

MARAWILA RESORTS PLC

(Company No. PQ 198)

C/O Corporate Managers & Secretaries (Private) Ltd.,
8-5/2, Leyden Bastian Road,
York Arcade Building,
Colombo 1.

Date : 12th January 2024

CIRCULAR TO SHAREHOLDERS

Dear Shareholder,

Reduction of Stated Capital

As you are aware Marawila Resorts PLC is engaged in the operation of a “three star” class hotel, namely “Club Palm Bay” at Marawila for over a period of twenty six years. Due to substantial losses made in the years prior to 2023, the Company continues to carry forward a large accumulated loss of Rs. 1,028,287,057/- as at 31st March 2023.

The management of the Company has taken steps to rebuild the equity among other means by issuing new shares. The funds raised have been utilized to settle intercompany borrowings, partial settlement of bank borrowings and for working capital requirements.

Large brought forward losses will be a restriction on the payment of any dividends, out of any future profits and also, the Company will be unattractive to lending institutions when negotiating banking facilities and as an investment to prospective capital investors. This will result in the Company’s overall cost of capital remaining high.

Whilst the management believes that these disadvantages will be mitigated by restructuring the Company’s capital by writing off most of the accumulated losses against the stated capital this exercise will also enable the Company to overcome the serious loss of capital situation currently faced by the Company. The said reduction of capital will not reduce the net asset value of the Company in anyway. The Board is of the view that, as evident from the above factors, the proposed capital reduction will contribute in accelerating the Company’s growth and result in improved shareholder value.

Your attention has already been drawn to the serious loss of capital faced by the Company pursuant to the Disclosure made on the Colombo Stock Exchange on 1st December 2023 and 15th December 2023 and the Company has convened an Extraordinary General Meeting to be held on 24th January 2024 to address its obligations in relation thereto.

In these circumstances, the Board of Directors of the Company resolved on the 15th December 2023 to recommend to the shareholders to reduce, in accordance with the provisions of Section 59 of the Companies Act No. 7 of 2007 (the Act) and Article 12 (2) of the Articles of Association, the Company’s stated capital of Rs.1,565,346,778/- to Rs.550,000,000/- without effecting any change to the number of issued and fully paid ordinary shares.

The Company has obtained the prior written consent of its creditor to proceed with the proposed reduction of capital in terms of Section 59(3) of the Companies Act No 7 of 2007. Accordingly, the resolution to reduce the Company's stated capital shall be validly effected upon same being approved by the Shareholders at a General Meeting.

The accumulated losses of the Company as of 31st March 2023 being Rupees One Billion Twenty Eight Million Two Hundred and Eighty Seven Thousand and Fifty Seven (Rs. 1,028,287,057/-) (as per the Audited Financial Statements for the year ended 31st March 2023) such aforesaid reduction shall be effected by writing off the accumulated losses of the Company against its stated capital to the extent of a sum of Rupees One Billion Fifteen Million Three Hundred and Forty Six Thousand Seven Hundred and Seventy Eight (Rs. 1,015,346,778/-) without effecting any change to the number of fully paid ordinary shares of the Company. The accumulated losses would, consequent thereto, be reduced to Rupees Twelve Million Nine Hundred and Forty Thousand Two Hundred and Seventy Nine (Rs. 12,940,279/-).

In pursuance of the Listing Rules an announcement was made to the Colombo Stock Exchange on 15th December 2023 in connection with the proposed reduction of stated capital.

In accordance with the Act, public notice of the proposed reduction of stated capital was given by notices published in the Government Gazette dated 29th December 2023 as well as in daily news papers Dinamina, Daily News, and Thinakaran dated 29th December 2023.

Please note that there would be no change to the number of shares issued and the shareholders would continue to hold the same number of shares upon the capital reduction being effected. However, shareholders who hold shares in scrip form (i.e. share certificates) would be required to forward the existing share certificates for endorsement thereon, of the reduced stated capital. As you are aware securities held in scrip form are required to be deposited with Central Depository Systems (Pvt) Ltd (CDS) in accordance with Directive issued by the Securities & Exchange Commission of Sri Lanka by Circular No.8/2010 dated 22nd November 2010 and Central Depository Systems (Pvt.) Ltd., Circular No.13/2010 dated 30th November 2010. Accordingly, shareholders who do not possess a CDS Account are kindly requested to open a CDS Account and forward the details of same with the respective share certificates, for due endorsement, along with a written request for the deposit of your shares into your CDS Account.

