

## DIRECTORS' REPORT

Bismillahir Rahmanir Rahim  
Dear Respected Shareholders,  
Assalamualaikum,

The Board of Directors of Sea Pearl Beach Resort & Spa Limited is pleased to present the Annual Report 2020-2021 and the annual audited financial statements of the Company for the year ended 30 June 2021 together with the Statutory Auditors' report and Corporate Governance Compliance Report thereon. The Directors' Report has prepared in compliance with:

- a. Section 184 of the Companies Act 1994;
- b. Bangladesh Securities and Exchange Commission's Corporate Governance Code 2018;
- c. The Listing Regulations of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited, and;
- d. Other applicable rules and Regulations.

The Directors are also pleased to explain and disclose some issues, which they consider relevant to ensure more transparency in this regard. The Directors believe the report will give greater insights of the Company's performance during the year and future planning under review.

### About the Industry

Bangladesh is a country of natural beauty, Hill Mountains, longest beach, favorable climate, seven seasons which are the key factors to develop eco-tourism, sustainable tourism and rural tourism. Bangladesh has many archeological and historical sites too. And the hospitality of people and local culture, life style is a unique selling point. Tourism is a growing industry in Bangladesh. During the year 2017 total 1,026,000 international tourists arrived in Bangladesh while 125,000 in 2014. Earnings and international tourist arrivals are expected to grow by 4.4% in the coming years. Luxury hospitality is a fast-growing market, especially with the growth of tourism and travel industry. The worldwide travel & tourism industry continued to see strong growth throughout 2015 and international tourist arrivals are predicted to grow by 3-4% per year, to reach 1.8 billion in 2030, according to the UNWTO report. Hotel industry can play a significant role in the growth of the tourism industry as Bangladesh is strategically located in an ideal place in Asia and a tourist destination on the map of the world. It can be mentioned here that Bangladesh got independence in 1971. The direct contribution of Travel & Tourism to GDP was BDT 840.2 bn (USD 9.89 bn), 4% of total GDP in 2019-2020 and is forecasted to rise by 7.1% in 2021.

Sea Pearl Beach Resort & Spa Limited's resort "Royal Tulip Sea Pearl Beach Resort & Spa" is located at Inani beach, Cox's Bazar with lush green hills rise from the east and endless sea stretching on the west, the resort offers panoramic visuals of the Bay of Bengal. The resort offers luxuriously appointed rooms & suites with comfort of kitchenette, mysticism of infinity pool & luxury of Jacuzzi. Apart from its two swimming pools (one exclusively for the ladies) the resort boasts of a plethora of indoor & outdoor activities for both adults and kids which include an internationally acclaimed water park, tennis & badminton courts, 5D movie hall, billiards, amphitheater, a luxurious spa and a well-appointed gym. Sea Pearl Beach Resort & Spa Limited also offers a stunning range of Banqueting & Conferencing options for all your needs. Our selection of restaurants and bars will leave you spoilt for choice with 7 specialty restaurants, a multi-cuisine all day dining with indoor & alfresco seating, 1 well-stocked bar & lounge, an ice cream parlor and a juice bar.

The resort is located 25 minutes' drive distance from the hustle and lastly of the Cox's Bazar city. The resort ideally located on a private beach and bounded its hill on its east and sea on its west and no intervening feature in between. The Resort has easy excess to Himchori Waterfalls, Daria Nagar, Burmese Market and Buddhist Temple at Ramu. Despite unprecedented impact due to the pandemic caused by COVID-19, Sea Pearl Beach Resort & Spa Limited continued to perform well during the financial year 2020-2021. The Company has been able to keep up strong position in all key areas comprising good property, sound management, with branding and market leadership. It has also been the number one institution in hospitality management and tourism sector with the highest level of reputation in the country.

The Company earned operating profit of Tk. 306,231,378 by the efficient operation and dynamic management despite several lockdowns of operation has been imposed by the govt. during the year. I would like to express my sincere gratitude to each and every official and employee of the Royal Tulip Sea Pearl Beach Resort & Spa

who has shown their royalty and patience during this hardship we have come through. We are optimistic about the Company's future and our ability to continue to deliver superior returns to our shareholders in the coming years.

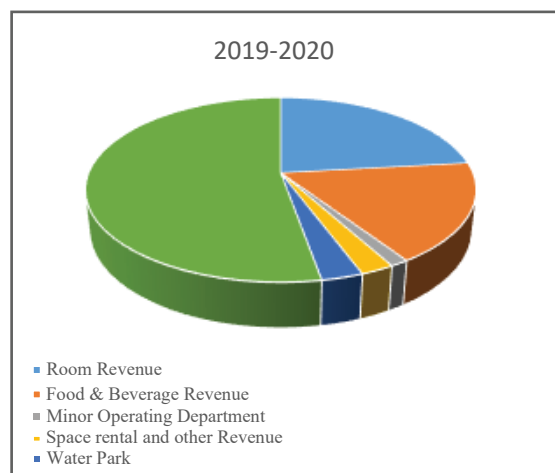
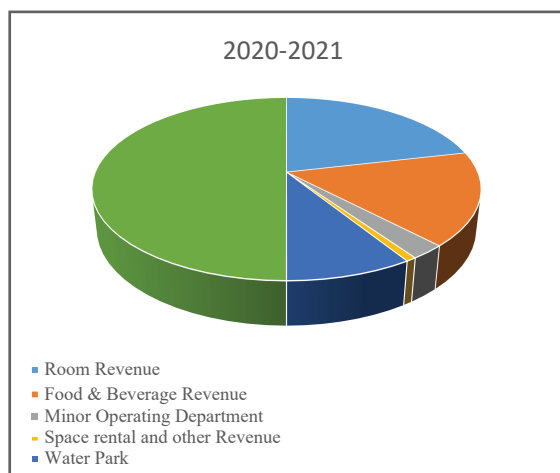
In the Cox's bazar area hospitality industry has become very competitive like many other industries, couple of new famous brand hotels with huge number of keys have recently been added. We are very vigilant about the future state of competition and have prepared ourselves to face the new competitors and challenges.

