



P W Corporate Secretarial (Pvt) Ltd
(Company Registration No. PV 65966)

November 8, 2023

Ms. Nilupa Perera
Head of Trading, Market Surveillance & Corporate Affairs
Colombo Stock Exchange
#04-01, West Block
World Trade Centre
Echelon Square
Colombo 01

Dear Madam

MULTI FINANCE PLC
ENFORCEMENT PROCEDURE FOR INDEPENDENT AUDITOR'S REPORT
CONTAINING AN EMPHASIS OF MATTER

Further to the previous monthly announcements made in terms of Rule 7.5 (d) (ii) (A) (6) of the Listing Rules of the Colombo Stock Exchange (CSE), Multi Finance PLC (the Company) hereby announces that

- (1) The Securities of the Company were transferred to the "Watch List" on 10th July 2019 in terms of Rule 7.5 (d) (ii) A (4) of the Listing Rules of the Colombo Stock Exchange (CSE) (Enforcement Rules), due to the Independent Auditor's Report on the Audited Financial Statements of the Company for the years ended 31st March 2019, containing an Emphasis of Matter on Going Concern relating to non-compliance with Finance Companies (Minimum Core Capital) Direction No. 02 of 2017. Subsequently, an Emphasis of matter on going concern contained in the Independent Auditor's Report on the Audited Financial Statements for the years ended 31st March 2020, 31st March 2021 and 31st March 2022 were added as reasons to be on the Watch List with effect from 14th September 2020, 09th July 2021 and 07th July 2022 respectively.

Consequent to applications made by the Company, requesting for further time to resolve the matters giving rise to the emphasis of matter on going concern, the Securities and Exchange Commission of Sri Lanka (SEC), granted four (4) extensions up to 31st December 2020, 30th June 2021, 31st December 2021 and 31st March 2022 respectively, whereby suspension of trading in securities was deferred.

In response to the request made by the Company for a further deferment, the SEC by way of letter dated 22nd September 2022, informed the Company that the Commission has decided to suspend the trading of the securities of the Multi Finance PLC from 30th September 2022 in the event the Company fails to submit the proposed capital infusion plan.

- (2) As the Company could not resolve the said matters, trading of the securities of the Company was suspended on 14th October 2022.

[Contd...2]

Doye

- (3) Consequent to the issue of the Audited Financial Statements for the year ended 31st March 2023 which also had an emphasis of matter contained in the Independent Auditor's Report, the said emphasis of matter was added as a reason to be on the Watch List with effect from 16th June 2023.
- (4) The Company wishes to state that pursuant to the discussions the Company and the major shareholder had with the Central Bank of Sri Lanka (CBSL), the Company sought certain approvals in order to give effect to the requirements under the CBSL's Master Plan for Consolidation of Non-Bank Financial Institutions and in view of an additional stipulation in the said approvals, the Company will be seeking a clear directive in that respect, which is currently under review. A further announcement will be made no sooner the Company receives a clear directive on the matter.
- (5) In terms of Rule 7.5(d)(ii)(A)(5)(d) of the Listing Rules of the CSE, the Company further announces that,
- (i) In the event of any deviation from the proposed remedial action, the extent of the deviation shall be communicated to the investors by way of a subsequent announcement to the market via CSE within one (01) market day from the date of obtaining the approval of the Board of Directors of the Company for such deviation.
 - (ii) In the event the trading suspension referred to in (2) above continues for a period in excess of twelve (12) months, the Securities of the Company shall be delisted by the Board of Directors of the CSE in terms of Rule 11.3 (a) of the Listing Rules.
 - (iii) In the event the matters giving rise to the emphasis of matter on going concern are resolved and such fact is independently verified by an auditor during the period the Securities of the Company are on the Watch List, it shall be announced to the Market via the CSE forthwith.

Yours faithfully

**BY ORDER OF THE BOARD OF MULTI FINANCE PLC
P W CORPORATE SECRETARIAL (PVT) LTD**



**Anusha Wijesekara
Director / Secretaries**

AW/im