

29/07/2022

Mr. Renuka Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
World Trade Centre
Colombo 1

Dear Sir,

CORPORATE DISCLOSURE
MUTUAL CANCELLATION OF SHIPBUILDING CONTRACTS

Colombo Dockyard PLC (CDPLC) and Edda Wind AS (Edda Wind), Norway have entered into agreement to mutually cancel the two shipbuilding contracts for the construction and delivery of two Commissioning Support Operation Vessels (CSOVs).

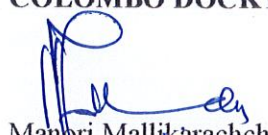
This decision had to be arrived solely due to the prevailing unstable economic and financial situation of the country. Due to the poor credit rating of SD "Selective Default" and significant scarcity of foreign currency liquidity in the country, it was impossible to issue required guarantees continuously and to receive the milestone payments from the buyer. Within such context, continuing with these two projects could have resulted in significant risks and uncertainties.

However, CDPLC also endured their maximum efforts to find feasible solutions by involving the top level government authorities, both local and international banks and financial institutions and relevant diplomatic missions. Despite greater efforts, it was understood that any feasible solution would not be forthcoming in near future. Considering the facts that the projects are still at their infant stage while foreseeing the greater risks for CDPLC in pursuing the projects, CDPLC's Board has decided that a mutual cancellation was the most prudent option at this point.

The terms and conditions of the aforesaid cancellation agreements with Edda Wind dated 2022-07-28 are to be kept confidential between the parties.

Despite this cancellation, CDPLC's ongoing seven (7) shipbuilding projects for existing European and Scandinavian clients are progressing smoothly, and with a high demand of ship-repair, and afloat repairs utilizing main port facilities in Sri Lanka ensure its business stability. Although this cancellation has a modest negative impact on the 2022's financial performance, CDPLC's growth concern remains intact, and the Board of CDPLC is confident that CDPLC can successfully manage the current projects in hand together with ship repairs and focusing on new avenues with the company's past experience.

By order of the Board
COLOMBO DOCKYARD PLC


Manori Mallikarachchi
Legal Consultant/Company Secretary

Manori P. Mallikarachchi
Legal Consultant / Company Secretary
Colombo Dockyard PLC
(PQ 50)

"...an Odyssey of Excellence"

P. O. Box 906, Port of Colombo, Colombo 15, Sri Lanka.

Tel : (+94-11) 2429000 Facsimile : (+94-11) 2446441, (+94-11) 2471335

E-mail : coldock@cdl.lk Web Site : www.cdl.lk

COMPANY NO. PQ 50

