

BLUE DIAMONDS JEWELLERY WORLDWIDE PLC
PQ 94
No. 49, Ring Road, Phase 1, I.P.Z., Katunayake.

Circular to Shareholders

THIS DOCUMENT IS OF VALUE – If you are in doubt as to the action you should take, you should consult your stockbroker or other professional adviser immediately.

Dear Shareholders,

PROPOSED RIGHTS ISSUE OF ORDINARY VOTING SHARES AND ORDINARY NON-VOTING SHARES

The Board of Directors of Blue Diamonds Jewellery Worldwide PLC (hereinafter referred to as “the Company” or “BLUE”) resolved to raise funds via a Rights Issue of Ordinary Voting Shares and Ordinary Non-Voting Shares to fulfill the funding requirements of the Company in the near future.

1.0 Terms of the Issue

In cognizance of the further funding requirements into the Company to fund the immediate liquidity requirements and to implement the growth strategies of the Company, a Rights Issue of shares is proposed under the following terms and conditions:

Type of Shares	No. of shares to be issued	Issue Price per Shares	Amount to be raised (LKR)
Ordinary Voting Shares	736,504,455	0.29 *	213,586,292/-
Ordinary Non-Voting Shares	486,584,058	0.25 **	121,646,015 /-

* Issue price of Ordinary Voting Shares was decided to be in par with the price of the most recent share issue i.e. Private Placement of shares that concluded in January 2023 which was determined in reference to the net assets value per share as of 30th June 2022 (Unaudited interim financials).

** Issue price of Ordinary Non-Voting Shares is with a discount of 13.8% compared to Voting share issue price (i.e. 0.29), to make the issue attractive for Non-Voting shareholders. The aforesaid discount was applied considering the fact that the non-voting shares are generally traded at a discount in the CSE.

In the event of a full subscription of the Rights Issue of both Ordinary Voting Shares and Ordinary Non-Voting Shares (“new shares”), a total sum of LKR 335,232,307/- will be raised. In such a scenario, post Rights Issue capital structure is depicted in the below table.

Type of shares	Pre-Rights Issue Number of shares	Post-Rights Issue Number of shares
Ordinary Voting Shares	294,601,782	1,031,106,237
Ordinary Non-Voting Shares	194,633,623	681,217,681

Upon the issue of new shares and the total quantum of funds are raised assuming a full subscription of both Voting and Non-Voting Shares, the Stated Capital of the Company will increase from LKR 126,780,538 to LKR 462,012,845.

The Board of Directors of the Company has resolved that the aforesaid consideration per Ordinary Voting Shares and Ordinary Non-Voting Shares respectively are fair and reasonable to the Company and to all existing shareholders.

Closing price of the Ordinary Voting Share as at 8th July 2022 (prior to suspension of trading) was LKR 0.90 whilst the highest traded price for the quarter ended 30th September 2022 (considering the days traded up to trade suspension) was LKR 1.00 and the lowest price was LKR 0.80.

Closing price of the Ordinary Non-Voting Share as at 8th July 2022 (prior to suspension of trading) was LKR 0.30 whilst the highest traded price for the quarter ended 30th September 2022 (considering the days traded up to trade suspension) was LKR 0.40 and the lowest price was LKR 0.20.

The new Ordinary Voting Shares provisionally allotted will upon due acceptance and payment, rank pari passu in all respects with the existing issued Ordinary Voting Shares of the Company and will qualify for all dividends declared, only after the final allotment which shall be after the last date of acceptance and payment.

The new Ordinary Non-Voting Shares provisionally allotted will upon due acceptance and payment, rank pari passu in all respects with the existing issued Ordinary Non-Voting Shares of the Company and will qualify for all dividends declared, only after the final allotment which shall be after the last date of acceptance and payment.

An application has been made to the Colombo Stock Exchange (CSE) for their in-principle approval for the issue and listing of new shares arising from the Rights Issue. The CSE has granted the in-principle approval for the issue and listing of the new shares subject to obtaining the Shareholder approval by way of an Ordinary Resolution at a General Meeting.

