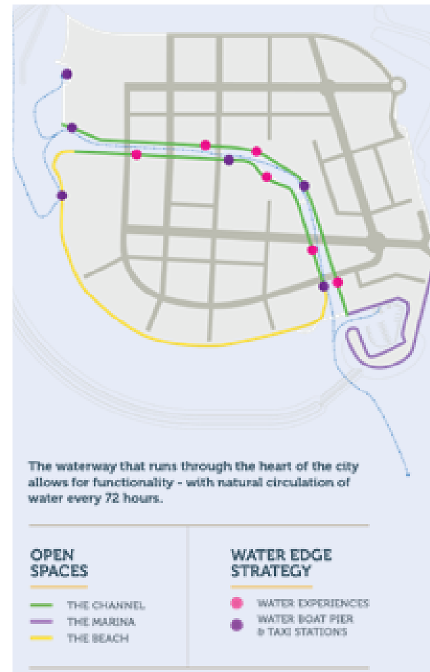
Here at Colombo Port City we recognize that green spaces aren't just about appearances; they're integral to our sustainability vision. We've intricately integrated these lush areas into our urban fabric, making them vital elements of our eco-conscious strategy.

Our cityscape is connected by verdant pathways leading to diverse green parks and public areas. These encompass a primary system featuring a central park and linear park, a secondary system hosting a golf course and community park, and an innovative estate park—a pioneering addition to the local open space system.

Beyond providing recreational opportunities, these green spaces play a pivotal role in promoting biodiversity, improving air quality, and nurturing a healthier living environment for both residents and visitors. Through our steadfast commitment to green infrastructure, we're cultivating a sustainable urban sanctuary where individuals can flourish amidst the embrace of nature.



Blue Engagement

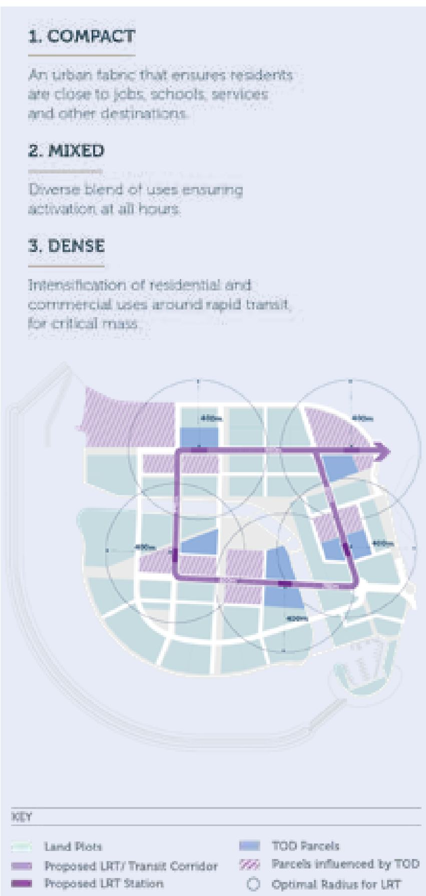


At our development, we fully embrace the concept of "Blue Engagement," seamlessly integrating open water bodies and waterfront experiences into our urban design ethos. This deliberate fusion of water features with green spaces results in a harmonious environment that elevates both the aesthetic and functionality of our city.

At the heart of this integration lies the Channel, a natural waterway that meanders through the city, linking the Marina and Beach areas. Not only does this watercourse enhance the visual allure of our landscape, but it also serves a practical function. With natural water circulation occurring every 72 hours, the Channel ensures accessibility and functionality, while also contributing to the vibrant ambiance of our urban environment.

Through our commitment to water-centric design principles, our goal is to craft a city that thrives on its close relationship with water. We envision a dynamic and nature-friendly urban environment where residents and visitors alike can revel in waterfront living and truly flourish amidst the natural splendour of their surroundings.

Integrated Light Rail Transit System



Colombo Port City is poised to revolutionize urban transportation with its integrated Light Rail Transit (LRT) system. Along the central boulevard, five LRT stations are strategically spaced just 800 meters apart, ensuring convenient and efficient access throughout the city. This robust transport network, complemented by designated Transit-Oriented Development (TOD) and mixed-use plots, serves as a cornerstone of our urban planning efforts.

These TODs are envisioned as vibrant hubs that maximize accessibility to public transportation while offering a diverse array of amenities. From residential complexes to commercial spaces and recreational facilities, these developments are designed to create dynamic, walkable communities where residents can live, work, and play seamlessly. By integrating the LRT system with Transit-Oriented Development, Colombo Port City is not just redefining urban mobility but also shaping the future of sustainable, interconnected city living.

The illustration below provides a comprehensive overview of the master plan:

A NETWORK OF PEDESTRIAN & PARK CONNECTORS

Facilitating public access across the city through a series of lush, shaded walking paths. Highlights include:

- Pedestrian Mall
- Boulevard Green
- Green Buffer

PRIMARY SYSTEM

The largest green bodies within Colombo Port City.

- Theme Park
- Central Park
- Linear Park
- Primary Green Connection

SECONDARY SYSTEM

Medium-sized areas including a community park, secondary green connector & waterfront promenade.

- Community Park
- Secondary Green Connectors
- Waterfront Promenade

LOCAL OPEN SPACE SYSTEM

Smaller pockets and connectors including estate parks (serving development parcels), shared streets & channel buffers.

- Estate Parks
- Shared Streets
- Channel Buffer

WATER EDGE STRATEGY

- Water Experiences
- Water Boat Pier & Taxi Stations

OPEN SPACES

- The Channel
- The Marina
- The Beach

Sustainability

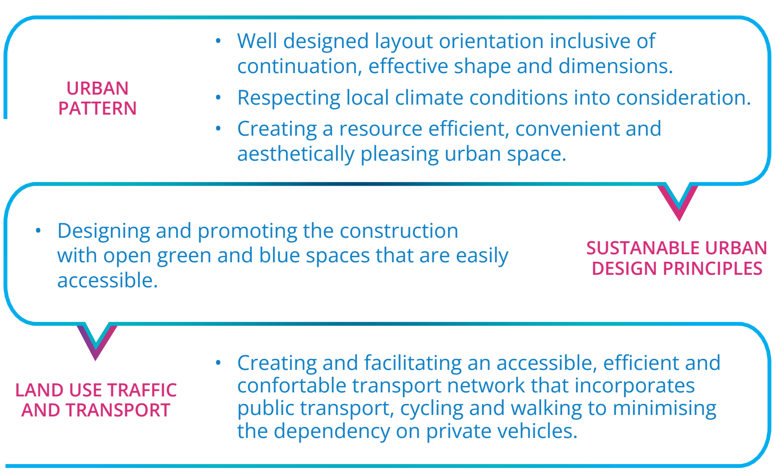
Aligned with the United Nations' Sustainability Goals, our comprehensive sustainability agenda underscores the vision for Colombo Port City. Our aim is to establish an urban environment that adheres to global sustainability standards, fostering a self-sustaining ecosystem where business operations, educational institutions, healthcare facilities, entertainment venues, and lifestyle amenities function within an efficient and sustainable framework. Leveraging meticulous urban planning and bolstered by robust technological infrastructure, Colombo Port City is poised to attract multinational organizations and investors, catalysing the realization of our vision for a sustainable city and community. The illustration below encapsulates the concept in detail:

The key United Nations Sustainable Development Goals (UNSDGs), achieved through this project include:

Sustainability Strategy

In crafting our sustainability strategy, we've centred our efforts around seven core concepts that form the foundation of our design and master plan for Colombo Port City.