Extraordinary General Meeting

An Extraordinary General Meeting of the members of the Company will be convened on 7th March 2024 at 10.00 a.m. at which the members will be requested to consider and if thought fit to pass in terms of the Company's Articles of Association and in terms of the Companies Act No.7 of 2007, the Special Resolution necessary to give effect to the reduction of the Stated Capital of the Company. The aforementioned Extraordinary General Meeting will be conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1.

Shareholders who wish to participate at the aforesaid meeting through Audio/Video and visual means are kindly requested to complete and return the Registration Form attached to this Circular, to reach the Registered Office of the Company Secretaries, Corporate Managers & Secretaries (Pvt) Ltd, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01 or via e-mail to maraeqm2024@gmail.com at least three (3) days prior to the date of the Meeting.

Upon receipt of the duly completed Registration Form the Company Secretaries will email Virtual Meeting Attendance login information to the eligible shareholders or their duly nominated proxies to enable them to join the meeting.

If a Shareholder/Proxy holder intends joining the Virtual EGM via a smart phone, it is necessary for him/her to download the "Zoom Mobile App" onto his/her smart phone.

Similarly if the Shareholder/Proxy holder wishes to join the meeting via a desktop computer, the link could be opened by downloading the “Zoom Desktop App” to the respective desktop computer (compatible web browser: Google Chrome).

Further, if shareholders are unable to participate at the Meeting and wish to raise any queries, such queries could be sent in writing to the Company Secretaries or via e-mail, as mentioned above, not less than three (3) days before the date of the Meeting. This is in order to enable the Company Secretaries to compile the queries and forward same for the attention of the Board of Directors so that same could be addressed at the meeting.

If you are unable to be present at this Extraordinary General Meeting you are kindly requested to complete and return the Form of Proxy to reach the Registered Office of the Company Secretaries Corporate Managers & Secretaries (Pvt) Ltd, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, not later than 48 hours before the time fixed for the holding of the Meeting.

By Order of the Board

MARAWILA RESORTS PLC

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

Colombo.

12th January 2024

MARAWILA RESORTS PLC

(Company No. PQ 198)

Notice of an Extraordinary General Meeting

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of the above Company will be held on 7th March 2024 at 10.00 a.m. and will be conducted as a Virtual Meeting from 8-5/2, *Leyden Bastian Road, York Arcade Building, Colombo 01*, for the following purpose of considering and if thought fit passing the following Resolution by way of a Special Resolution:

Reduction of Stated Capital

Special Resolution

RESOLVED:

“**THAT** pursuant to the Shareholders of the Company being informed of the serious loss of capital at the meeting convened on 24th January 2024, and the Company having obtained the required written consent from its creditor as stipulated under Section 59(3) of the Companies Act No. 7 of 2007, the stated capital of the Company of Rupees One Billion Five Hundred and Sixty Five Million Three Hundred and Forty Six Thousand Seven Hundred and Seventy Eight (Rs. 1,565,346,778/-) represented by Three Hundred and Fifty One Million Nine Hundred and Twenty Three Thousand Three Hundred and Eighty Nine (351,923,389) fully paid ordinary shares be reduced to Rupees Five Hundred and Fifty Million (Rs. 550,000,000/-) represented by Three Hundred and Fifty One Million Nine Hundred and Twenty Three thousand Three Hundred and Eighty Nine (351,923,389) fully paid ordinary shares, in accordance with the provisions of Section 59 of the Companies Act No. 7 of 2007 and Article 12(2) of the Company’s Articles of Association.

THAT the accumulated losses of the Company as of 31st March 2023 being Rupees One Billion Twenty Eight Million Two Hundred and Eighty Seven Thousand and Fifty Seven (Rs. 1,028,287,057/-) (as per the Audited Financial Statements for the year ended 31st March 2023) such aforesaid reduction be effected by writing off the accumulated losses of the Company against its stated capital to the extent of a sum of Rupees One Billion Fifteen Million Three Hundred and Forty Six Thousand Seven Hundred and Seventy Eight (Rs. 1,015,346,778/-) without effecting any change to the number of fully paid ordinary shares of the Company, which accumulated losses would, consequent thereto, be reduced to Rupees Twelve Million Nine Hundred and Forty Thousand Two Hundred and Seventy Nine (Rs. 12,940,279/-).”