Considering the fact that the total value of Ordinary Non-Voting Shares together with the new Non-Voting Shares to be issued (post completion of the both Rights issues assuming a full subscription) will exceed 15% of the Company's shareholders funds as set out in the latest balance sheet, the Company has made a request for a waiver to the Colombo Stock Exchange seeking a waiver on the applicability of Rule 5.1.1 (c) of the CSE Listing Rules.

The CSE by their letter dated 21st March 2023, granted the aforesaid waiver, thereby permitting the issue of the Ordinary Non-Voting Shares, as the new shares are to be issued pari passu to all shareholders of the Company to the extent of the proportion of the number of shares to be issued, thereby maintaining their proportionate shareholding in the Company.

In view of the restrictions imposed as per Rule 7.5 (d) (ii) (A) (9) of the CSE Listing Rules on transacting on securities by certain parties when the securities are on the Watchlist, the Company would seek the approval of the SEC in such scenarios (as applicable).

2.0 Purpose of the Rights Issue and Utilization of Proceeds

The funds to be raised via the proposed Rights Issue would be deployed in the manner given in the below table:

#	Objective	Percentage of funds allocation	Amount (LKR)	Expected time line to complete
1	Settlement of identified liabilities	12%	40,000,000	End of Q1 in FY 2023/2024
2	Business promotion/marketing activities	50%	167,616,154	End of FY 2023/24
3	Creating a Working Capital buffer to finance the regular business operations.	38%	127,616,153	End of FY 2023/24
	Total	100%	335,232,307	

1) Settlement of identified liabilities

In order to maintain a smooth business operation, the Company expects to utilize no more than 20% (approx. LKR 40 Mn) of the Rights Issue funds for the settlement of certain existing liabilities that include statutory payments, creditors, utility payables and other long-standing payments. The exact amounts to be settled under each category to be finalized considering any movements in the balances up to the date of settlement which is subsequent to the completion of the Rights Issue.

The categories of liabilities and the order of settlement is as below:

1	Statutory liabilities
2	Utility payments
3	Other payables to related parties *
4	Logistics related payments
5	Trade Creditors
6	Any other payables outstanding at the time of receiving RI funds

* These amounts include outstanding remuneration and fees payable to directors and expenses borne by the Directors on behalf of the Company when there were liquidity constraints. These transactions are disclosed under Note 27 of the Annual Report of 2021/22 where the Related Party Transactions Review Committee has reviewed such transactions.

Certain urgent liabilities were settled using part of the Private Placement funds raised in January 2023 whilst the allocation from the Rights Issue funds would further enable the Company to eliminate remainder of such payables and any additional liabilities incurred up to the point of settlement. As at 31st December 2022, trade and other payables balance was LKR 37 Mn.

2) Business promotion/marketing activities

An amount of LKR 167.6 Mn will be deployed towards business promotion/ marketing activities of the products, in the overseas markets. These markets include the regions the Company already has the presence as well as new segments and new regions including China, Hong Kong, Singapore, South Korea and Malaysia that are expected to reach in the coming months. These activities are predominantly expected to be based on digital marketing campaigns and investments on online trading and distribution strategies.

With the support of the major shareholder whose expertise is in the China market, certain amount of funds will be spent for this market on marketing research and sales pipeline spend, such as influencer expenses and online distribution channels. Considering the size of the markets in China, this promises significant returns, with a significant boost to revenues and a substantial increase in sales within a few quarters.

As it is the aim of the Company to revitalize business relationships in regions such as India, the Middle East, Australia and USA where BLUE's presence is low, appropriate amount of these funds will be spent on such areas for activities including in-person visits and product promotion.

BLUE expects to gradually utilize the funds allocated with due consideration to the behaviors and trends of each market to optimize the results.