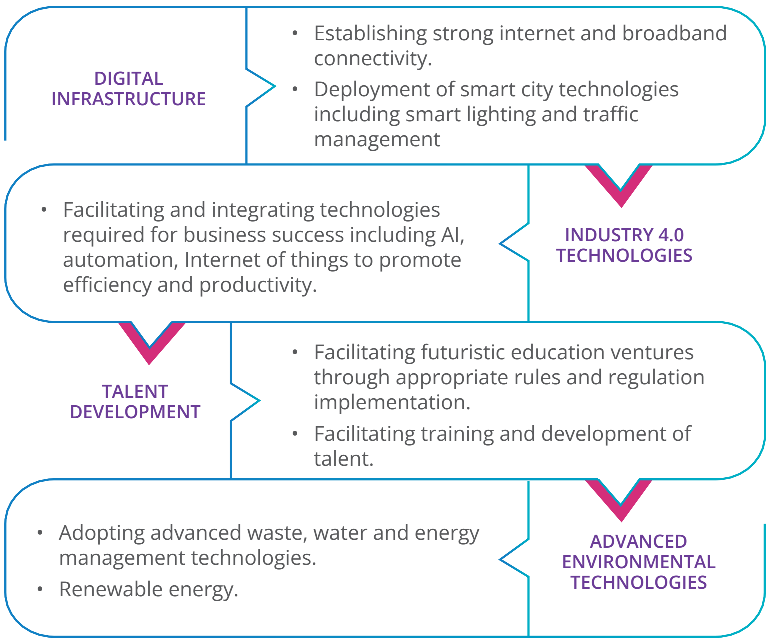
These concepts drive our approach to addressing sustainability challenges by establishing a cohesive physical and functional structure, supported by an integrated system solution. Our ultimate aim is to develop a sustainable and accessible city that effectively reduces the urban heat island effect while maximizing resource efficiency with minimal energy consumption. To realize this vision, we adhere to a set of sustainable guiding principles:



Within the master plan, we have meticulously outlined a set of comprehensive design principles aimed at guiding the development of Colombo Port City. These design principles serve as the blueprint for creating a vibrant, sustainable urban environment that fosters economic prosperity, social cohesion, and environmental stewardship. Grounded in extensive research and stakeholder consultations, these principles are tailored to address the unique challenges and opportunities presented by the project. By adhering to these guiding principles, we aim to ensure that Colombo Port City emerges as a model of urban development, setting new standards for liveability, accessibility, and environmental sustainability. Among the key design principles incorporated into the master plan are:

Sustainability and Technology

Colombo Port City has successfully integrated technology and sustainability into its development, creating an exemplary model for future urban projects. By leveraging cutting-edge digital infrastructure and adopting sustainable practices, Colombo Port City has established itself as a beacon of innovation and environmental responsibility. Through strategic planning and execution, Colombo Port City has managed to harmonize technological advancements with eco-friendly initiatives, setting a new standard for urban development. This ideal model not only promotes economic growth but also prioritizes environmental conservation, demonstrating the potential for creating sustainable, tech-driven cities of the future.



Environmental Stewardship (Flagship Projects)

Marine Conservation Initiatives

In line with our commitment to sustainability, Colombo Port City marked National Marine Resources Conservation Week and International Coastal Cleanup Day 2023 with a major event on September 16th. Under the patronage of Hon. Sagala Rathnayake, Chief of Presidential Staff and Senior Adviser on National Security and sponsored by China Harbor Engineering Company and the Marine Environment Protection Authority, the event focused on raising awareness about marine conservation and addressing the critical issue of marine pollution.

Marine conservation is essential to preserving biodiversity and ensuring the health of ecosystems that support millions of livelihoods. With increasing threats from pollution and habitat degradation, this initiative highlighted the importance of protecting coastal environments. Beyond Colombo Port City, efforts extended across 14 coastal districts, reflecting our leadership in promoting environmental stewardship at a national level.

This initiative aligns with Colombo Port City's broader sustainability goals and reinforces our ongoing efforts to protect marine ecosystems for future generations.

Joint Symposium on Coral Reef Ecology

Colombo Port City embarked on yet another significant initiative by hosting a Joint Symposium on Coral Reef Ecology. This event brought together renowned experts to discuss the current state of coral reefs and explore strategies for their protection and restoration. The symposium, held in conjunction with World Environment Day and World Oceans Day, underscored Colombo Port City's commitment to sustainability and the preservation of natural biodiversity and ecosystems.

A distinguished panel of keynote speakers, including high-level academics, shared valuable insights into various aspects of coral reef conservation and restoration. Notable participants included Dr. R.P. Prabath K. Jayasinghe (National Aquatic Resources Research and Development Agency), Professor Hui Huang (Tropical Marine Biological Research Station, Hainan), Dr. M.F.M. Fairoz (Ocean University of Sri Lanka), Dr. Yuyang Zhang (South China Sea Institute of Oceanology), Professor P.B.T.P. Kumara (University of Ruhuna), and Dr. Chengyue Liu (South China Sea Institute of Oceanology). Their presentations covered topics such as coral taxonomy, reef health, restoration techniques, and the response of corals to climate change.

Additionally Colombo Port City hosted Professor Laurence McCook, a globally recognized expert in coral reef conservation, who shared his research and assessments of coral ecosystems in the region. This initiative further highlights Colombo Port City's dedication to advancing knowledge and fostering collaboration for the protection and restoration of marine ecosystems.

Corporate Governance

The Colombo Port City Economic Commission holds the ultimate responsibility for Colombo Port City. It strategically manages stakeholder requirements, delivers strategic objectives, and implements all applicable laws and regulations. With unwavering transparency, the Commission guides the project's path, setting the direction, goals, policies, internal controls, and reporting mechanisms.

The Commission leads the risk review process and meticulously monitors all aspects of Colombo Port City. Reliable information, timely compliance, and safeguarding the project's assets and reputation are cornerstones of its oversight.

Through effective leadership and unwavering commitment to corporate values, the Commission Members set the tone at the top. This robust corporate governance approach serves as the linchpin, ensuring sustainable outcomes through integrity, accountability, and insight-driven decision-making.

Compliance with the Code of Best Practice on Corporate Governance

The table below summarises Colombo Port City Economic Commission's compliance with the Code of Best Practice on Corporate Governance issued by the Institute of Chartered Accountants of Sri Lanka.

Colombo Port City Economic Commission - Commission Meeting Schedule 2023

	Dinesh Weerakkody	K.M.M. Siriwardana	Saliya Wickramasooriya	Dr. Priyath Bandu Wickrama	Kushan Kodithuwakku	Rohan Desilva	Reyaz Mihular
Meeting 31 - 19th January 2023	Yes	No	No	Yes	Yes	No	Yes
Meeting 32 - 28th February 2023	Yes	No	Yes	Yes	Yes	No	Yes
Meeting 33 - 30th March 2023	Yes	Yes	Yes	Yes	Yes	No	Yes
					N. Arulpragasam		
Meeting 34 - 27th April 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Meeting 35 - 25th May 2023	Yes	No	Yes	Yes	Yes	No	Yes
						E.D.P. Soosaipillai	
Meeting 36 - 6th July 2023	Yes	No	Yes	Yes	Yes	Yes	No
Meeting 37 - 28th July 2023	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Meeting 38 - 5th Sept 2023	Yes	No	No	Resigned	Yes	Yes	Yes
				Lalith Wickramaratne			
Meeting 39 - 6th Oct.2023	Yes	No	Yes	Yes	Yes	Yes	Yes
Meeting 40 - 25th Oct 2023	Yes	No	Yes	Yes	Yes	Yes	Yes
Meeting 41 - 30th Nov 2023	Yes	No	Yes	Yes	Yes	Yes	Yes
Meeting 42 - 4th January 2024	Yes	No	Yes	Yes	Yes	Yes	Yes

Commission Resignations

Name	Date of Appointment	Status	Attended no. of Meetings
Dr. Priyath Bandu Wickrama **	May 31st 2021	Commission Member	36/34
Kushan Kodithuwakku ***	May 31st 2021	Commission Member	11/14
Rohan Desilva *	May 31st 2021	Commission Member	10/14

* (Resigned on 31st March 2023)
** (Resigned on August, 2023)
*** (Resigned on 31st March 2023)

Audit Committee Report Continued

Audit Committee Report

The primary role of the Audit Committee is to assist the Colombo Port City Economic Commission, in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management framework and system of internal controls as well as consideration of ethics and compliance matters.

I am pleased to present the Colombo Port City Economic Commission's Audit Committee report for the financial year 2023 covering our work over the course of the year including some areas of particular focus.

I begin this report by thanking Commission members Saliya Wickramasuriya, Niranjan Arulpragasam and chief internal auditor Chandima Kumari who represented the Ministry of Investment Promotion, for their contributions as members of the Audit Committee (AC).