Despite all of these hazards and future state of competition, we are optimistic about the Company's future and about our ability to continue to deliver superior returns to our shareholders in the coming year. Now we have already established the Brand "Royal Tulip Cox's bazar" as the Resort of "First choice" for the foreign and local guests.

#### Segment-Wise or Product Wise Performance:

Name of the Segment	2020-2021		2019-2020	
	Amount in Tk.	% of total revenue	Amount in Tk.	% of total revenue
Room Revenue	275,177,861	43%	225,402,199	49%
Food & Beverage Revenue	212,243,678	33%	169,496,469	37%
Minor Operating Department	32,269,918	5%	12,561,022	3%
Space rental and other Revenue	9,494,302	1%	22,687,467	5%
Water Park	114,759,038	18%	28,360,587	6%
<b>Total Revenue</b>	<b>643,944,797</b>	<b>100%</b>	<b>458,507,744</b>	<b>100%</b>

#### Graphical Presentation of Product-Wise Revenue:



#### Risks and Concerns:

##### a) Interest Rate Risk

Interest rate risk is that which the company faces due to unfavorable movements of the interest rates. Changes in the government's monetary policy, along with increased demand for loans/investments tend to increase the interest rates. Such rises in interest rates mostly affect companies having floating rate loans or companies investing in debt securities.

##### Management Perception:

Since the Sea Pearl Beach Resort & Spa Limited has not borrowed funds at flexible interest rate, hence, not involved in the interest rate risk. The company has been repaying borrowed funds on a continuous basis.

#### **b) Exchange Rate Risk**

Exchange rate risk arises due to changes in exchange rates. As the Company imports equipment from abroad and also earns revenue in foreign currency, unfavorable volatility or currency fluctuation may affect the profitability of the Company. When exchange rate is increased against local currency opportunity is created for generating more profit.

#### **Management Perception:**

Sea Pearl Beach Resort & Spa Limited management changes the price of their services to cope with the change in exchange rate to mitigate the effect of unfavorable volatility in exchange rate on the company's earnings.

#### **c) Industry Risks**

Industry risk refers to the risk of increased competition from foreign and domestic sources leading to lower prices, revenues, profit margins, market share etc. which could have an adverse impact on the business, financial condition and results of operation.

#### **Management Perception:**

The Company continuously carries out research and development (R&D) to keep pace with the customer choices and fashions.

#### **d) Market Risks**

Market risk refers to the risk of adverse market conditions affecting the sales and profitability of the company. Mostly, the risk arises from falling demand for the product or service which would harm the performance of the company. On the other hand, strong marketing and brand management would help the company increase their customer base.

#### **Management Perception:**

The company's brand "Royal Tulip Cox's bazar" has a very strong image in the local and international market. GT Investments BV also have the reputation of providing quality hotel management services. Moreover, the demand for five star hotels in the country is increasing while there are very few five star hotels to meet the demand. Strong brand management and quality service has enabled the company to capture significant market share in the sector. And the company is continuously penetrating into the market and upgrading the quality of their service to minimize the risk.

#### **e) Operational Risks**

Non-availabilities of materials/equipment/services may affect the smooth operational activities of the Company. On the other hand, the equipment may face operational and mechanical failures due to natural disasters, terrorist attacks, unforeseen events, lack of supervision and negligence, leading to severe accidents and losses.

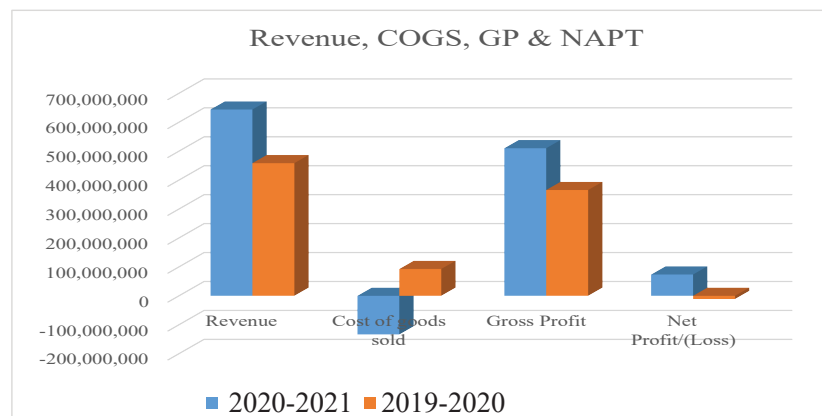
#### **Management Perception:**

Though the economic activities of the country has adversely impacted due to Corona Virus pandemic the operation of the Company started in full swing. We have taken all precautionary measures to continue our operation for the future time. The Company is equipped with power backup and security (CCTV) systems, which reduce operational risk. Besides, the equipment is under Insurance coverage in order to get reasonable compensation for any damages. Apart from these, routine security check and proper maintenance of the equipment also reduce/eliminate the operational risk.

