



SINHAPUTHRA FINANCE PLC

Company Reg:
PB/PQ 259

31st March 2021

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

Dear Madam,

Sinhaputhra Finance PLC – Emphasis of Matter on Going Concern in the Audited Financial Statements of the Annual Report for the year ended 31st March 2020

In terms of Rule 7.5(d) (II) (A)(4) of the Listing Rules of the Colombo Stock Exchange, Sinhaputhra Finance PLC (the Company) hereby announce that the securities of the Company will be transferred to the Watch List with effect from 7th April 2021 due to the Audit report for the year ended 31st March 2020 contains an Emphasis of Matter on Going Concern.

Proposed actions to be taken by the Company to resolve the matters giving rise to the Emphasis of Matter on Going Concern.

- In order to comply with the Finance Companies (Minimum Core Capital) Direction No 02 of 2017, the Company has initiated discussions with Nation Lanka Finance PLC for a possible merger by an amalgamation which due diligence studies of both companies and the merger structuring reports as at 30.09.2020 are already completed by Ernst and Young chartered accountants. The merger proposal has been submitted to the Central Bank of Sri Lanka (CBSL) and the company awaits approval for same.
- In the meantime, CBSL has appointed SJMS Associates Chartered Accountants to prepare a Due Diligence, Business Valuation and Information Memorandum of the Company as at 31.12.2020 for requirements as per the CBSL Master Plan for consideration of Non-Bank Financial Institutions. These assignments are presently in progress after which more merger options with Non-Bank Financial Institutions are to be explored in the event the approval is declined by the Central Bank of Sri Lanka for the merger with Nation Lanka Finance PLC.
- Accordingly the company is planning to resolve the matters giving rise to the Emphasis of Matter on Going Concern within the next 06 months.

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Further we announce 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 the CSE within one (01) Market Day from the date of obtaining the approval of the Board of Directors of the Entity for such deviation;
- ii) In the event the matters giving rise to the emphasis of matter on going concern are not resolved within a period of fifteen (15) months from the date of transferring the Securities of the Entity to the Watch List, the trading of Securities of the Listed Entity shall be suspended. In the event the trading suspension continues for a period in excess of twelve (12) months, the securities of the Entity 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 Entity are on the Watch List, it shall be announced to the Market via the CSE forthwith.

Yours faithfully,

SINHAPUTHRA FINANCE PLC



C.Y.B. Weerakoon,
Chief Executive Officer

C.Y.B. WEERAKOON
Chief Executive Officer,
Sinhaputhra Finance PLC.
No. 11, Hill Street,
Kandy.