



TEA SMALLHOLDER FACTORIES PLC

Managed by John Keells Teas (Private) Limited

No. 4, Leyden Bastian Road, Colombo 1.

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Company No. PQ32

29 April 2020

Renuke Wijayawardhena
Chief Regulatory Officer
Colombo Stock Exchange
World Trade Centre
Echelon Square
Colombo 1
Dear Sir,

Tea Small Holder Factories PLC (TSF PLC) – Disclosure regarding impact of COVID-19

We write to inform you of the status of operations and provide insight into how TSF PLC is navigating through the ongoing COVID-19 pandemic. The Company has taken all recommended measures to ensure the safety and support of its employees, and all its other stakeholders during this unprecedented challenging time and continues to adhere to the guidelines issued by the Government and health authorities.

Macro environment and operating conditions:

Following the diagnosis of COVID-19 patients in Sri Lanka, from mid-March 2020 onwards, the Government declared a state of “work from home” for the general public, post which island-wide curfew was imposed on 20 March 2020, with restrictions waived only for services classified as ‘essential’.

After a period of a month, the imposition of curfew has been eased in many parts of the country while the Colombo district and a few other districts continue to be under curfew as they have been identified as high risk zones. The most recent release by the Government state that curfew restrictions in these remaining districts maybe eased off by the 4th of May 2020.

Given the stringent lockdown measures, the Company actioned it’s business continuity plans to ensure that activities were maintained to the extent possible. The Company has evaluated all guidelines issued by the Government as well as international best practices and individual health and safety guidelines have been developed to ensure suitable working arrangements and safe conditions for employees, customers and other stakeholders.

The Government has identified Tea as an essential service and are encouraging all stake holders to continue with their operations. Special approvals have been given for the people involved to commute to work in the export companies, brokering firms, plantations/factories, transportation of goods and warehousing services.

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The factories are functioning as normal since the outbreak of COVID 19, maintaining social distancing and taking required precautions as advised by the health officials. The harvesting of Green Leaf by the smallholders is continuing and arrangements are in place for the collection and receipt of same by the factories. Tea auctions were conducted via an electronic platform in April 2020 and is expected to continue.

Tea prices have improved during this period due to the exporters purchasing actively to cover the orders. The Tea prices could be impacted in the future with the prevailing COVID 19 pandemic in Europe , Russia, Iran and other consumer countries, declining oil prices and devalued currencies.

Outlook:

Given the volatile and evolving landscape, the Company will continue to monitor the impacts to its operations and proactively take measures to ensure business continues as seamlessly as possible. At this moment, the focus is on transitioning to back-to-work arrangements ensuring all health and safety protocols are in place. While the Company has adequate funding and availability of banking facilities, we will continue to focus on ensuring we preserve this position and obtain further banking lines ahead of any future requirements,

Any further material business decisions will be notified to shareholders, as relevant.

Yours faithfully,

Tea Smallholder Factories PLC



Krishan Balendra
Chairman