#### **Revenue, Cost of Goods Sold, Gross Profit Margin and Net Profit Margin:**

<b>Particulars</b>	<b>2020-2021</b>	<b>2019-2020</b>
Revenue	643,944,797	458,507,744
Cost of goods sold	(133,818,811)	(92,832,423)
Gross Profit	510,125,986	365,675,321
Net Profit/(Loss)	73,683,031	(11,045,356)

## Graphical Presentation of Revenue, Cost of Goods sold, Gross Profit Margin and Net Profit Margin:



During the year operating revenue, gross profit and net profit have increased though the pandemic continued over the reporting period.

### Continuity of Extra-ordinary Gain or loss:

Sea Pearl Beach Resort & Spa Ltd. has made Net Profit/(Loss) after Tax of Tk. 73,683,031 during the year ended on 30th June, 2021. There was no continuity of Extra-Ordinary gain or loss arising from investment activities in the financial year from 01 July 2020 to 30 June 2021 (12 months). The economy of the country has reopened, therefore the business of the company is back in full swing and the company has rebounded from its financial loss.

### Related Party Transaction:

During the period the Company carried out a number of transactions with related parties on an arm's length basis. Name of those related parties, nature of those transactions and their total value has been shown in below table in accordance with the provisions of IAS-24- "Related Party Disclosure".:

Name of the Party	Relationship	Nature of Transaction	Balance as on 30 June 2021		
			Opening Balance Cr.	Transaction during the year (Dr.)/Cr.	Closing Balance
Shamim Enterprise (Pvt.) Limited	Common Management	Inter Company Transaction	50,000,000	50,000,000	-
Bengal Vacation Club Limited	Common Management	Inter Company Transaction	-	-	-
Mrs. Lucy Akthary Mahal	Chairperson	Board Fees	-	35,000	-
Mr. Md. Aminul Haque	Managing Director	Board Fees	-	35,000	-
Mr. Md. Ekramul Hoque	Director	Board Fees	-	35,000	-
Mrs. Sarjana Islam Nominated by Shamim Enterprise (Pvt.) Ltd.	Director	Board Fees	-	35,000	-
Mr. Md. Rafiqul Islam	Independent Director	Board Fees	-	35,000	-
Mr. Md. Golam Rabbani	Independent Director	Board Fees	-	35,000	-
<b>Total</b>			<b>50,000,000</b>	<b>50,210,000</b>	<b>-</b>

#### Utilization of Proceeds from Public Issue:

Sea Pearl Beach Resort & Spa Ltd. has raised paid-up capital amounting Tk.150,000,000 through Initial Public offering vied Bangladesh Securities & Exchange Commission consent ref. no. BSEC/CI/IPO-0281/2018/231 dated March 25, 2019 for the acquisition of land, interior, finishing, furniture, fixture of hotel rooms & IPO expenses. The utilization has been completed by 15th of July, 2020 and status of utilization of IPO proceeds of the Company has been presented in the below:

Particulars	Amount in BDT		
	IPO Proceed	Utilized	Un-utilized
Acquisition of land	26,660,000	26,660,000	-
Interior, Finishing, Furniture, Fixture of 157 Rooms	106,827,300	106,827,300	-
IPO Expenses	16,512,700	16,512,700	-
<b>Total</b>	<b>150,000,000</b>	<b>150,000,000</b>	<b>-</b>

#### Significant Variations in Financial Results after The Company Went for Initial Public Offering (IPO):

Sea Pearl Beach Resort & Spa Ltd. has made Net Profit/(Loss) after Tax of Tk. 73,683,031 during the year ended on 30th June, 2021 the company made net loss of Tk. 11,04,356 in previous year due to the unprecedented impact of the pandemic caused by COVID-19 and Marine Drive Road block due to road construction undertaken by the LGED. The economy of the country has reopened, therefore the business of the company is back in full swing and the company has been rebounding from its financial loss.

#### Significant Variance Between Annual and Quarterly Financial Statement:

During the year the Company prepared and submitted quarterly financial performances as per applicable rules and regulations and there were no significant differences between quarterly financial performances and annual audited financial statements.

