

9th September 2021.

Our Ref: SEC/LDEV/09.09.2021

Mr. R. Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
Level 4, West Tower
World Trade Centre
Echelon Square
Colombo 1.

Dear Sir,

**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31.03.2020 - INDEPENDENT
AUDITORS REPORT CONTAINING A MATERIAL UNCERTAINTY RELATED TO GOING
CONCERN – GROUP**

We write in terms of Section 7.5(d)(ii)(A)(6) of the Listing Rules.

- a) The Securities of the Entity has been transferred to the Watch List by the Colombo Stock Exchange (CSE) (the Exchange) on 11th December 2020 as the Audited Financial Statements of the Entity contains a Material Uncertainty Related to Going Concern – Group.

The said Material Uncertainty Related to Going Concern – Group, arises as a result of consolidation and relates to the Entity's subsidiary Agarapatana Plantations Limited.

- b) The remedial action proposed to be taken by the Entity's subsidiary to resolve the matter giving rise to the emphasis of matter on going concern is set out in the Annexure.
- c) The time period taken for the aforesaid remedial action will be a minimum of 12 months from the transfer to the Watch List.
- d) 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 Exchange 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 Material Uncertainty Related to Going Concern – Group, 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, unless the listed entity obtains a deferment from the Securities & Exchange Commission (SEC) in terms of Rule 7.5(d)(ii)(A)(12) of the Listing Rules.
- iii) In the event the matters giving rise to the Material Uncertainty Related to Going Concern – Group, 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

By Order of the Board

LANKEM DEVELOPMENTS PLC

CORPORATE MANAGERS & SECRETARIES (PVT) LIMITED



Secretaries

Sh/-