



24th April 2020

Colombo Stock Exchange
#04-01 West Block,
World Trade Centre,
Echelon Square,
Colombo 01.

Attn: Mr. Renuke Wijeyawardhane
Chief Operating Officer

Dear Shareholders,

Sunshine Holdings Plc – Corporate Disclosure

At the onset, I sincerely hope that you and your loved ones are safe and in good health during this trying time of uncertainty in the history of our nation and the world at large.

As a group, we have been facing challenges in some of our core sectors, and will continue to do so in the short to medium term due to the negative economic impact as a result of the COVID 19 epidemic. Sunshine Holdings PLC and its group companies have taken several measures to conserve cash during this challenging time including deferment of CAPEX, cancelation of company events, restructure of overheads, deferment of staff bonus payments, reduction in salaries of the executive directors & senior management and directors' fees during the period. We will continue to review these measures to ensure business sustainability and continuity in the coming months.

The Group also has sufficient capital and low leverage, furthermore, all companies under the group have adequate bank facilities to operate and fund its working capital requirements.

The Healthcare business has been classified as an essential service and has been supporting both the government and society in the fight against COVID 19. Sunshine Healthcare continued to distribute life saving pharmaceuticals and medical devices to our customers which include the government, private hospitals, and over 2,000 pharmacies island wide. As the market leader in insulin, the company also established a hotline service to help its customers better access products during these challenging times. However, we expect challenges in the short term due to supply chain disruptions with major manufacturing countries going into extensive lockdowns, and also due to the depreciating Lankan Rupee.

The Health and Wellness retail business operating under the "Healthguard" brand has channeled its resources to strengthen its on-line shopping platform (www.healthguard.lk). Our qualified pharmacists have engaged with customers through the on-line platform to supply life saving medications to their doorstep, with the assistance of our last mile delivery partners. However, the scale of operations is below pre COVID 19 levels, and we expect consumer and shopper habits to change going forward. The company will continue to explore innovative ways to service the evolving needs of our customers.



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sunshine holdings plc

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Co. Reg. No. PQ 13

The consumer business which dominates the branded tea category has faced significant challenges in the short term, as a significant portion of its sales have been through the much impacted general trade channel. The business has continued to supply its products through the modern trade channel and also through new on-line retail platforms. Although the company has procured sufficient raw material to sustain future operations, manufacturing remains a challenge, with difficulties in getting labor to our factory given the movement restrictions. In the coming quarters, the business will have to endure challenges in terms of tighter consumer spending, and higher raw material prices due to supply side issues in the Colombo Tea auction.

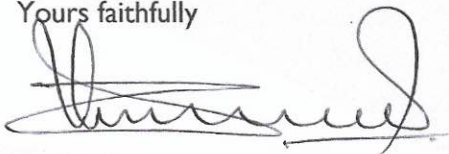
In the Agribusiness sector, the Palm oil plantation has been operating at sub par capacity due to labor shortages as a result of the lock down. Nevertheless, the Dairy business has been operating at normal capacity. Over the next few months, we expect the Agribusiness sector to continue at current scale of operations and support local production and import substitution.

In the Renewable Energy sector, both mini hydro and the roof top solar plants are operational and have continuously contributed to the national grid with a combined capacity of 8.6MW. 1QFY21 plant factor is expected to be lower due to poor rainfall in the catchment areas.

I would also like to update you on the transaction relating to Estate Management Services (Pvt) Ltd (EMSPL), for which we got the shareholders' approval as per the Colombo Stock Exchange (CSE) announcement dated 12th March 2020. We have been unable to complete this transaction due to the extended closure of the market.

Last but not least, I would like to note my sincere gratitude to our employees, who have stepped up courageously to serve in the front lines to supply life saving medications, and essential goods to our Nation. We as a group remain positive and confident in spite of the pervasive sense of gloom and despondency across the world while we continue to support each other as a responsible corporate during this most difficult time in the history of the world.

Thank you,
Yours faithfully



VISH GOVINDASAMY
GROUP MANAGING DIRECTOR