#### A Statement of Remuneration Paid to the Directors Including Independent Directors:

Remuneration of Managing Director, Directors and Independent Director from 01 July 2020 to 30 June 2021 as follows:

SL. No.	Name	Designation	Nature of Transaction
01.	Mrs. Lucy Akhtary Mahal	Chairperson	-
02.	Mr. Md. Aminul Haque	Managing Director	-
03.	Mr. Md. Ekramul Hoque	Director	-
04.	Mrs. Sarjana Islam (Nominated by Shamim Enterprise (Pvt.) Ltd.)	Nominee Director	-
05.	Mr. Md. Rafiqul Islam	Independent Director	-
06.	Mr. Md. Golam Rabbani	Independent Director	-

#### Fairness of Financial Statements:

The financial statements together with the notes thereon of the Company present true and fair view of the Company's state of affairs result of its operation, cash flows and changes in equity.

#### Books of Accounts:

The company has maintained proper books of accounts as required by the prevailing law.

#### Accounting Policies:

Appropriate accounting policies have been consistently followed in formulating the financial statements and accounting estimates are reasonable and prudent.

#### Application of IAS & IFRS:

International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in Bangladesh, have been followed in preparation of the financial statements and any departure there from has been adequately disclosed.

### Other Regulatory Compliances

The Company is also required to comply with the following major laws and regulation in addition to the Companies Act 1994:

The Securities & Exchange Rules 1987,

The Securities & Exchange Ordinance 1969,

The Regulation of Dhaka Stock Exchange Limited and Chittagong Stock Exchange Limited,

The Income Tax Ordinance 1984,

The Income Tax Rules 1984,

The Value Added Tax Act 1991,

The Value Added Tax Rules 1991,

The Customs Act 1969.

### Internal Control System:

The Board of Directors ensures that the Company has an effective internal control system which ensures that the assets of the Company are safeguarded and appropriate systems are in place to minimize and detect fraud, errors and other irregularities. The Company has adopted Standard Operating Procedures (SOP) for the betterment of internal control system. To generate accurate data and information within reasonable time frame, we have already commissioned most modern software. The Company has established a separate internal audit department to ensure internal control and compliance in place. On the other hand, Audit Committee regularly monitors and review the reports generated by the internal audit department and takes corrective measures.

### Going concern

As per IAS-1 para 25, a company is required to make assessment at the end of each year to assess its capability to continue as a going concern. Management of the Company makes such assessment each period/year. The company made net profit after Tax of Tk. 73,683,031 during the year though the operation has been shutdown several times as per the Government instruction. The company has adequate resources to continue in operation for the foreseeable future as it resumes its operation with huge market demand since the lockdown has come to an end and shall have enough operating cash inflow to pay off its current liabilities. For this reason, the Directors continue to adopt the going concern assumption while preparing the financial statements.

### Significant variance over the last year's Operating Result:

During the last financial year the Company has witnessed significant deviations due to the pandemic caused by COVID-19 all around the world. Significant deviation in the following area comparing to the last year result has been detailed below:

Particulars	2020-2021	2019-2020	Variance	
			(In Tk.)	(In %)
Operating Revenue	643,944,797	458,507,744	185,437,053	40%
Gross Profit	510,125,986	365,675,321	144,450,665	40%
Profit from Operation	306,231,378	195,299,600	110,931,778	57%
Net Profit (Loss) After Tax	73,683,031	(11,045,356)	62,637,675	567%
Current Assets	487,411,559	346,307,346	141,104,213	41%
Non-Current Assets	5,543,539,353	5,259,715,916	283,823,437	5%
Total Assets	6,030,950,912	5,606,023,262	424,927,650	8%
Current Liabilities	1,099,726,085	828,280,333	271,445,752	33%
Non-Current Liabilities	3,647,626,563	3,563,220,537	84,406,026	2%
Shareholders' Equity	1,283,598,264	1,214,522,392	69,075,872	6%
Earnings Per Share (EPS)	0.61	(0.09)	0.52	578%
Net Operating Cash Flows Per Share ( NOCFPS)	2.64	2.34	0.30	13%
NAV Per Share	10.63	10.06	0.57	6%

## Operational and Financial Performance:

The Directors take pleasure in reporting the Operational and Financial Results of the Company for the financial year ended 30 June 2021 as follows:

### Operational Performance:

As per the nature of the industry, production quantity of service with the course of the period produce on the basis of service design as per market demand. Therefore, installed capacity in terms of multiple and frequently changeable service mix is not constant factor. During the period under review, actual service, the installed capacity in terms of the counts produced and the utilization rate is presented below: (for the period from 01 July, 2020 to 30 June, 2021)

Particular Particulars	Available Rooms	Operational Rooms	% of Capacity Operation
From 01 July 2020 to 30 June 2021	102,252	45,277	44.28%
From 01 July 2019 to 30 June 2020	66,275	35,448	53.49%

### Financial Performance:

Particular	2020-2021	2019-2020
Operating Revenue	643,944,797	458,507,744
Cost of Sales	(133,818,811)	(92,832,423)
<b>Gross Profit</b>	<b>510,125,986</b>	<b>365,675,321</b>
Profit/(Loss) Before Tax	95,575,359	(8,736,004)
Profit/(Loss) After Tax	73,683,031	(11,045,356)
Earnings per Share (EPS)	0.61	(0.09)