3) Creating a Working Capital buffer to finance the regular business operations

The Company is expecting to retain part of the Rights Issue proceeds as a working capital buffer to fund the liquidity requirements as business grows. This will mainly include purchasing of raw materials in bulk form at discounted prices which would provide cost advantage in fulfilling the orders. In

addition, the funds will enable building a product inventory to a certain extent, offering a longer holding period without facing significant liquidity constraints. Furthermore, the funds would allow the Company to cover additional costs in the production floor such as utility costs, salary costs etc. when the production volumes increase to fulfill the envisaged demand driven by the proposed promotional and marketing activities, new businesses acquisitions etc. With the financial strength, BLUE would be in a comfortable position to increase the resource base when required to enhance the production.

The infusion of the funds is a key measure to take the business to the next level of growth hence, the funding will be allocated based on the requirements arise from the future sales orders. Accordingly, the working capital requirement would be primarily based on client orders that would materialize through the marketing and promotional activities as mentioned under objective 2, BLUE is not planning to have a significant ready-made inventory. For certain clients, the working capital requirement is only one component of raw material, for example – silver or gold. For other clients, who will request to source raw materials such as precious gemstones, the cost of that will differ based on each specific order. Furthermore, dependent on credit periods given in each order, funding requirement may vary. Therefore, it is premature to allocate funds for each working capital item at this moment where disbursement to be aligned with the future business growth.

Funds are aimed to spent on future working capital requirements when new businesses are secured hence, the historical working capital requirements would not justify the future needs. Since the funding requirements would move according to the movement in sales volume, the Company reasonably expects to fully utilize the amount allocated by end of FY 2023/24 which also estimated to be the additional working capital requirement for FY 2023/24. It is estimated that the allocated funds when received would be sufficient to satisfy the total working capital requirement of FY 2023/24.

There are no regulatory approvals required for the execution of the objectives. Until the company fully utilize the proceeds, such amounts will be maintained in a suitable short-term investment either in government securities or in a bank deposit with a licensed commercial bank as determined by the management.

The Objectives of the Rights Issue does not amount to a major transaction as defined in the Companies Act No 07 of 2007 (as amended). The settlement of related party payables identified under objective 1 is the only related party transaction for which RI funds are utilized where the RPT Committee has reviewed these transactions at the time of incurring such liabilities. The overseas marketing/promotional activities would be carried out under the guidance of the major shareholder where the party will provide the access to broad base the market for BLUE.

The Company does not foresee any risk relating to non-achievement of the objectives or relating to the timelines where the funds are to be utilized in the ordinary course of business. If there are unforeseen risks that could materialize in the future, it may only cause a delay in completing the planned activities and the Company will continue to complete the objective despite such delays.

3.0 Other Disclosures with regard to the Rights Issue

The Rights Issue is not underwritten.

There is no minimum subscription amount. In the event the Rights Issue is undersubscribed, the funds raised would be deployed proportionately towards the objectives as described in Section 2.0 of this Circular. The Company has not entered into any arrangement with third parties to take up the unsubscribed shares (if any).

The major shareholder of Ordinary Voting Shares holding 29.87% of such shares has informed the Company that they would fully subscribe for the entitlement.

The Company will include information about utilization of funds in the format given below in its future Annual Reports and Interim Financial Statements from the date of raising funds.

Continuous disclosure regarding status of utilization of funds raised via the Rights Issue as at dd.mm.yyy

Objective number	Objective as per Circular	Amount allocated as per Circular in LKR	Proposed date of Utilization as per Circular	Amount allocated from proceed in LKR (A)	% of total proceeds	Amount utilized in LKR (B)	% of utilization n against allocation (B/A)	Clarification if not fully utilize including where the funds are invested (e.g.: whether lent to related party/s etc.)

In the event the funds raised through the Rights Issue have been fully utilized by the Company as disclosed in the Circular to shareholders between two financial periods, the Company shall disclose such fact in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first.

The Company conducts its business under two licenses issued by the National Gem and Jewelry Authority of Sri Lanka. The Gem Dealer License is renewable annually where next renewal falls in February 2024 whilst Registration Certificate of Jewelry Trader/ Manufacturer is renewable in December every year. The Company was able to continue these licenses in the past and up to date where next renewals also expected to be a smooth process.

As of 10th March 2023, the Company has used approximately LKR 13.3 Mn out of the Private Placement funds (LKR 25.5 Mn) that were raised in January 2023.