The primary role of the AC is to assist the Commission in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management framework and system of internal controls as well as consideration of ethics and compliance matters. We are also responsible for assessing the quality of the audit performed by, and the independence and objectivity of, the external auditor. The AC also makes a recommendation to the Commission on the appointment or reappointment of the external auditor.

For the year 2023 AC had four AC meetings covering matters such as review of the Audit plan of the Colombo Port City Economic Commission and Commission fund for the financial year 2023, Review of the Audited Financials of the Commission and Commission-Fund, review of the Budget, Ministerial Results Framework of Ministry of Investment Promotions, Deliberations on the Commission's Income Tax position, adherence to compliance requirements as per the Colombo Port City Economic Commission Act No. 11 of 2021 and other regulatory requirements among other matters such as reviewing quarterly accounts and monitoring the fund utilization as the Commission operates with limited funds until the project generates sufficient cash flow. The Manual of Procedures prepared by the Commission's finance department, which includes the delegation of authority, was thoroughly reviewed and approved by the AC.

The AC meets quarterly. Members and meeting attendance of the AC were as follows;

Committee Member	Member since	Maximum possible meetings	Number of meetings attended	% of meetings attended
Reyaz Mihular *Chairman Audit Committee / Commission member*	Inception	04	04	100%
Saliya Wickramasuriya *Commission member*	Inception	04	04	100%
Chandima Kumari *Chief Internal Auditor – MIP*	Inception	04	02	50%
Niranjan Arulpragasam *Commission member*	September 2023	02	02	100%

The roles and responsibilities of the AC, as set out in the Audit Committee Charter, are reviewed annually, taking into account relevant regulatory changes and recommended best practice.

Reyaz Mihular (Sigd)
Reyaz Mihular
Chairman Audit Committee / Commission member

financial reports

FINANCIAL REPORTS

Commission

Commission Fund

Report of the Auditor General

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. INF/A/02/CPCEC/AR/2023 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 30 May 2024

His Excellency the President

Report of the Auditor General on the Financial Statements of the Colombo Port City Economic Commission for the year ended 31 December 2023 in terms of Section 15 of the Colombo Port City Economic Commission Act, No. 11 of 2021.

FINANCIAL STATEMENTS

OPINION

The audit of the financial statements of the Colombo Port City Economic Commission ("the Commission") for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the Colombo Port City Economic Commission Act, No. 11 of 2021. My report to Parliament in pursuance of provisions in Article 154(6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of International Chartered Accountants in public practice.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Commission as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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.

EMPHASIS OF MATTER

I draw attention to Note 2.3.3 and Note 7.1 of the financial statements, which discuss the Commission's position on the applicability of income tax and non-recognition of cost of the Lands belong to the Commission. My opinion is not modified in respect of these matters.

RESPONSIBILITIES OF THE 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 International Financial Reporting 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 Commission'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 Commission or to cease operations or has no realistic alternative but to do so.

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE
NAOSL

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

As per Section 16(1) of the Colombo Port City Economic Commission Act, No. 11 of 2021, the Commission shall maintain books, registers and records of minutes, accounts, cash securities, vouchers and other documents in compliance with the applicable International Financial Reporting Standards.

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 scepticism 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 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 Commission'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 Commission'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 Commission 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.

W.P.C. Wickramaratne
Auditor General

Statement of Comprehensive Income

	Note	2023 Rs.	2022 Rs.
Incoming resources	3	165,466,540	245,413,217
Direct expenses		(6,687,141)	-
Gross surplus		158,779,399	245,413,217
Administration expenses		(156,691,316)	(262,294,418)
Promotional and marketing expenses		(267,797)	(1,250,637)
Finance expenses	4	-	(201,382)
		(156,959,113)	(263,746,437)
Surplus/(deficit) for the year	5	1,820,286	(18,333,220)
Other comprehensive income		-	-
Surplus/(deficit) for the year after total comprehensive income		1,820,286	(18,333,220)

Figures in brackets indicate deductions.
The accounting policies and notes on pages 46 to 58 form an integral part of these financial statements.

Colombo
26th February 2024

Statement of Financial Position

	Note	As at 31.12.2023 Rs.	As at 31.12.2022 Rs.
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,848,183	8,525,938
Capital work-in-progress	7	206,986,440,667	191,723,887,631
Right-to-use assets	8	-	-
Total non-current assets		206,993,288,850	191,732,413,569
Current assets			
Other receivables	9	6,747,986	4,459,585
Cash and cash equivalents	10	311,381	50,000
Total current assets		7,059,367	4,509,585
Total assets		207,000,348,217	191,736,923,154
EQUITY AND LIABILITIES			
Accumulated deficit		(7,650,190)	(9,470,476)
Government contribution		206,985,319,177	191,723,887,631
Total equity		206,977,668,987	191,714,417,155
Non - current liabilities		-	-
Current liabilities			
Trade and other payables	11	19,608,180	22,505,999
Bank overdraft	12	3,071,050	-
Total current liabilities		22,679,230	22,505,999
Total liabilities		22,679,230	22,505,999
Total equity and liabilities		207,000,348,217	191,736,923,154

Figures in brackets indicate deductions.
The accounting policies and notes on pages 46 to 58 form an integral part of these financial statements.

These financial statements are in compliance with the requirements of the Colombo Port City Economic Act No. 11 of 2021.

Mr. Ruwan S. Karunaratne
Director - Finance

The Board of Directors is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Board.

Mr. Reyaz Mihular
Commissioner

Mr. Saliya Wickramasuriya
Commissioner

Colombo
26th February 2024

Statement of Changes in Equity

Description	Accumulated surplus/(deficit) Rs.	Government contribution Rs.	Total Rs.
Balance as at 01st January 2022	8,862,744	160,808,037,740	160,816,900,484
Net deficit for the year	(18,333,220)	-	(18,333,220)
Contribution from the Government (Note 07)	-	30,915,849,891	30,915,849,891
Balance as at 31st December 2022	(9,470,476)	191,723,887,631	191,714,417,155
Net surplus for the year	1,820,286	-	1,820,286
Contribution from the Government (Note 07)	-	15,261,431,546	15,261,431,546
Balance as at 31st December 2023	(7,650,190)	206,985,319,177	206,977,668,987

Figures in brackets indicate deductions.
The accounting policies and notes on pages 46 to 58 form an integral part of these financial statements.

Colombo
26th February 2024

Statement of Cash Flows

For the year ended 31st December	2023 Rs.	2022 Rs.
Cash flows from Commission activities		
Surplus/(deficit) for the year	1,820,286	(18,333,220)
Adjustments for:		
Depreciation on property, plant and equipment	2,568,175	2,100,483
Amortisation of right-to-use assets	-	17,236,780
Interest on lease	-	201,382
Operating surplus before working capital changes	4,388,461	1,205,425
Increase in other receivables	(2,288,401)	(1,811,227)
Increase/(decrease) in trade and other payables	(2,897,819)	20,904,949
Cash generated from operations	(797,759)	20,299,147
Net cash from/(used in) operating activities	(797,759)	20,299,147
Cash flow from investing activities		
Purchase of property, plant and equipment	(890,420)	(2,812,600)
Expenses incurred for capital work-in-progress	(1,121,490)	-
Net cash used in investing activities	(2,011,910)	(2,812,600)
Cash flow from financing activities		
Repayment of lease	-	(17,485,800)
Net cash used in financing activities	-	(17,485,800)
Net increase in cash and cash equivalents	(2,809,669)	747
Cash and cash equivalents at the beginning of the year	50,000	49,253
Cash and cash equivalents at the end of the year (Note A)	(2,759,669)	50,000
Cash and cash equivalents at the end of the year		Note A
Cash at bank	261,381	-
Bank overdraft	(3,071,050)	-
Petty cash	50,000	50,000
	(2,759,669)	50,000

Figures in brackets indicate deductions.
The accounting policies and notes on pages 46 to 58 form an integral part of these financial statements.