### Key Financial Position for the last 05 (five) years:

Particulars	Amount in Taka				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Non-Current Assets	5,543,539,353	5,259,715,916	4,785,825,908	4,331,010,753	4,043,249,321
Current Assets	487,411,559	346,307,346	427,680,181	456,269,527	85,927,027
<b>Total Assets</b>	<b>6,030,950,912</b>	<b>5,606,023,262</b>	<b>5,213,506,089</b>	<b>4,787,280,280</b>	<b>4,129,176,348</b>
Authorized Capital	2,000,000,000	2,000,000,000	2,000,000,000	2,000,000,000	250,000,000
Shareholder's Equity	1,283,598,264	1,214,522,392	1,225,567,748	1,047,657,095	86,565,145
Non-current liabilities	3,647,626,563	3,563,220,537	3,436,000,894	3,523,101,485	3,690,713,031
Current Liabilities	1,099,726,085	828,280,333	551,937,447	216,521,699	351,898,172
<b>Total Equity &amp; Liabilities</b>	<b>6,030,950,912</b>	<b>5,606,023,262</b>	<b>5,213,506,089</b>	<b>4,787,280,280</b>	<b>4,129,176,348</b>
Net Asset Value Per Share (NAVPS)	<b>10.63</b>	<b>10.06</b>	<b>10.66</b>	<b>10.48</b>	<b>10.18</b>

### Key Financial Performance for the last 05 (five) years:

Particulars	Amount in Taka				
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Operating Revenue	643,944,797	458,507,744	512,794,073	468,895,376	331,565,052
Cost of Sales	(133,818,811)	(92,832,423)	(102,988,275)	(102,054,551)	(67,712,481)
<b>Gross Profit</b>	<b>510,125,986</b>	<b>365,675,321</b>	<b>409,805,798</b>	<b>366,840,825</b>	<b>263,852,571</b>
Operating Expenses	(203,894,608)	(170,375,721)	(175,726,418)	(180,979,598)	(120,819,558)
<b>Profit from Operation</b>	<b>306,231,378</b>	<b>195,299,600</b>	<b>234,119,000</b>	<b>185,861,227</b>	<b>143,033,013</b>
Other Income/(Loss)	5,931,122	(6,967,498)	933,915	-	-
Finance Cost	(211,808,373)	(197,068,106)	(178,779,759)	(97,940,475)	(96,464,826)
Contribution to WPPF	(4,778,768)	-	(2,679,674)	(4,186,702)	-
<b>Profit/(Loss) Before Tax</b>	<b>95,575,359</b>	<b>(8,736,004)</b>	<b>53,593,482</b>	<b>83,734,050</b>	<b>46,568,187</b>
Income tax (Expense) /Benefit	(21,892,328)	(2,309,352)	(9,170,129)	(37,642,100)	(16,298,866)
<b>Profit/(Loss) After Tax</b>	<b>73,683,031</b>	<b>(11,045,356)</b>	<b>44,423,353</b>	<b>46,091,950</b>	<b>30,269,321</b>



### Share capital:

Authorized share capital of the Company stood at BDT 2,000.00 million and paid up capital stood at BDT 1, 207.50 million respectively and the number of shares are 120.75 million at the end of financial year ended June 30, 2021.

### Dividend:

On the basis of the performance of the Company and the current capital market scenario, the Board has recommended @ 1% for all shareholders of the Company for the year ended 30 June 2021, subject to the approval of the shareholder in the 12th Annual General Meeting of the Company scheduled to be held on 13 November 2021. According to the recommendation proposed cash dividend is Tk.12.08 million. However no bonus share or stock dividend has been or shall be declared as interim dividend by the Company. We are committed to keeping continuity and consistency in the payment of dividend vis-à-vis the market scenario in the coming years.

### Board and Committee Meetings & Attendance:

During the year ended 30 June, 2021 total five Board of Directors' Meetings were held. The attendance status of all the meetings is as follows:

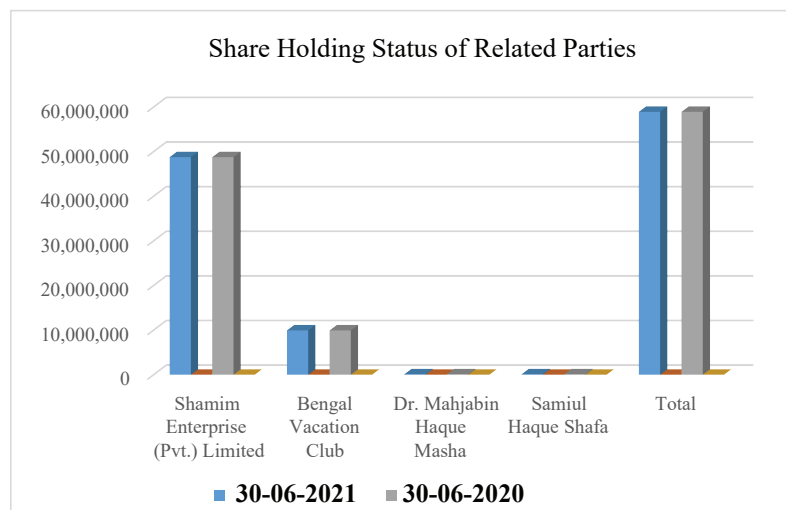
Sl. No.	Name	Designation	Attendance
01.	Mrs. Lucy Akhtary Mahal	Chairperson	5
02.	Mr. Md. Aminul Haque	Managing Director	5
03.	Mr. Md. Ekramul Hoque	Director	5
04.	Mrs. Sarjana Islam (Nominated by Shamim Enterprise (Pvt.) Ltd.)	Nominee Director	5
05.	Mr. Md. Rafiqul Islam	Independent Director	5
06.	Mr. Md. Golam Rabbani	Independent Director	5