As at the date of this Circular, there were no changes to the contingencies as set out in interim financial statements as at 31st December 2022.

4.0 Benefits of the Rights Issue to the Company and existing shareholders

The Rights Issue funds will provide further capital to strengthen the Balance sheet whilst increasing the revenue levels through the use of new funds for sales and marketing activities. The recently concluded Private Placement (in January 2023) helped to resolve immediate liquidity constraints and initiate business development activities with the support of the major shareholder. Rights Issue funds will further assist to expand the sales funnel, by creating a pool of funds to utilize towards business development activities.

BLUE has already engaged in building business alliances through the support of the major shareholder creating opportunities in new market segments and opening to new regions. This sales avenue has not been previously explored by the Company. In addition, several existing client relationships in established markets such as India, the Middle East, Australia and USA are to be revitalized where the Company would have capital to support the expected increase in sales.

Considering the Company has a low cost-base and production capacity is heavily under-utilized (only 30% utilized at present), BLUE has the resources to cater further increase in demand with funding support and sales funnel growth. The Company was able to minimize the net loss in Q3 of FY 2022/23 (as per unaudited financials) reaching closer to the breakeven levels where further revenue increase could enable the Company to make profits without a significant change in the cost margins.

The business environment is becoming conducive with the continuing power and energy supply where the production can continue without disruptions. The Company has taken measures to save costs

wherever possible during the challenging times. Since the sales revenues are generated in foreign currency, the fluctuation of currencies could impact in both ways. Inflationary conditioned prevailed also settling down during the recent months which would be beneficial, however increase in electricity costs etc. could lead to increase in production costs to some extents.

5.0 The Company - financial performances, financial position and Enforcement Actions taken by the CSE

Due to the negative net earnings recorded over a prolonged period to date, equity position has depleted with a substantial accumulated loss. This had caused a 'serious loss of capital' situation in the balance sheet that prompted the auditor to include an 'Emphasis of Matter on going concern' in the independent auditor's report of past few years. The reduction of stated capital in FY 2020/21 eliminated the serious loss of capital position, though the adverse impact on performances due to COVID-19 outbreak prevented making profits even after the capital reduction, leaving the Emphasis of Matter as it is until auditor is satisfied with the performances. However, it should be noted that the Company performed with a record-breaking revenue figure in more than 10 years in FY 2020/21, coming close to break-even. Surrounding market conditions meant that the auditors were compelled to retain the Emphasis of Matter thereafter.

Resulting from the same, enforcement actions were taken against the Company by the CSE in terms of the Listing Rules where the Trading of the securities were suspended on 11th July 2022. The 'Emphasis of Matter on going concern' remain unresolved in the AFS of 2021/22. The Company is confident that the Emphasis of Matter could be resolved within a short period of time through business improvements as envisaged, thereby to remove the suspension of trading and also come out of the Watch List.

In the event the matters prompted to initiate the aforesaid enforcement actions remains unresolved, further enforcement actions will be initiated in terms of the applicable Listing Rules of the CSE, where the ultimate action being delisting the Company at the expiry of 12 months from the date of trade suspension unless the Company obtains a deferment from the SEC as set out in the applicable CSE Listing Rules.

6.0 Twenty largest shareholders of the company as at 31st March 2023

Ordinary Voting Shares

No.	Name of Voting Share Holder	No. Of shares	%
1	AMBROSIA MANAGEMENT PTE LTD	88,000,000	29.87%
2	MISS.P.M.K.GAMAGE	36,648,472	12.44%
3	V V S LANKA HOLDINGS (PVT) LTD	21,824,985	7.41%
4	MR. X. LIQIANG	16,800,730	5.70%
5	MR. W. YIN	11,432,629	3.88%
6	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	10,265,852	3.48%
7	MR. S.S. SOORIYARACHCHI	8,306,565	2.82%
8	MR. S YUSOOF	6,653,561	2.26%
9	MRS. V. SARASWATHY	6,121,987	2.08%
10	BIMPUTH LANKA INVESTMENTS PLC	3,454,566	1.17%
11	PEOPLES LEASING & FINANCE PLC/ K.L.UDAYANANDA	3,104,069	1.05%
12	CEYLINCO INSURANCE COMPANY LTD (GENERAL FUND) A/C 2	2,400,300	0.81%
13	MR.A.M.BROOKER	2,347,299	0.80%
14	MR. C.S.PERERA	1,695,999	0.58%
15	MR.M.T.RAJABKHAN	1,610,673	0.55%
16	PEOPLES LEASING & FINANCE PLC/ DR.H.S.D.SOYSA & MRS.G.SOYSA	1,334,400	0.45%