Colombo
26th February 2024

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

The Colombo Port City Economic Commission ("the Commission") is a Commission established under the Colombo Port City Economic Commission Act No. 11 of 2021 ("the Act") and domiciled in Sri Lanka. The registered office of the Commission and principal place of business are situated at Unit 901, One Galle Face Tower, 1A, Centre Road, Colombo 02.

1.2 Principal activities and nature of operations

During the year, the principal activities of the Commission were granting registrations, licenses, authorizations and other approvals to carry on businesses and other activities in and from the Colombo Port City and facilitate businesses and investments in terms of the Act.

1.3 Date of authorization for issue

The financial statements of the Commission for the year ended 31st December 2023 were authorized for issue by the Commission on 26th February 2024.

1.4 Responsibility for financial statements

The Commission is responsible for the preparation and presentation of the financial statements of the Commission as per the provisions of the Act and in accordance with International Financial Reporting Standards issued by the IFRS Foundation.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

2.1 General accounting policies

2.1.1 Statement of compliance

The financial statements which comprise the statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows, together with significant accounting policies and notes ("financial statements") of the Commission as at 31st December 2023 and for the year then ended, have been prepared and presented in accordance with International Financial Reporting Standards and the requirements of the Act.

2.1.2 Basis of measurement

The financial statements of the Commission have been prepared under the historical cost convention.

2.1.3 Functional and presentation currency

Items included in the financial statements of the Commission are measured using the currency of the primary economic environment in which it operates (the functional currency). These financial statements are presented in Sri Lankan Rupees, the Commission's functional and presentation currency. There was no change in the Commission's presentation and functional currency during the period under review.

2.1.4 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial as permitted by the International Financial Reporting Standards.

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is legally an enforceable right to settle on a net basis or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of comprehensive income unless it is required or permitted by any accounting standard or interpretation as specifically disclosed in the accounting policies.

2.1.5 New accounting standards, amendments and interpretations issued but not yet effective

The following amendments and improvements are not expected to have a significant impact on the financial statements of the Commission.

- SLFRS 17 – Insurance contract
- Liability in a Sale and Leaseback (Amendments to SLFRS 16 Leases) – Mandatorily effective for periods beginning on or after 1 January 2024
- Classification of Liabilities as Current or Non-Current (Amendments to LKAS 1 Presentation of Financial Statements) - Mandatorily effective for periods beginning on or after 1 January 2024)
- Non-current Liabilities with Covenants (Amendments to LKAS 1 Presentation of Financial

Statements) – Mandatorily effective for periods beginning on or after 1 January 2024

- Supplier Finance Arrangements (Amendments to LKAS 7 Statement of Cash Flows and SLFRS 7 Financial Instruments: Disclosures) - Mandatorily effective for periods beginning on or after 1 January 2024
- Lack of Exchangeability (Amendments to LKAS 21 The Effect of Changes in Foreign Exchange Rates) – Mandatorily effective for periods beginning on or after 01st January 2025

2.1.6 Significant accounting judgments, estimates and assumptions

a) Judgements

In the process of applying the accounting policies, the Commission has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of financial position, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, have been considered.

2.1.7 Going concern

In preparing these financial statements, based on available information, the Commission has assessed the appropriateness of the use of the going concern basis. The Commission is satisfied that it has adequate resources to continue the business affairs to a foreseeable future and justifies the adoption of the going concern basis in preparing these financial statements as empowered by the Colombo Port City Economic Commission Act No. 11 of 2021.

2.1.8 Foreign currency transactions

All foreign exchange transactions have been converted into the functional currency at the rates of exchange prevailing at the time the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date have been translated to Sri Lankan Rupee using the period end spot exchange rates and the resulting gains or losses accounted in the statement of comprehensive income.

Non-monetary assets and liabilities denominated in foreign currencies have been translated using the exchange rates that existed when the values were determined. The resulting gain or loss is accounted in the statement of comprehensive income.

2.2 Assets, liabilities and bases of their valuation

2.2.1 Property, plant and equipment

a) Recognition and measurement

All items of property, plant and equipment are initially recorded at cost.

Subsequent to initial recognition, property, plant and equipment are stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Commission recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs are recognised in the surplus or deficit as incurred.

b) Useful lives of property, plant and equipment

The Commission reviews the assets' residual values, useful lives and methods of depreciation at each reporting date; judgment made by management based on the professional expertise exercised in the estimation of these values, rates and methods.

c) Depreciation

Depreciation is recognised in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Notes to the Financial Statements

The economic useful lives of property, plant and equipment are as follows:

Category	Years
Furniture and fittings	05
Office equipment	05
Computer and equipment	04

Depreciation of assets begins when it is available for use and ceases at the earlier of the date when the asset is classified as held for sale and the date when that asset is de-recognised.

d) Restoration costs

Expenditure incurred on repairs or maintenance of property, plant and equipment in order to restore or maintain the future economic benefits expected from the originally assessed standard of performance is recognised as an expense when incurred.

e) Derecognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is calculated as the difference between the net disposal proceeds and the carrying amount is included in the statement of comprehensive income in the year the asset is de-recognised.

f) Capital work-in-progress

Capital work-in-progress represents the costs incurred todate by the Project Company for the execution and completion of the reclamation work which includes the breakwater, whole reclamation of the seabed and development of associated work. The cost of the reclamation work includes all the cost incurred by the Project Company as of the reporting date excluding the proportionate cost allocated to marketable land area which the Project Company has the rights to enjoy all the economic benefits until cessation of such rights.

Upon receiving the completion certificate of reclamation work, capital work-in-progress is capitalised under respective asset classes of property, plant and equipment as required by IAS 16 – Property, Plant and Equipment.

2.2.2 Leases

The Commission assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

a) Commission as a lessee

The Commission applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Commission recognises lease liabilities to make lease payments and the right-of-use assets representing the right to use the underlying assets.

b) Right-of-use assets

The Commission recognises the right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred and the lease payments made at, or before the commencement date less any lease incentives received. Right-of-use assets are amortised on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The right-of-use assets are also subject to impairment.

The Commission's right to use assets and related disclosures are given in Note 8 to the financial statements.

2.2.3 Impairment of non-financial assets

The Commission assesses at each reporting date to ascertain whether there is an indication that an asset may be impaired. If such indication exists or when the annual impairment testing for an asset is required, the Commission makes an estimate of 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 sell 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 a group 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 the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risk specific to the asset.

Impairment losses of continuous operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset.

2.2.4 Financial assets

Financial assets within the scope of IFRS 9 – Financial Instruments are classified as amortised cost, fair value through other comprehensive income (FVOCI) and fair value through surplus or deficit.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Commission's business model for managing them. This assessment is referred to as the SPPI test and is performed at instrument level. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Except for trade receivables that do not contain a significant financing component or for which the Commission has applied the practical expedient, others are measured at transaction price.

The financial assets of the Commission include cash and cash equivalents and other receivables. Those financial assets are classified as financial assets at amortized cost.

Financial assets at amortised cost

These assets arise principally from the provision of goods and services to customers (trade and other receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely the payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

2.2.4.1 De-recognition

The Commission de-recognises a financial asset when, and only when:

a) the contractual rights to the cash flows from the financial asset expire, or

b) it transfers the financial assets and the transfer qualifies for de-recognition.

The Commission transfers a financial asset if, and only if, it either transfers the contractual rights to receive the cash flows of the financial asset or retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients in an arrangement.

When the Commission transfers a financial asset, the Commission evaluates the extent to which it retains the risks and rewards of the ownership of the financial asset. In this case:

a) if the Commission transfers substantially all the risks and rewards of ownership of the financial asset, the Commission de-recognises the financial asset and recognises separately as assets or liability's any rights and obligations created or retained in the transfer,

b) if the Commission retains substantially all the risks and rewards of ownership of the financial asset, the Commission continues to recognise the financial asset,

c) if the Commission neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Commission determines whether it has retained control of the financial asset.

2.2.5 Financial liabilities

Classification of financial liabilities

The financial liabilities of the Commission include lease liabilities and other payables which are classified as financial liabilities at amortised cost.

Financial liabilities measured at amortised cost

A financial liability other than those measured at fair value through surplus or deficit is classified as a financial liability measured at amortized cost. A financial liability at amortised cost is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability. After initial recognition, the financial liability is measured at amortized cost based on the effective interest rate method.