### Pattern of Share Holding of Directors & Others:

The patterns of share holdings of the directors & others as on 30 June, 2021 are shown in the following:

#### (a) Parent/Subsidiaries and other related parties:

Sl. No.	Name of Shareholders	As on June 30, 2021		As on June 30, 2020	
		No. of Shares held	% of holding	No. of Shares held	% of holding
01.	Shamim Enterprise (Pvt.) Limited	48,780,900	40.40%	48,780,900	40.40%
02.	Bengal Vacation Club	9,940,296	8.23%	9,940,296	8.23%
03.	Dr. Mahjabin Haque Masha	105,000	0.18%	105,000	0.09%
04.	Mr. Samiul Haque Shafa	105,000	0.18%	105,000	0.09%
<b>Total</b>		<b>58,931,196</b>	<b>48.81%</b>	<b>58,931,196</b>	<b>48.81%</b>





**b) Shares held by Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Internal Audit and their spouse and minor children:**

Sl. No.	Name of Shareholders	Designation	As on June 30 2021		As on June 30 2020	
			No. of Shares held	% of holding	No. of Shares held	% of holding
01	Mrs. Lucy Akhtary Mahal	Chairperson (Sponsor Director)	2,467,500	2.04%	2,467,500	2.04%
02	Mr. Md. Aminul Haque	Managing Director (Sponsor Director)	2,782,500	2.30%	2,782,500	2.30%
03	Mr. Md. Ekramul Hoque	Nominee Director	2,520,000	2.09%	2,520,000	2.09%
04	Mrs. Sarjana Islam	Nominated by Shamim Enterprise (Pvt.) Ltd.	-	-	-	-
	Shamim Enterprise (Pvt.) Ltd.	Sponsor Director	48,780,900	40.40%	48,780,900	40.40%
05	Mr. Md. Rafiqul Islam	Independent Director	-	-	-	-
06	Mr. Md. Golam Rabbani	Independent Director	-	-	-	-
07	Mr. Quazi A S M Anisul Kabir	Chief Executive Officer	-	-	-	-
08	Mr. Md. Azaharul Mamun	Company Secretary	200,000	0.18%	200,000	0.18%
<b>Total</b>			<b>56,750,900</b>	<b>47.09%</b>	<b>56,750,900</b>	<b>47.09%</b>

**(c) Shares held by Executive Officer (Top Five Salaried Employees other than Directors, Chief Executive Officer, Company Secretary, Chief Financial Officer, Head of Internal Audit and their spouse and minor children): NIL**

**(d) Shareholding ten percent (10%) or more voting interest in the Company:**

Sl. No.	Name of related parties	As on 30 June 2021		As on 30 June 2020	
		No. of Shares Held	% of holding	No. of Shares Held	% of holding
01.	Shamim Enterprise (Pvt.) Ltd.	48,780,900	40.40%	48,780,900	40.40%
<b>Total</b>		<b>48,780,900</b>	<b>40.40%</b>	<b>48,780,900</b>	<b>40.40%</b>

**Contribution to CSR:**

During the year the Company donated to some Government approved charities, among the distress workers & staffs of the company.

**Directors' Retirement & Re-appointment:**

With regard to the retirement and re-appointment of Directors, the Company is governed by its Articles of Association & the Companies Act, 1994 and other related Rules & Legislations issued time to time by various Regulators. Accordingly, the following two Directors of the Board will retire from their office of the Company in the ensuing 12th Annual General Meeting:

1. Mrs. Lucy Akhtary Mahal
2. Mr. Md. Ekramul Hoque

Being they are eligible for re-election as per the Articles of the Association of the Company, they applied for re-election. Brief resume of the retiring Directors is shown in page no 14 & 16 of the annual report.

### **Management Discussion and Analysis**

As per condition No. 1.5 (xxv) of Corporate Governance Code as imposed by Bangladesh Securities and Exchange Commission (BSEC) by the Notification no. BSEC/CMRRCD/2006-158/207/Admin/80 dated June 03, 2018; a management discussion and analysis of the company's position and operation along with a brief discussion of change in the financial statements, among others has been disclosed in page no 47-51 of the annual report.

### **Declaration by CEO and CFO**

Declaration by CEO and CFO to the Board as required under condition No. 3(3) of Corporate Governance Code has been disclosed in Annexure-A, page no 67 of the annual report.

### **Reporting and Compliance of Corporate Governance:**

The report as well as certificate regarding compliance of conditions of Corporate Governance Code as required under condition no. 9 of the Code has been disclosed herewith in Annexure-B and Annexure-C in page no 68-82 of the annual report. The report does not contain any qualification, reservation or adverse remark.