17	MR.D.K.A.K.WEERATHUNGA	1,324,546	0.45%
18	MR.C.SATHKUMARA	1,320,744	0.45%
19	THE FINANCE PORTFOLIO MANAGEMENT COMPANY LIMITED	1,300,000	0.44%
20	MR.N.R.SOORIYARACHCHI	1,208,940	0.41%
	TOTAL NUMBER OF SHARES POST RIGHTS ISSUE	294,601,782	

Ordinary Non-Voting Shares

No.	Name of Non-Voting Share Holder	No. Of shares	%
1	SERAKA INVESTMENTS LIMITED	16,560,000	8.51%
2	MR. S. ABISHEK	8,088,148	4.16%
3	MR. S. SIVAPIRIYAN	5,859,586	3.01%
4	MERCHANT BANK OF SRI LANKA & FINANCE PLC 1	5,250,000	2.70%
5	MR.R.E.RAMBUKWELLE	3,635,000	1.87%
6	MRS.V.SARASWATHI	3,500,998	1.80%
7	MR.C.R.PERERA	3,225,000	1.66%
8	MISS.P.M.K.GAMAGE	3,216,900	1.65%
9	MR.W.L.T.ANANDAWANSA	2,852,921	1.47%
10	MRS.W.A.N.FONSEKA	2,485,928	1.28%
11	MR. H.K.L HALLOLUWA	2,355,901	1.21%
12	MR. M.S.M YOONUS	2,323,500	1.19%
13	DR. A.M.A.D.S ABEYSINGHE	2,320,000	1.19%
14	MR. R.R. GOMES	2,100,000	1.08%
15	MISS.S.DURGA	2,079,424	1.07%
16	MR. D.I.L MADUSHAN	2,000,001	1.03%
17	MR.G.HETTIGE	2,000,000	1.03%
18	MR.C.S.D PERERA	1,935,308	0.99%
19	MR.S.M NAZEER	1,800,000	0.92%
20	MISS. R. KERTHIKA	1,793,795	0.92%

7.0 Public holding pre and post Rights Issue

The public holding percentage as of 31st March 2023 is 56.89%. In the event of the full subscription of the Ordinary Voting Shares issued via the Rights Issue, the public holding percentage would remain unchanged.

8.0 Applicability of the Company Take-overs and Mergers Code (TOM Code) 1995 (as amended)

The provisions of the Company Takeovers and Mergers Code (TOM Code) 1995 (as amended) will not be applicable where a particular shareholder exceeds 30% or more of the voting shares due to subscribing only for his/her Rights entitlement in the event of an undersubscription of the Rights Issue.

9.0 Application for Rights and Provisional Allotment

The 736,504,455 Ordinary Voting Shares and 486,584,058 Ordinary Non-Voting Shares will be provisionally allotted on the Record Date (3rd market day from and excluding the date of the EGMs) after the shareholders approving the relevant resolutions as set out in the attached Notices of Meeting at the EGMs to be held on 21st April 2023.

In the allotment of Shares, shareholding of each shareholder, as appearing in the CDS and the Shareholders Register maintained by the Company will be aggregated, in so far as the National Identity Card Number of such shareholders are available with the Company for the identification purposes.