2.2.5.1 De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is

Notes to the Financial Statements

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, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

2.2.6 Offsetting of financial instruments

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

2.2.7 Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments not traded in an active market, the fair value is determined using the appropriate valuation techniques. Such techniques may include using the recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; a discounted cash flow analysis or other valuation models.

2.2.8 Other receivables

Other receivables are recognised at the amounts they are estimated to realise net of allowance for impairment. The amount of the allowance is recognised in the statement of comprehensive income.

2.2.9 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and cash at bank which are highly liquid investments and readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cash at bank and highly liquid interest-bearing securities of three months or less and net of outstanding bank overdrafts.

The cash flow statement is reported based on the indirect method.

2.3 Liabilities and provisions

2.3.1. Other payables

Other payables are obligations to pay for services that have been received in the ordinary course of business. These are classified as current liabilities where payment is due within one year or less, if not, they are presented as non-current liabilities.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at original invoiced amount since the effect of discounting is immaterial.

2.3.2. Employee benefit

a) Defined contribution plans – Employees' Provident Fund and Employees' Trust Fund

Employees are eligible for Employees' Provident Fund Contributions and Employees' Trust Fund Contributions in line with respective statutes and regulations. The Commission contributes 12% and 3% of gross emoluments of the employees to the Employees' Provident Fund and Employees' Trust Fund respectively.

2.3.3. Income tax

The Colombo Port City is a Special Economic Zone (SEZ) identified by the Colombo Port City Economic Commission Act No. 11 of 2021 ("the Act") and will have a significant impact on the national economy in terms of Foreign Direct Investments, Employment Generation, Government Revenue, Gross Domestic Product contribution and balance of payment. The principal activity of the Commission is granting registrations, licenses, authorisations and other approvals to carry on businesses and other activities in, and from the Colombo Port City and facilitate businesses and investments in terms of the Act, therefore, no income earning motive exists.

As per Section 23 (2) (c) of the Act, all sums of money received from any lease of Government Marketable Land and Project Company Marketable Land situated within the Area of Authority of the Colombo Port City, should be credited to the Colombo Port City Economic Commission Fund

("Fund"), and should be remitted to the consolidated fund as stipulated in Section 23 to the Colombo Port City Economic Commission Act, simultaneous to the execution of the respective indentures of the lease, after deducting expenditure as allowed in the Act. Further, as per Section 23 (2) (d), all sums of money may be received by the Fund by way of local assessment rates and any other levies imposed by the Commission at such rates as prescribed within the Area of Authority of the Colombo Port City, which sums shall be credited to the Consolidated Fund on a quarterly basis and will form part of Government Revenue.

Therefore, the Fund is maintained on behalf of the government as the custodian to collect all the sums of money received and receivable in providing investment facilitator services as permitted in the Act and the Commission is allowed to draw funds from the Commission's Fund only to defray expenses.

In line with the above, the Commission is of the view that The Colombo Port City Economic Commission is not liable to pay income tax since the collections form part of Government Revenue and it goes to the Consolidated Fund.

2.3.4. Lease liabilities

At the commencement date of the lease, the Commission recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate.

In calculating the present value of lease payments, the Commission uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments). The Commission's lease liabilities and related disclosures are given in Note 13 to the financial statements.

2.3.5. Provisions

Provisions are recognised when the Commission has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.3.6. Commitments

All material commitments as at the reporting date have been identified and disclosed in the notes to the financial statements.

2.4. Statement of comprehensive income

2.4.1.1. Incoming resources

Incoming resources represent the funds received from the Colombo Port City Economic Commission Fund to manage the affairs of the Commission as stipulated under Section 23 (3) of the Act.

2.4.2. Expenditure

a) The expenditure is recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining the property, plant and equipment in a state of efficiency has been recognised in arriving at the result for the year.

b) Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets which are the assets that necessarily take a substantial period of time to get ready for their intended purposes and are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Notes to the Financial Statements

c) For presenting the statement of comprehensive income, the executive committee is of the opinion that the function of the expense method presents fairly the element of the Commission's performance, and hence, such presentation method is adopted.

2.5. Events after the reporting period

All material events occurring after the reporting date have been considered and where necessary, adjustments to, or disclosures, have been made in the respective notes to the financial statements.

		2023 Rs.	2022 Rs.
3.	**INCOMING RESOURCES**		
	Transferred from the fund	165,466,540	245,413,217
		165,466,540	245,413,217
4.	**FINANCE EXPENSES**		
	Interest on lease	-	201,382
		-	201,382
5.	**SURPLUS/(DEFICIT) FOR THE YEAR**		
	Surplus/(deficit) for the year is stated after charging all expenses including the following:		
	Auditor's remuneration - audit services	400,126	208,250
	Professional fee	2,120,238	149,010,773
	Commissioner's remuneration	4,400,000	8,800,000
	Accounting fee	3,742,617	3,469,625
	Depreciation on property, plant and equipment	2,568,175	2,100,483
	Amortization of right-of-use of assets	-	17,236,780
	Legal fees	707,250	4,177,700

	COST			DEPRECIATION			W.D.V.	
Description of assets	Balance as at 01.01.2023 Rs.	Addition for the year Rs.	Balance as at 31.12.2023 Rs.	Balance as at 01.01.2023 Rs.	For the year Rs.	Balance as at 31.12.2023 Rs.	Balance as at 31.12.2023 Rs.	Balance as at 31.12.2022 Rs.
6. PROPERTY, PLANT AND EQUIPMENT								
Office equipment	975,475	118,720	1,094,195	422,539	44,796	467,335	626,860	552,936
Furniture and fittings	6,044,051	539,200	6,583,251	1,224,105	1,489,581	2,713,686	3,869,565	4,819,946
Computer equipment	4,026,609	232,500	4,259,109	873,553	1,033,798	1,907,351	2,351,758	3,153,056
	11,046,135	890,420	11,936,555	2,520,197	2,568,175	5,088,372	6,848,183	8,525,938

Notes to the Financial Statements

	Balance as at 01.01.2023 Rs.	Addition for the year Rs.	Transfers for the year Rs.	Balance as at 31.12.2023 Rs.
7. CAPITAL WORK-IN-PROGRESS				
Land reclamation works	191,723,887,631	15,261,431,546	-	206,985,319,177
Software - Duty-Free Verification System	-	1,121,490	-	1,121,490
	191,723,887,631	15,262,553,036	-	206,986,440,667

7.1 Land reclamation works

As specified in the Section 65 (3) of the Colombo Port City Economic Commission Act No. 11 of 2021, His Excellency the President of Democratic Socialist Republic of Sri Lanka, on August 12, 2021 issued a Presidential Grant under Section 6 of the State Lands Ordinance (Chapter 454) to vest the reclaimed area of 446.09 ha. with the Commission. The extent of the reclaimed area consists of 269.00 ha. of marketable land and remaining of 177.09 ha. consist of waterways, the seabed and other common areas.

The 269.00 ha. of marketable land reclaimed by the Project Company at no consideration payable by the Government of Sri Lanka (GOSL). To recover the investment made by the Project Company, GOSL agreed by the Tri-Party Agreement (TPA) to allocate on long-term lease of 116.10 ha (46 plots) of reclaimed marketable land to the Project Company leaving a balance extent of 329.99 ha comprising marketable lands, common areas and others.

As at 31st December 2023, the Project Company has incurred US$ 1,262,550,000/- (2022 - US$ 1.199 billion) for the infrastructure development and the reclamation work is still in progress.

The costs being incurred on such assets cannot be recognised as an operating asset until they qualify as a ready to use the asset. Therefore, all costs incurred on land reclamation and infrastructure development are recorded as "Capital work-in-progress (CWIP)".The Commission has recognised US$ 933,960,155/- (2022 - US$ 887,671,830/-) amounting to Rs. 206,985,319,177/- (2022 - Rs. 191,723,887,631/-) as Capital work-in-progress eliminating infrastructure cost related to 116.10 ha (46 plots) on the basis that the Commission has no rights to generate any economic benefits from the marketable land allocated to the Project Company until such time, the project Company ceases its interest to enjoy economic benefits from those marketable land slots allocated to them.