### **Composition of Board:**

The Board of Directors consists of 06 (six) members including Managing Director and 02 (two) Independent Directors having diverse and professional expertise and experiences. The Directors are from varied businesses and other backgrounds and their experience enables them to execute independent judgments on the Board where their views carry substantial weight in the decision making. They contribute to the Company's strategy and policy formulation in addition to maintaining its performance as well as its executive management.

### **Independent Director:**

The Company has complied with the notification of the Bangladesh Securities and Exchange Commission with regard to composition of the Board. Mr. Md. Rafiqul Islam and Mr. Md. Golam Rabbani are Independent Directors of the Company, they are free from any business or other relationships with the company which can materially interfere with or affect the exercise of their independent judgment. The Company's Board believes their experience and knowledge enable them to provide both effective and constructive contribution to the Board.

### **Chairman and Managing Director:**

The Chairman is responsible for leadership of the Board, for ensuring its effectiveness on all aspects of its role and also for facilitating the productive contribution of all Directors. The Managing Director has overall responsibility for the performance of the Company's business. He provides leadership to the Company to ensure the successful planning and execution of the objectives and strategies. In compliance with the requirement of the Bangladesh Securities and Exchange Commission (BSEC) guidelines, the roles of Chairman and Managing Director have been clearly defined by the Board of Directors.

### **Reporting by the Committees to the Board:**

Each committee regularly reports on their work to the Board. After confirmation of the decisions in the committee the confirmed minutes placed before the Board for ratification. As a minimum, the report includes a summary of the matters addressed and the measures undertaken by the committee.

### **Financial Reporting and Transparency:**

Financial statements have been prepared in line with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IASs). Financial data is circulated as appropriate within and outside the organization. The timely publication of quarterly, half yearly and annual financial statements with comprehensive details beyond the statutory requirements has been a salient feature of the financial reporting system. The financial statements have been audited by Kazi Zahir Khan & Co., Chartered Accountants.

Chief Financial Officer, Company Secretary and Head of Internal Audit are responsible for instituting a system of internal controls to ensure the effective implementation of all policies and decisions of the Board. The Board ensures that the Chief Financial Officer and Company Secretary maintains full and effective control of all significant strategic, financial, and compliance issues.

**Communication with Shareholders:**

The Company encourages communications with shareholders throughout the year and welcomes their participation at shareholders' meeting. One time this year, Sea Pearl Beach Resort & Spa Limited reports to its shareholders regarding its business, financial position and earnings. An Annual General Meeting normally takes place within the first six months of each fiscal year. Among other things, the Annual General Meeting decides on the appropriation of net income, election of the Board members and the appointment of the Auditors. Amendments to the Memorandum and Articles of Association and any change in the Company's paid up capital structure are approved exclusively at the Annual General Meeting and are implemented by the Board.

**Corporate Social Responsibility (CSR)**

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. It is represented by the contributions undertaken by companies to society through its business activities and its social investment. It is further defined as the integration of business operations and values, whereby the interests of all stakeholders including investors, customers, employees, the community and the environment are reflected in the company's policies & actions. Corporate social responsibility is about how businesses align their values and behavior with the expectation of stakeholders, not just customers, and investors, but also employees, suppliers, communities, regulators, special interest groups, and society as a whole. It is the Company's commitment to being accountable to its stakeholders for the betterment around us. We are delighted to inform that during this period 01 July 2020 to 30 June 2021 the Company contributed the followings to the society:

**Quarterly /Yearly Results:**

Shareholders are provided with Quarterly Financial Statements, Half Yearly Financial Statements and the Annual Report, which the Company considers as its principal communication with them and other stakeholders. The quarterly results of the Company are published in the newspapers. Yearly results are generally published and emailed to the shareholders' email addresses through online. These reports are also available on the Company's website -www.seapearlb.com.

**Internal Audit:**

Internal Audit supports the Company in achieving its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of its risk management, control and governance processes. In order to ensure organizational independence of Internal Audit, the head of Internal Audit reports functionally to the Audit Committee and administratively to the Managing Director. Internal Audit team regularly monitors whether the appropriate Accounting Policies have been consistently applied in preparation of the financial statements. International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs), as applicable in Bangladesh, have been followed and adequately disclosed.

**Statutory Audit:**

The statutory audit is governed by the Companies Act, 1994, The Bangladesh Securities and Exchange Commission's Ordinance 1969, Bangladesh Securities and Exchange Commission's Rules 1987 and applicable laws of Bangladesh, which explicitly provide guidelines for the appointment, scope of work and retirement of auditors. Kazi Zahir Khan & Co., Chartered Accountants member firm of EHK Consulting appointed as statutory auditor in the 11th Annual General Meeting by the shareholders and they are eligible for re-appointment for the next year. As such, the Board of Directors recommended Kazi Zahir Khan & Co., Chartered Accountants for appointment as external auditor for the year ended 30 June, 2022 subject to approval of the Shareholders in the ensuing 12th AGM of the Company scheduled to be held on 13 November 2021.