By Order of the Board

MARAWILA RESORTS PLC

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

Colombo.

12th January 2024

Note:

1. A member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her.
2. A proxy need not be a member of the Company.
3. A Form of Proxy accompanies this Notice.

MARAWILA RESORTS PLC
(Company No. PQ 198)

FORM OF PROXY

I/We.....of
.....being a member /
members of MARAWILA RESORTS PLC hereby appoint.....
.....of
.....or failing him

- | | | |
|----|------------------------------------|---------------------------|
| 1. | Sri Dhaman Rajendram Arudpragasam | of Colombo or failing him |
| 2. | Chrisantha Priyange Richard Perera | of Colombo or failing him |
| 3. | Emilianus Prema Alphonse Cooray | of Colombo or failing him |
| 4. | Sanjeev Rajaratnam | of Colombo or failing him |
| 5. | Amrit Rajaratnam | of Colombo or failing him |
| 6. | Albert Rasakantha Rasiah | of Colombo or failing him |
| 7. | Anushman Rajaratnam | of Colombo |

as my/our* Proxy to represent me/us* to speak for me/us* and to vote on my/our* behalf at the Extraordinary General Meeting of the Company to be held on 7th March 2024, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

<u>*In favour of</u>	The Special Resolution set out in the Notice convening the
Against	aforesaid Meeting.

As witness my/our* hand(s) this day of 2024.

.....
Signature of Shareholder

Note:

* Please delete the inappropriate words.

1. A Proxy need not be a member of the Company.
2. Instructions as to completion appear on the reverse.

INSTRUCTIONS AS TO COMPLETION OF FORM OF PROXY

1. To be valid, this Form of Proxy must be deposited at the Registered Office of the Company's Secretaries, Corporate Managers & Secretaries (Private) Ltd., 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than 48 hours before the time appointed for the holding of the meeting.
2. In perfecting the Form of Proxy, please ensure that all details are legible.
3. Please indicate clearly how your proxy is to vote on the resolution. If no indication is given the proxy at his discretion may vote as he thinks fit.
4. In the case of Corporate members the form of proxy must be under seal or under the hand of an authorized Officer or Attorney.
5. Where the Form of Proxy is signed under a Power of Attorney (POA) which has not been registered with the Company, the original POA together with a photocopy of the same, or a copy certified by a Notary Public must be lodged with the Company Secretaries along with the Form of Proxy.

MARAWILA RESORTS PLC

(Company No. PQ 198)

Registration Form

Participation at the EXTRAORDINARY GENERAL MEETING (EGM) OF MARAWILA RESORTS PLC ON 7TH MARCH 2024 at 10.00 A.M.

DETAILS OF SHAREHOLDER

Full Name of the Principal Shareholder :

NIC No./Passport No./Company Registration No. :

CDS Account No. :

Folio No. indicated in the Address Label:

Residential Address :

Telephone No/s :

Email :

Full Name of 01st Joint Holder :

NIC No/ Passport No. :

Full Name of 02nd Joint holder:

NIC No/Passport No. :

In the event a Proxy holder is appointed by the Shareholder the following details of him/her will also be required.

DETAILS OF PROXY HOLDER : (only if a proxy is appointed)

Full name of Proxy holder :

NIC No./Passport No. of Proxy holder:

Telephone No/s :

Email :

Signature/s:	:	:
Principal Shareholder	01st Joint holder	02nd Joint holder

Date :

Note : In the case of a Company/Corporation, the Shareholder Registration Form must be signed under its Common Seal which should be affixed and attested in the manner prescribed by its Articles of Association and in the case of the Registration Form being signed by an Attorney, the Power of Attorney, must be deposited at the Registered Office of the Company Secretaries, Corporate Managers & Secretaries (Pvt) Ltd, 8-5/2 Leyden Bastian Road, York Arcade Building, Colombo 01, Sri Lanka or emailed to maraegm2024@gmail.com.

