

NEXIA CORPORATE CONSULTANTS (PVT) LTD.

(PV 106)

Corporate Secretaries & Management Consultants

3 October 2019.

Mr. Renuka Wijayawardhane
Chief Operating Officer.
Colombo Stock Exchange.
04 – 01. West Block.
World Trade Centre.
Echelon Square.
Colombo 1.

Dear Sir.

SINGHE HOSPITALS PLC – **RE. REDUCTION OF STATED CAPITAL**

This is to inform you that the Board of Directors of Singhe Hospitals PLC have passed a resolution recommending that the Company's stated capital of Rupees Nine Hundred and Fourteen Million Three Hundred and Fifty One Thousand Seven Hundred and Ninety (Rs.914,351,790/-) represented by Four Hundred and Thirty One Million Three Hundred Thousand Eight Hundred and Ninety Five (431,300,895) fully paid ordinary shares be reduced to a stated capital of Rupees Three Hundred and Seventy Five Million (Rs.375,000,000/-) without any change to the number of shares in issue in accordance with the provisions of Section 59 of the Companies Act No. 7 of 2007.

The aforesaid reduction will be effected by setting off a part of the brought forward losses as at 31st March 2019 of Rupees Five Hundred and Thirty Nine Million Three Hundred and Fifty One Thousand Seven Hundred and Ninety (Rs. 539,351,790/-) against its stated capital without effecting any change to the number of issued and fully paid ordinary shares of the Company [as set out in the company's audited Financial Statement as at 31st March 2019] which stated capital would consequent thereto be reduced to Rupees Three Hundred and Seventy Five Million (Rs.375,000,000/-)

The reason for the above capital reduction is that –

- (i) The Company has accumulated losses of Rs 542,722,626/- as at 31st March 2019 as per the audited financial statements attached hereto;
- (ii) The presence of such accumulated losses results in the Company being unable to make any payments of dividends until such accumulated losses are wiped off since it would not satisfy the solvency test;

(iii) It is expedient that the Company be in a position to pay dividends to its shareholders when its cash flows and profitability enable it to do so:

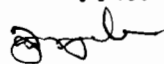
(iv) The Company has been advised that it should write off its losses against its stated capital in the manner mentioned hereinafter in terms of Section 59 of the Companies Act in order to facilitate the above.

The reduction of the stated capital is subject to shareholder approval at a General Meeting by way of a Special Resolution.

Yours faithfully,

NEXIA CORPORATE CONSULTANTS (PRIVATE) LIMITED

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PV 106


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SECRETARIES TO
SINGHE HOSPITALS PLC

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