**Corporate Governance Compliance Audit:**

Pursuant to the Corporate Governance Notification No. BSEC/CMRRCD/2006-158/207/Admin/80 dated 03 June 2018 issued by Bangladesh Securities & Exchange Commission under section 2CC of the Securities and Exchange Ordinance, 1969, each Company shall obtain a certificate from a practicing Professional Accountant/Secretary regarding compliance of conditions of Corporate Governance Code of the Commission and shall send the same to the shareholders along with the Annual Report on yearly basis. The shareholders of the company appointed M/S. HODA VASI CHOWHURY & CO., Chartered Accountants as compliance auditor for certification of compliance on Corporate Governance for the year ended 30 June 2021. The Compliance Certificate is obtained from M/S. HODA VASI CHOWHURY & CO., Chartered Accountants and certifies that the Company has duly complied with all the conditions of the regulatory requirements as stipulated in the new Corporate Governance Code of Bangladesh Securities & Exchange Commission.

### **Code of Conduct for the Chairman, other Board members and Managing Director and / or Chief Executive Officer:**

In compliance with the conditions, i.e., Corporate Governance Code no. 1(7) (a) (b) the Board of the Company has established 'Code of Conduct' for its Chairman, other Board members and Managing Director and / or Chief Executive Officer based on the recommendation of the Nomination and Remuneration Committee (NRC) upon condition no.6 issued by the Bangladesh Securities and Exchange Commission (BSEC) known as Corporate Governance Code. The Code intended to serve as a source of guiding principles for Directors. Directors should bring questions about particular circumstances involving any Director that may implicate one or more of the provisions of this Code. The Company Secretary who will discuss such questions, as appropriate, with the Chairperson of the Board, the Chair of the Corporate Governance Committee and /or other inside or outside legal counsel. The Board will not permit any waiver of this Code for any Director.

### **Subsidiary Company:**

The company has no subsidiary company.

### **Human Resources:**

As a part of commitment to have a well trained work force, the Company has given more stress to develop management skills to suit today's business environment. Various training programs and workshops were carried out during the year. The management and employees relationship in the Company was excellent throughout the year. Environmental Protection Being a Green Hotel Sea Pearl Beach Resort & Spa Ltd. strongly adheres to the concept of an ecologically friendly environment and has hence implemented various measures to lower Carbon Dioxide emissions. Sea Pearl is the first in its industry that built on the concept of Green facility like STP, WTP & Desalination Plant, and solar System, lowering the consumption of energy and water, implementing best waste management methods, using extra low voltage system (ELV). The heat generated by our capture power plant is recycled and reused as cogeneration energy to operate the Chiller which would have needed about 1000 kw of conventional Electrical Power. The Resort also has a Rain harvesting project which provides natural water to our in-house reservoir.

### **Award & Recognitions:**

Sea Pearl Beach Resort & Spa Limited has been recognized by different national and international credible organizations and professional bodies for its accountability, transparency, good governance and fair disclosure to the stakeholders.

### **Future Planning:**

With the development of Travel and Leisure sector, tourism of Bangladesh is flourishing. Travel and Leisure sector contributes significantly to the national revenue. This sector has remarkable growth and huge potential to contribute to the overall trade balance of the country. Sea Pearl Beach Resort & Spa Limited has done tremendously to put positive impact to the travelers.

The Government of Bangladesh has taken mega project for the development of the Cox's bazar area such as construction of meter gage railway line, international airport, stadium, exclusive zone for foreigners, etc. to attract the local & foreign tourists.

Sea Pearl Beach Resort & Spa Limited has planned to open more rides in it's the Water Park which is adjacent to the Resort at the end of the current year. Our intention is to provide the best quality service through innovative ideas. The management of Sea Pearl Beach Resort & Spa Limited is diversifying its portfolio by establishing resort at Bandarban at an area of 35 Acre land. The Company has applied to the authority for the approval for drawing, design, structural construction and environmental clearance for the new resort.

Sea Pearl Beach Resort & Spa Limited is working with tremendous dedication and innovation to lead the Company to a new spectrum which will serve as an example not only for the Bangladeshi but also for the South Asian Hospitality sector. Our distinctive strength to achieve the vision is our dedicated and competent employees, which I always appreciate. I am also thankful to the Board of Directors for their visionary role and guidance.

### **Management Appreciation**

I take this opportunity, on behalf of the Board of Directors, to express my heartfelt gratitude to all of our valued clients, shareholders and well-wishers home and abroad for their wholehearted co-operation and active support in discharging the responsibilities reposed on me and the Board during the year under review.

I am also giving thanks to the Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh Securities and Exchange Commission (BSEC), Dhaka Stock Exchange Ltd. (DSE) and Chittagong Stock Exchange Ltd. (CSE), Government and Private Sector Organization and many others for their sincere support and whole hearted co-operation to our company.

I, on behalf of the Board also put on record my deep appreciation for the services and loyalty of the executives, officers and workers of the company at all levels without which we could not have achieved this result.

To ensure financial security we always welcome your suggestion and opinion to improve present and future services of the company.

I now appeal to the magnanimity of valued shareholders to kindly accept and approve the Auditors' Report, Annual Audited Financial Statements 2020-2021 and Directors' Report placed before you.

Thanking you,

On behalf of the Board of Director



Mrs. Lucy Akhtary Mahal  
Chairperson