As of the reporting date, the marketable lands and common areas have been physically completed, and completion certificates have been issued. However, the costs for these areas have not been recognized separately in the accounting records because the project company has yet to confirm the final costs, leading to cost overruns. Additionally, work is still ongoing on drainage systems, utility services at the plot boundaries, road construction, and bridge building, most of which are part of phase 1 of the project.

7.2 Software - Duty-Free Verification System

The amount incurred to develop and implement Duty-Free Verification software system for the purpose of carrying out day to day verification and activities smoothly, and to conduct monitoring of duty-free verification system. This development is not yet completed.

		As at 31.12.2023 Rs.	As at 31.12.2022 Rs.
8.	**RIGHT-OF-USE ASSETS**		
	Cost		
	Balance at the beginning of the year	21,656,676	8,839,792
	Addition for the year	-	12,816,884
	Balance at the end of the year	21,656,676	21,656,676
	Amoritisation		
	Balance at the beginning of the year	21,656,676	4,419,896
	Charge for the year	-	17,236,780
	Balance at the end of the year	21,656,676	21,656,676
	Net carrying value	-	-
9.	**OTHER RECEIVABLES**		
	Prepayments and advances	6,432,986	4,144,585
	Other receivables	315,000	315,000
		6,747,986	4,459,585
10.	**CASH AND CASH EQUIVALENTS**		
	Cash at bank	261,381	-
	Petty cash	50,000	50,000
		311,381	50,000
11.	**TRADE AND OTHER PAYABLES**		
	Trade and other payable	3,944,719	1,374,009
	Accrued expenses	15,663,461	21,131,990
		19,608,180	22,505,999
12.	**BANK OVERDRAFT**		
	Bank of Ceylon - C/A - 87611470	3,071,050	-
		3,071,050	-

Notes to the Financial Statements

	As at 31.12.2023 Rs.	As at 31.12.2022 Rs.
13. LEASE LIABILITY		
Lease liability on right-of-use assets		
Gross lease liability		
Balance at the beginning of the year	-	4,542,000
Addition for the year	-	12,943,800
Repayment made during the year	-	(17,485,800)
Balance at the end of the year	-	-
Interest in suspense		
Balance at the beginning of the year	-	74,466
Addition for the year	-	126,916
Interest charge for the year	-	(201,382)
Balance at the end of the year	-	-
Net lease liability	-	-

14. CONTRACTUAL COMMITMENTS

14.1 Financial commitments

There were no material financial commitments as at the reporting date.

14.2 Capital commitments

There is a commitment towards Informatics International Limited to develop, supply, deliver, install, implement, maintain and support a Duty-Free Verification system for the purpose of carrying out day to day duty free verifications and activities smoothly and to conduct monitoring of duty-free verification system by Port City Management for a contract value of USD 79,500/-.

15. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent liability or contingent assets as at the reporting date.

16. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the end of the reporting date, which would require adjustments to, or disclosure in the financial statements.

17. RELATED PARTY TRANSACTIONS

The Commission has entered into transactions with its related party and the Commissioners of the Commission are also Commissioners of the said related party.

Name of the related party	Nature of transactions	2023 Rs.	2022 Rs.
Colombo Port City Economic Commission Fund	Fund transferred	165,466,540	245,413,217

As required by the Colombo Port City Economic Commission Act No. 11 of 2021 section 23 (a), Funds from the Commission Fund can be used by the Commission to defray initial setting up and operational expenditure of the Commission, including international promotional expenditure of the Colombo Port City and such other expenses as may be incurred by the Commission.

18. FINANCIAL RISK MANAGEMENT

i. Overview

The Commission has the exposure to the following risks from its use of financial instruments:
Credit risk
Liquidity risk
Market risk

This note presents information about the Commission's exposure to each of the above risks, the Commission's objectives, policies and processes for measuring and managing risk, and the Commission's management of capital.

ii. Risk management framework

The executive committee has the overall responsibility for the establishment and oversight of the Commission's risk management framework.

(a) Credit risk

Credit risk is the risk of financial loss to the Commission if a party fails to meet its contractual obligations. Credit risk mainly arises from other receivables and cash at bank.

	Carrying amount	
	As at 31.12.2023 Rs.	As at 31.12.2022 Rs.
Cash and cash equivalents	311,381	50,000
Other receivables	6,747,986	4,459,585
	7,059,367	4,509,585

Notes to the Financial Statements

(b) Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Commission's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Commission's reputation.

The following are the contractual maturities of financial liabilities as at the year end.

31st December 2023	Carrying Amount Rs.	0-6 Months Rs.	6-12 Months Rs.
Bank overdraft	3,071,050	3,071,050	-
Other payables	19,608,180	19,608,180	-
	22,679,230	22,679,230	-

31st December 2022	Carrying Amount Rs.	0-6 Months Rs.	6-12 Months Rs.
Other payables	22,505,999	22,505,999	-
	22,505,999	22,505,999	-

(c) Market risk

Market risk is the risk that changes in market factors, such as foreign exchange rates and interest rates that will affect the Commission's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposure within acceptable parameters while optimising the return.

Detailed Statement of Comprehensive Income

For the year ended 31st December	Statement	2023 Rs.	2022 Rs.
Incoming resources	1	165,466,540	245,413,217
Direct expenses	2	(6,687,141)	-
Gross surplus		158,779,399	245,413,217
Less : Expenses			
Personnel expenses	3	(105,079,061)	(82,622,947)
Administration expenses	4	(51,612,255)	(179,671,471)
Promotional and marketing expenses	5	(267,797)	(1,250,637)
Finance expenses	6	-	(201,382)
		(156,959,113)	(263,746,437)
Net surplus/(deficit) for the year		1,820,286	(18,333,220)

For the year ended 31st December	2023 Rs.	2022 Rs.
REVENUE		Statement 1
Incoming resources	165,466,540	245,413,217
	165,466,540	245,413,217
DIRECT EXPENSES		Statement 2
Payments to Registrar of Companies (ROC)	6,687,141	-
	6,687,141	-
PERSONNEL EXPENSES		Statement 3
Salaries and wages	82,604,167	56,193,833
EPF	9,894,500	6,743,260
ETF	2,473,625	1,685,815
Other staff allowance	137,500	837,500
Overtime	24,750	6,188
Commissioners' remuneration	4,400,000	8,800,000
Consultants fee	5,293,333	8,300,000
Staff welfare	251,186	56,351
	105,079,061	82,622,947

Detailed Statement of Comprehensive Income

For the year ended 31st December	2023 Rs.	2022 Rs.
ADMINISTRATION EXPENSES		Statement 4
Professional fee	2,120,238	149,010,773
Accounting fee	3,742,617	3,469,625
Audit fee	400,126	208,250
Depreciation on property, plant and equipment	2,568,175	2,100,483
Amortization on ROUA	-	17,236,780
Travelling expenses	162,687	99,699
Communication expenses	749,848	749,171
Printing and stationery charges	2,131,437	679,595
Recruitment expenses	4,800	100,000
Official meeting expenses	355,565	263,747
Computer maintenance	101,967	40,523
Office equipment maintenance	71,676	45,241
Renewal and subscription fee	9,856,997	450,969
Janitorial and maintenance	677	360,174
Legal fees	707,250	4,177,700
Courier and postage charges	72,855	13,025
Sundry expenses	508,961	137,859
Translation fees	864,255	38,810
Foreign exchange loss	-	481,330
Office rent	27,168,370	-
Late fees expenses	-	7,717
Insurance expenses	23,754	-
	51,612,255	179,671,471
PROMOTIONAL AND MARKETING EXPENSES		Statement 5
Advertising expenses	177,797	1,157,597
Promotional expenses	90,000	93,040
	267,797	1,250,637
FINANCE EXPENSES		Statement 6
Interest on lease	-	201,382
	-	201,382

Report of the Auditor General

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE

මගේ අංකය / எனது இல. / My No. INF/A/02/CPCEC-Fund/AR/2023 ඔබේ අංකය / உமது இல. / Your No. දිනය / திகதி / Date 30 May 2024

His Excellency the President
Report of the Auditor General on the Financial Statements of the Colombo Port City Economic Commission Fund for the year ended 31 December 2023 in terms of Section 23 (5) of the Colombo Port City Economic Commission Act, No. 11 of 2021.

