

5 May 2020

Mr. Renuke Wijewardene
Chief Regulatory Officer
Colombo Stock Exchange
World Trade Centre
Echelon Square,
Colombo 1

Dear Sir,

Impact of COVID-19 on Hayleys Fabric PLC

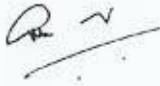
Following the outbreak of the COVID-19 pandemic, Hayleys Fabric PLC had to shut down operations on the 16th of March 2020 due to the COVID control implementation measures taken by the authorities. The large garment makers in the country and the world class clothing brands that work with the Company also closed operations during the same period.

However, on the 17th of April 2020, operations re-commenced with strict adherence to the safety guidelines issued by the Government to curtail the spread of the virus. In this context, ensuring the health and safety of our employees is priority and we have facilitated appropriate work-from-home and remote working measures for office employees. Sanitizing and other safety measures have also been implemented at our manufacturing plant with the guidance of the PHI and MOH. The Company's Product Development and Innovation Division focused on 'Health Clothing' and have worked with the large garment makers to shift from fashion and sports related fabric to health related fabric. As a result, we are currently operating with a full production capacity.

Also to further strengthen the continuity of business in these challenging times, the Company has fallen in line with the Hayleys Group initiative, "Haysmart", launched for the rationalization of costs with set guidelines which also includes exploring new opportunities. Accordingly, measures such as deferment of all recruitment, capital expenditure and non-essential expenses including advertising/promotion expenses and CSR investments have been put on hold.

Management is confident that the Company's production capabilities and reputation would enable the Company to remain agile in this time of uncertainty and that the Company would be able to adapt to the challenges of the future.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'M. Pandithage', with a horizontal line drawn underneath it.

Mohan Pandithage
Chairman