Shareholding of fractions of shares will be ignored for the allotment of Rights and the Rights entitlement of these fractional shares will be pooled together and be allotted to the respective holders of shares who apply for additional shares. Following formula is used to calculate the Rights entitlement (in respect of both Voting and Non-Voting shareholders).

$$\frac{\text{Number of shares held by you as at end of trading on the Record Date}}{\text{Old proportion (4)}} \times \text{new proportion (10)} = \text{Your entitlement of Rights}$$

If there is a discrepancy between the CDS information given in the attached Form / Form 'A', Letter of Acceptance and Registration and the CDS Account Number maintained at the CDS, the number maintained at the CDS will be taken as correct.

If you do have a CDS Account and your existing shares are not lodged in the said CDS Account/ or you propose to open a CDS Account prior to 21st April 2023 (the date of EGMs), you are advised to lodge your Shares prior to such date, to facilitate the direct lodgement of Rights to your CDS Account.

Considering the significant cost of printing and postage of documents for the large shareholder base of the Company that exceed 18,000 shareholders (both Voting and Non-Voting), the Company will NOT dispatch by post; the Provisional Letter of Allotment, the Acceptance and Registration Form and Form of Application for Additional Shares. Instead, said documents will be hosted on the websites of the Company (<https://www.bluediamondsplc.com>) and CSE (www.cse.lk) with the provision for requesting for a hard copy of the relevant documents for the shareholders who would not have the facility to download and print the relevant forms.

Instructions on the method of payment and the manner of submitting the completed forms to the Registrars will be set out in the Provisional letter of allotment and related forms that will be uploaded to the aforesaid websites after the General meetings. For any inquiries, shareholders will be given the opportunity to contact the Company officials via telephone, email or WhatsApp where relevant instructions on subscribing for Rights Issue will be given accordingly. **(Contact Mr. Hiran Oorloff – Mob. No +94 77 7 888 149 – Voice or WhatsApp or email hr@bluediamondsplc.com)**

Shareholders must strictly follow and adhere to the instructions provided in the Provisional Letter of Allotment in respect of acceptance and applying for additional shares.

The Rights entitlement of the Shareholders whose shares are held in the CDS, will be directly uploaded to their CDS Accounts within three (3) Market Days from and excluding the Record Date.

However, in view of the ongoing Trade Suspension of the securities of the Company, the Rights shares provisionally allotted to the entitled shareholders will not be traded hence, the 'trading of Rights' is not applicable to this Rights Issue.

For further clarifications, you may contact the Registrars to the Issue, Janashakthi Corporate Services Limited on +94 11 2145030.

The last date for acceptance and payment shall be 24th May 2023.

Application for additional Shares will be permitted. Additional Shares will be available for allotment only in the event any of the existing shareholders do not take up their rights entitlement in part or in full or if the Letter of Acceptance and Registration is rejected by the Company as being invalid. The Shares not subscribed for as at the last day of acceptance specified in the Provisional Letter of Allotment will be deemed to have been declined and such declined shares, will be allotted at the same

price to the shareholders applying for additional Shares, on a pro rata basis to their existing shareholding. In making such further allotments of unsubscribed shares, the Company will comply with the timelines set out in Rule 5.2 of the Listing Rules.

Refunds in respect of rejected applications be paid as expeditiously as possible but not exceeding Ten (10) Market Days from the last date of acceptance and payment.

As per the Directive of the SEC made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the CDS dated November 30, 2010 all Shares arising from the Rights Issue shall be directly uploaded to the CDS Accounts. Accordingly, the Shares arising from the Rights Issue would be directly deposited to the respective shareholder's CDS Accounts within Ten (10) market days from the last day of acceptance and payment. In the event a particular shareholder's shares are not deposited in the CDS, share certificates will not be issued in favour of such shareholders.

Please note, when uploading new shares arising from the proposed Rights Issue to your CDS Account, such Shares would be lodged based on the Account details given by you to the Company in the Letter of Acceptance and Registration that would be dispatched to you, together with the Provisional Letter of Allotment. The said Form makes provision for you to indicate as to whether the Shares are to be lodged in the Trading balance/Locked balance (as applicable). If there is no indication, the shares will be lodged into the trading balance.