FINANCIAL STATEMENTS

OPINION

The audit of the financial statements of the Colombo Port City Economic Commission Fund ("the Fund") for the year ended 31 December 2023 comprising the statement of financial position as at 31 December 2023 and the statement of income and expenditure, statement of changes in accumulated fund and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information, was carried out under my direction in pursuance of provisions in Article 154 of the Constitution of the Democratic Socialist Republic of Sri Lanka read in conjunction with provisions of the Colombo Port City Economic Commission Act, No. 11 of 2021. My report to Parliament in pursuance of provisions in Article 154 (6) of the Constitution will be tabled in due course. To carry out this audit I was assisted by a firm of Chartered Accountants in public practice.

In my opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at 31 December 2023, and of its surplus and its cash flows for the year then ended in accordance with the Sri Lanka Accounting Standards.

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.

EMPHASIS OF MATTER

I draw attention to Note 2.3.2 of the financial statements, which discusses the Commission's position on the applicability of income tax on the Fund. My opinion is not modified in respect of this matter.

RESPONSIBILITIES OF THE 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Fund's financial reporting process.

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தேசிய கணக்காய்வு அலுவலகம்
NATIONAL AUDIT OFFICE
NAOSL

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 scepticism 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 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 Fund'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 Fund'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 Fund 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.

W.P.C. Wickramaratne
Auditor General

Statement of Income and Expenditure

FOR THE YEAR ENDED 31ST DECEMBER 2023	Note	2023 Rs.	2022 Rs.
Fee and income	3	31,384,465	-
Gross surplus		31,384,465	-
Other income	4	15,773,956	37,190,824
Administration and other expenses	5	(1,770,424)	(461,732)
Surplus for the period		45,387,997	36,729,092
Other comprehensive income		-	-
Total comprehensive income		45,387,997	36,729,092

Figures in brackets indicate deductions.
The accounting policies and notes on pages 68 to 72 form an integral part of these financial statements.

Colombo
26th February 2024

Statement of Financial Position

	Note	As at 31.12.2023 Rs.	As at 31.12.2022 Rs.
ASSETS			
Current assets			
Other receivables	6	73,970	5,917,808
Income tax recoverable		4,202,947	4,202,947
Cash and cash equivalents	7	233,287,893	150,875,955
Total current assets		237,564,810	160,996,710
Total assets		237,564,810	160,996,710
EQUITY AND LIABILITIES			
Accumulated fund		37,483,632	157,562,175
Total equity		37,483,632	157,562,175
Non-current liabilities		-	-
Current liabilities			
Other payables	8	200,081,178	88,725
Bank overdraft	9	-	3,345,810
Total current liabilities		200,081,178	3,434,535
Total liabilities		200,081,178	3,434,535
Total equity and liabilities		237,564,810	160,996,710

Figures in brackets indicate deductions.
The accounting policies and notes on pages 68 to 72 form an integral part of these financial statements.

These financial statements have been prepared in accordance with the Sri Lanka Accounting Standards.

Mr. Ruwan S. Karunaratne
Director - Finance

The Commission of the Fund is responsible for the preparation and presentation of these financial statements.
Approved and signed for and on behalf of the Commission of the Fund.

Mr. Reyaz Mihular
Commissioner

Mr. Saliya Wickramasuriya
Commissioner

Colombo
26th February 2024

Statement of Changes in Accumulated Fund

Description	Accumulated fund Rs.	Total Rs.
Balance as at 01st January 2022	366,246,300	366,246,300
Surplus for the year	36,729,092	36,729,092
Fund transferred to the Commission	(245,413,217)	(245,413,217)
Balance as at 31st December 2022	157,562,175	157,562,175
Surplus for the year	45,387,997	45,387,997
Fund transferred to the Commission	(165,466,540)	(165,466,540)
Balance as at 31st December 2023	37,483,632	37,483,632

Figures in brackets indicate deductions.
The accounting policies and notes on pages 68 to 72 form an integral part of these financial statements.

Colombo
26th February 2024

Statement of Cash Flows

FOR THE YEAR ENDED 31ST DECEMBER 2023	2023 Rs.	2022 Rs.
Cash flows from Commission activities		
Surplus for the period	45,387,997	36,729,092
Adjustments for:		
Interest income on fixed deposits	(15,773,956)	(37,190,824)
Operating surplus/(deficit) before working capital changes	29,614,041	(461,732)
Decrease in trade receivables	-	5,074,726
Increase in other payables	199,992,453	46,475
Cash generated from operations	229,606,494	4,659,469
Interest income received	21,617,794	40,190,824
Income tax paid	-	(4,202,947)
Cash transferred for the Commission's activities	(165,466,540)	(245,413,217)
Net cash from/(used in) operating activities	85,757,748	(204,765,871)
Cash flow from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	85,757,748	(204,765,871)
Cash and cash equivalents at the beginning of the year (Note A)	147,530,145	352,296,016
Cash and cash equivalents at the end of the year (Note B)	233,287,893	147,530,145
Cash and cash equivalents at the beginning of the year		Note A
Fixed deposits	150,000,000	350,000,000
Cash at bank	875,955	3,583,046
Bank overdraft	(3,345,810)	(1,287,030)
	147,530,145	352,296,016
Cash and cash equivalents at the end of the year		Note B
Fixed deposits	12,500,000	150,000,000
Cash at bank	220,787,893	875,955
Bank overdraft	-	(3,345,810)
	233,287,893	147,530,145

Figures in brackets indicate deductions.
The accounting policies and notes on pages 68 to 72 form an integral part of these financial statements.

Colombo
26th February 2024

Notes to the Financial Statements

1. CORPORATE INFORMATION

1.1 General

Colombo Port City Economic Commission Fund ("the Fund") is a fund established under Section 23 of the Colombo Port City Economic Commission Act No. 11 of 2021 ("the Act") and domiciled in Sri Lanka. The registered office of the Fund and principal place of operations are situated at Unit 901, One Galle Face Tower, 1A, Centre Road, Colombo 02.

1.2 Principal activities and nature of operations

During the period, the principal activities of the Fund were generating funds through facilitation fees, funding of the Commission for its operational activities and investing excess funds as permitted by the Act.

1.3 Date of authorisation for issue

The financial statements of the Fund for the year ended 31st December 2023 were authorised for issue by the Commission on 26th February 2024.

1.4 Responsibility for financial statements

The Commission is responsible for the preparation and presentation of the financial statements of the Fund as per the provisions of the Colombo Port City Economic Commission Act No. 11 of 2021.

2. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

2.1 General accounting policies

2.1.1 Statement of compliance

The financial statements which comprise the statement of financial position, statement of income and expenditure, statement of changes in accumulated fund and statement of cash flows, together with significant accounting policies and notes ("financial statements") of the Fund as at 31st December 2023 and for the year then ended, have been prepared and presented in accordance with Sri Lanka Accounting Standards.

2.1.2 Basis of measurement

The financial statements of the Fund have been prepared under the historical cost convention.

2.1.3 Functional and presentation currency

Items included in the financial statements of the Fund are measured using the currency of the primary economic environment in which it operates (the functional currency). These financial statements are presented in Sri Lankan Rupees, the Fund's functional and presentation currency. There was no change in the Fund's presentation and functional currency during the period under review.

2.1.4 Materiality and aggregation

Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

Assets and liabilities are offset, and the net amount reported in the statement of financial position only when there is a legally enforceable right to settle on a net basis or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of income and expenditure unless it is required or permitted as specifically disclosed in the accounting policies.

2.1.5 Significant accounting judgments, estimates and assumptions

a) Judgments

In the process of applying the accounting policies, the Commission has made judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of financial position, that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year, have been considered.

2.1.6 Going concern

In preparing these financial statements, based on available information, the Commission has assessed the appropriateness of the use of the going concern basis. The Commission is satisfied that the Fund has adequate resources to continue its business affairs to a foreseeable future and justifies the adoption of the going concern basis in preparing these financial statements as empowered by Colombo Port City Economic Commission Act No. 11 of 2021.

