



E. B. CREASY & CO., PLC.

ESTABLISHED 1878

27th February, 2024.

Our Ref: SEC/EBC/890

Mr. R. Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
Level 4 – West Tower
World Trade Centre
Echelon Square
Colombo 1.

Dear Sir,

DISCLOSURE UNDER SECTIONS 8 AND 9 OF THE CSE LISTING RULES

We write in terms of Sections 8 and 9 of the Listing Rules of the Colombo Stock Exchange and wish to advise of the following :

Disposal of Investment in Subsidiary Lanka Special Steels Limited (LSSL)

In accordance with the strategic decision and restructuring process of the E.B. Creasy Group the Board of Directors of the Company have resolved to divest its 100% stake represented by 2,138,657 shares in its subsidiary Lanka Special Steels Limited (LSSL), to subsidiary company Laxapana Batteries PLC (Laxapana) for a total consideration of Rs.694Mn which will be settled in installments as agreed to by the Boards of the two companies. The settlement of the first tranche would be Fifty percent of the total consideration amounting to Rs. 347 Mn at which time, the entirety of the shareholding in LSSL will be transferred to Laxapana. The balance sum of Rs. 347 Mn would be settled in several instalments within a period of 03 years from the date of the Share Purchase Agreement (i.e. on or before 26th February, 2027).

The Board is of the view that the proposed re-structuring would harmonize the business activities of the respective entities more efficiently, thus enabling the group to maximize synergies whilst consolidating and strengthening the position of Laxapana, in the steel industry.

The aforesaid proposed acquisition of LSSL by Laxapana, would constitute a major transaction in terms of Section 185 of the Companies Act No.7 of 2007 and hence the acquisition of LSSL by Laxapana will be subject to the transaction being approved by a special resolution of the shareholders of Laxapana, passed at a General Meeting.

COMPANY NO. PQ 182

P.O.BOX 37, 98, SRI SANGARAJA MAWATHA, COLOMBO 10, SRI LANKA
FAX: 94 (1) 2448534, TELEPHONE: 94 (1) 2421311, 4766000.

In terms of Section 9 of the Listing Rules, the sale of the LSSL shares to Laxapana by the Company, would amount to a Related Party Transaction as defined by the Sri Lanka Accounting Standards. The Related Party Transactions Review Committee of the Company is of the view that the transaction is on usual commercial terms in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and its shareholders as a whole and is not prejudicial to the interests of the Company and its minority shareholders and have considered the valuation obtained from an independent valuer in relation to the valuation of LSSL prior to forming its view on the transaction.

As required by the Listing Rules, we confirm that the Aggregate Value of all Related Party Transactions with Laxapana for the financial period 2023/2024 is Rs. 186,235,761/- and the overall Aggregate Value of all Non recurrent Related Party Transactions carried out by the Company for the same financial period is Rs.877,123,516/-(excluding the above mentioned transaction.)

Yours faithfully,

By Order of the Board

E.B. CREASY & COMPANY PLC

CORPORATE MANAGERS & SECRETARIES (PVT) LTD



Secretaries