The shares allotted in respect of Letters of Acceptance which do not carry a valid CDS Account Number or which indicate an incorrect/inaccurate CDS Account Number will not be uploaded to the CDS Accounts on the date specified for upload as per the Rules of the CSE. Shares allotted in respect of such acceptances will be uploaded on a weekly basis when the Shareholders/Applicants forward to the Secretaries/Registrars their correct CDS Account Numbers.

Shareholders/Applicants who do not have a CDS Account are advised to open a CDS Account, prior to submitting the completed Form 'A' and Form 'C'(if applicable) in order to facilitate the uploading of the Shares allotted to them.

The new shares to be issued under this Rights Issue, upon allotment and crediting to the respective CDS accounts of the shareholders, will also be subject to the on-going trade suspension. Such new shares will only be available for trading (subject to the Company complying with the Listing Rules), consequent to the rectification of the Emphasis of Matter on Going Concern that prompted the trade suspension.

Non Resident Shareholders – Non Resident Shareholders are required to make payments for Rights through their Inward Investment Account (IIA). If the payment is not made out of an IIA, but out of an inward remittance or remittable funds, the approval of the Director, Department of Foreign Exchange, Central Bank of Sri Lanka, to make such payments must accompany the Letter of Acceptance and Registration and the Application for Additional Shares (as applicable), more details will be set out in the Provisional Letter of Allotment which would be dispatched to the Shareholders, once the Rights Issue is approved by the Shareholders at the meeting of the shareholders to be convened by the Company.

10.0 Directors' recommendation

The Board of Directors of the Company recommends that the Shareholders approve the infusion of capital as contemplated in this Circular, subject to obtaining the relevant regulatory approvals(as applicable). The initial market announcement on the RI was made by the Company on 13th March 2023.

11.0 Extraordinary General meeting

The increase of the Stated Capital by way of a Rights Issue, requiring the approval of the holders of both Ordinary Voting Shares and Ordinary Non-Voting Shares in terms of Listing Rule 5.2 a, it is necessary that the Company convenes separate EGMs for the holders of both voting and non-voting shares.

Two (2) meetings have been convened as virtual meetings to be held on 21st April 2023 at 10.00 am, for holders of Ordinary Voting Shares and at 10.15 am, for the holders of Ordinary Non-Voting Shares, for the purposes as more fully set out in the attached Notice of Extraordinary General Meeting (as relevant).

Shareholders who wish to participate at the EGMs are requested to register their details with the Company Secretaries via the below link, before 4.00 pm, on 19th April 2023.

<https://www.bluediamondsplc.com/egm-2023-registration>

Note: It is compulsory for the shareholders to register with their first names and last names to receive the link to join the EGM. The same names should be used to log in to participate in the EGM.

If you are unable to attend the Extraordinary General Meeting, you are entitled to appoint a proxy to attend and vote on your behalf. In such an event, please complete and return the enclosed Form of Proxy (in accordance with the instructions specified therein) to the Registered Office of the BLUE, not less than forty eight (48) hours before the time appointed for the holding of the Meeting so that your proxy could represent you thereat and exercise your vote in accordance with your directions.

Considering the significant cost of printing and postage of documents for the large shareholder base of the Company that exceed 18,000 shareholders (both Voting and Non-Voting), the Company will NOT dispatch by post; the Circular to the shareholders, notices of the meeting and the form of proxy. Instead, the Circular to the shareholders, notice of the meeting and the form of proxy will be made available on the Colombo Stock Exchange website (www.cse.lk) and the Company's official website (www.bluediamondsplc.com). For any queries relating to this circular, please contact our officials via email hr@bluediamondsplc.com or WhatsApp 94 773647178 during normal office hours. The notice of the meetings is given by way of a public notice published in a Sinhala, Tamil and English newspaper.

The listing of the Shares by the CSE will in no way be reflective of the merits of the issue. The CSE assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports included.

The Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given and confirm having made all reasonable enquiries, that to the best of their knowledge and belief, that there are no other facts the omission of which would render any statement in the Circular misleading.

By order of the Board
Blue Diamonds Jewellery Worldwide PLC



Janashakthi Corporate Services Limited
Company Secretaries

31st March 2023