2.1.7 Foreign currency transactions

All foreign exchange transactions are converted into the functional currency at the rates of exchange prevailing at the time the transactions were effected.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Sri Lankan Rupees using the period end spot exchange rates and the resulting gains or losses are accounted in the statement of income and expenditure.

Non-monetary assets and liabilities denominated in foreign currencies are translated using the exchange rates that existed when the values were determined. The resulting gain or loss is accounted in the statement of income and expenditure.

2.2 Assets, liabilities and bases of their valuation

2.2.1 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

Other receivables are recognised at the amounts they are estimated to realise net of allowance for impairment. The amount of the allowance is recognised in the statement of income and expenditure.

2.2.2 Cash and cash equivalents

Cash and cash equivalents are defined as cash in hand and cash at bank which are highly liquid investments and readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, cash at bank and highly liquid interest-bearing securities of three months or less and net of outstanding bank overdrafts.

The cash flow statement is reported based on the indirect method.

2.3 Liabilities and provisions

2.3.1. Other payables

Other payables are obligations to pay for services that have been acquired in the ordinary course of business. These are classified as current liabilities where payment is due within one year or less, if not, they are presented as non-current liabilities.

Other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the originally invoiced amount since the effect of discounting is immaterial.

2.3.2. Income tax

The Colombo Port City is a Special Economic Zone (SEZ) identified by the Colombo Port City Economic Commission Act No. 11 of 2021 (“the Act”) and will have a significant impact on the national economy in terms of foreign direct investments, employment generation, government revenue, gross domestic product contribution and balance of payment. In order to attract quality primary and secondary investors into this SEZ, the Act provides 13 enactments from, or under, which exemptions or incentives may be granted and 7 enactments which shall have no application within the area of authority of the Colombo Port City.

As per Section 23 (2) (c) of the Act, all sums of money received from any lease of Government Marketable Land and Project Company Marketable Land situated within the Area of Authority of the Colombo Port City, should be credited to the Colombo Port City Economic Commission Fund (“Fund”) and should be remitted to the consolidated fund, as stipulated in Section 23 to the Act, simultaneous to the execution of the respective indentures of the lease, after deducting expenditure as allowed in the Act. Further, as per Section 23 (2) (d) all sums of money may be received by the Fund by way of local assessment rates and any other levies imposed by the Commission at such rates as prescribed within the Area of Authority of the Colombo Port City, which sums shall be credited to the Consolidated Fund on a quarterly basis and will form part of the Government Revenue.

Therefore, the Fund is maintained on behalf of the Government as the custodian to collect all the sums of money received and receivable in providing investment facilitator services as permitted in the Act and the Commission is allowed to draw funds from the Commission Fund only to defray the expenses.

In line with the above, the Fund is of the view that the Colombo Port City Economic Commission Fund is not liable to pay income tax.

2.3.3. Provisions

Provisions are recognised when the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of

Notes to the Financial Statements

resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.3.4. Commitments

All material commitments as at the reporting date have been identified and disclosed in the notes to the financial statements.

2.4. Statement of income and expenditure

2.4.1. Income recognition

2.4.1.1. Facilitation fee

In terms of Section 23(2)(b) of the Act, the Fund is entitled to receive from the Project Company a sum of money equivalent to one per centum (1%) from all sums received from any lease of the project land from the date of commencement of this Act and ending on 30th June 2028.

Facilitation fee is recognised on an accrual basis.

2.4.1.2. Interest income

Interest income and expense are recognised in surplus or deficit using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability.

2.4.1.3. Other income

Other income is recognised on an accrual basis.

2.4.2. Expenditure

a) The expenditure is recognised on an accrual basis. All expenses incurred in the ordinary course of business and in maintaining property, plant and equipment in a state of efficiency have been charged against the income in arriving at the result for the year.

b) Borrowing costs are recognised as an expense in the period in which they are incurred, except to the extent where borrowing costs are directly attributable to the acquisition, construction or production of qualifying assets which are the assets that necessarily take a substantial period of time to get ready for their intended purpose and are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

c) For the presentation of the statement of income and expenditure, the Commission is of the opinion that the function of the expense method presents fairly the element of the Fund's performance, and hence, this presentation method is adopted.

2.5. Events after the reporting period

All material events occurring after the reporting date have been considered and where necessary, adjustments or disclosures, have been made in the respective notes to the financial statements.

	2023 Rs.	2022 Rs.
3. REVENUE		
Registration income	31,384,465	-
	31,384,465	-
4. OTHER INCOME		
Interest on fixed deposits	15,773,956	37,190,824
	15,773,956	37,190,824
5. ADMINISTRATION AND OTHER EXPENSES		
Bank charges	461,540	413,757
Interest on bank overdraft	8,681	1,500
Audit fee	81,178	46,475
Foreign exchange loss	182,292	-
WHT expense	1,036,733	-
	1,770,424	461,732

	As at 31.12.2023 Rs.	As at 31.12.2022 Rs.
6. OTHER RECEIVABLES		
Interest on fixed deposits	73,970	5,917,808
	73,970	5,917,808
7. CASH AND CASH EQUIVALENTS		
Fixed deposits	12,500,000	150,000,000
Cash at bank	220,787,893	875,955
	233,287,893	150,875,955
8. OTHER PAYABLES		
Advance received from project company	200,000,000	-
Accrued expenses	81,178	88,725
	200,081,178	88,725

The Commission Fund received an advance amounting to Rs. 200 Mn from the project company, "CHEC Port City (Private) Limited", during the year. This advance is to meet operational expenditure of the Commission until land plots are leased, where 1% is accrued to the Commission Fund.

Notes to the Financial Statements

	As at 31.12.2023 Rs.	As at 31.12.2022 Rs.
9. BANK OVERDRAFT		
Bank of Ceylon - C/A - 87611470	-	3,345,810
	-	3,345,810

10. CONTRACTUAL COMMITMENTS

10.1 Financial Commitments

There were no material financial commitments as at the reporting date.

10.2 Capital Commitments

There were no material capital commitments as at the reporting date.

11. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent assets or contingent liabilities as at the reporting date.

12. EVENTS OCCURRING AFTER THE REPORTING DATE

No circumstances have arisen since the reporting date which would require adjustments or disclosure in the financial statements.

13. RELATED PARTY TRANSACTIONS

The Commission Fund has entered into transactions with its related party and the Commissioners of the Commission Fund are also Commissioners of the said related party.

Name of the related party	Nature of transactions	2023 Rs.	2022 Rs.
Colombo Port City Economic Commission	Fund transferred	165,466,540	245,413,217

As required by the Colombo Port City Economic Commission Act No. 11 of 2021, Section 23 (a), Funds from the Commission Fund can be used by the Commission to defray initial setting up and operational expenditure of the Commission, including international promotional expenditure of the Colombo Port City and such other expenses as may be incurred by the Commission.

Detailed Statement of Income and Expenditure

FOR THE YEAR ENDED 31ST DECEMBER	Statement	2023 Rs.	2022 Rs.
Fee and income	1	31,384,465	-
Gross surplus		31,384,465	-
Other income	2	15,773,956	37,190,824
Less : Expenses			
Administration and other expenses	3	(1,770,424)	(461,732)
		(1,770,424)	(461,732)
Net surplus for the period		45,387,997	36,729,092

FOR THE YEAR ENDED 31ST DECEMBER	2023 Rs.	2022 Rs.
REVENUE		Statement 1
Registration fee	31,384,465	-
	31,384,465	-
OTHER INCOME		Statement 2
Interest on fixed deposits	15,773,956	37,190,824
	15,773,956	37,190,824
ADMINISTRATION AND OTHER EXPENSES		Statement 3
Bank charges	461,540	413,757
Interest on bank overdraft	8,681	1,500
Audit fee	81,178	46,475
Foreign exchange loss	182,292	-
WHT expense	1,036,733	-
	1,770,424	461,732

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ACCOUNTING YEAR

January 2023 - December 2023

AUDITORS

BDO Partners

BANKERS

Bank of Ceylon
People's Bank
Commercial Bank of Ceylon PLC

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