

LANKEM CEYLON PLC

(Company No. PQ 128)

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

25th September 2025.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, ATTORNEY-AT-LAW, ACCOUNTANT OR OTHER PROFESSIONAL ADVISOR IMMEDIATELY.

The highest, lowest and last traded price of shares during the preceding three months were as follows:

Month	Highest Rs.	Lowest Rs.	Last traded Rs.
June 2025	92.00	80.00	83.00
July 2025	85.90	80.00	82.00
August 2025	97.00	81.10	92.00

Market Price as at 23.09.2025 – Rs.99.40 (Closing price)

CIRCULAR TO SHAREHOLDERS

Dear Sir(s)/Madam,

We wish to inform you that the Board of Directors of Lankem Ceylon PLC (the Company) have duly resolved on 23rd September 2025, to convene an Extraordinary General Meeting (EGM) of the Company to be held on 15th October 2025 for the purpose of enabling its shareholders to consider and if thought fit to pass the resolutions set out in the attached Notice of Meeting pertaining to each of the matters set out below:-

- A.** Rights Issue of Ordinary Shares
- B.** Subdivision of Ordinary Shares - Post Rights Issue

A) RIGHTS ISSUE OF ORDINARY SHARES

The Directors of Lankem Ceylon PLC, in accordance with a decision made on 18th June 2025 have resolved to issue Seventeen Million One Hundred and Fifty Six Thousand Nine Hundred and Nineteen (17,156,919) Ordinary Shares by way of a Rights Issue of shares at a price of Rupees Seventy (Rs. 70/-) per share to the holders of the issued Ordinary Shares of the Company as at end of trading on 17th October 2025 (i.e. the Record Date/Entitlement Date), in the proportion of One (01) New Ordinary Share for every three (03) existing issued Ordinary Shares held by them. The Board has resolved that in its opinion the consideration for which the shares are to be issued is fair and reasonable to the Company and all existing shareholders.

1. BACKGROUND

The Company was incorporated on 15th September 1964, as a private limited liability company and was converted into a public company in 1968. It is a Public Quoted Company categorized under the Capital Goods Sector of the Colombo Stock Exchange. The principal activities of the Company are manufacturing and distribution of Chemicals and Paints.

2. PURPOSE AND THE UTILIZATION OF PROCEEDS OF THE RIGHTS ISSUE

The Lankem Group has been carrying on business operations for sixty-one years in the Country. The Group's investments span over various diversified business sectors, namely agrochemicals, paints, industrial chemicals, leisure, packaging and consumer where we have endeavored to sustain our business operations amidst many external challenges precipitated in the domestic economy in the recent past.

A more recent investment the Company embarked on was through an investment made in subsidiary Lankem Minerals Limited (LML) established to manufacture Single Super Phosphate (SSP) fertilizer. The primary objective of this operation is to cater to the agricultural requirement of the non-perennial crops which is currently being catered through Triple Super Phosphate (TSP) which is imported by the Government of Sri Lanka. Accordingly, the Company has made investments in LML to the extent of Rs. 700.125 million. Of the said Rs.700.125million investment in LML, Rs.0.125million was invested at the time of incorporation on 31st October 2023 and Rs.700million investment was made on 30th October 2024. The project has had a long gestation period in a difficult and challenging period for the Country. LML is about to commence commercial operations.

In relation to the Company's operations, from the post-COVID period, Easter bomb attacks, followed by the change in the Government's policy decision for the Country to go fully organic, the financial crisis and finally due to uncertainties in the political and financial landscape, it has been a challenge to the Company to raise equity and long-term funds for the operation and had to resort to short-term funding over a period of time.

In the aforesaid backdrop the Directors are of the view that it is an opportune time to raise additional equity and long-term capital and strengthen the balance sheet position and working capital of the Company.

A summary of the Company's financial performance is given below:

For the year ended 31 st March 2025 (Audited)	Company Rs.'000
Revenue	6,302,597
Gross Profit	1,850,544
Operating Profit	894,070
Profit before Tax	382,993
Profit for the year	314,501

The purpose of the Rights Issue is to raise funds to part settle a related party due and for part settlement of bank loans which would help the Company to expand its operations. The total sum expected to be raised from the issue amounts to Rs. 1,200,984,330/-.

As detailed below the proceeds from the Rights Issue would be utilized to settle part of the related party dues to E B Creasy & Company PLC and to settle part of the bank loans with a view to opening the existing import lines and obtaining additional import lines to expand the current operations.

1) Settlement of related party dues to E B Creasy & Company PLC (EBC)

Name of the Related Party	Amount outstanding on Current Account as of 31.08.2025 (Unaudited) Rs.	Amount to be Settled Rs.	Settlement Position
E.B Creasy & Company PLC	237,283,544.91	102,656,177.26	Part Settlement of Current Account Balance

The aforesaid objective of the Rights Issue which relates to the settlement of a related party due has been reviewed and recommended by the Related Party Transactions Review Committee (RPTRC) which comprised of Mr. K.G. Punchihewa – Chairman, Independent Non-Executive Director, Mr. S.B. Perera – Independent Non-Executive Director and Mr. S.D.R. Arudpragasam – Non Executive Director.

The Company has complied with Section 9 of the Listing Rules pertaining to related party transactions.

2) Part Settlement of Bank Loans

Name of the Bank	Amount outstanding as of 31.08.2025 (Unaudited) Rs.	Amount to be Settled Rs.	Purpose for which the borrowings were obtained	Applicable Period	Security Pledged	Interest rate and Tenure	Settlement Position
Sampath Bank PLC	259,008,472.49	236,329,087.79	Working Capital Requirements	FYE 2022/23	Mortgage over stocks and book debts. Corporate guarantee of E B Creasy & Company PLC	AWPLR + 1.75% 120 days (revolving)	Part Settlement
Bank of Ceylon	870,765,953.94	450,000,000.00	Working Capital Requirements	FYE 2024/25	16,000,000 public quoted shares of C W Mackie PLC	AWPLR + 1.5% 120 days (revolving)	Part Settlement
Commercial Bank of Ceylon PLC	378,933,010.54	150,000,000.00	Working Capital Requirements	FYE 2024/25	Mortgage over land and property at Ja-Ela and Mortgage over stocks and book debts.	AWPLR + 2% 180 days (revolving)	Part Settlement
Hatton National Bank PLC	1,012,819,147.35	261,999,064.95	Working Capital Requirements	FYE 2024/25	None	AWPLR + 1% 180 days (revolving)	Part Settlement
Total	2,521,526,584.32	1,098,328,152.74					

The balance due on the aforesaid loans which were obtained for working capital requirements will be settled from the funds generated from the operation.

The said bank loans were selected for settlement as same had been obtained for working capital purposes and settlement of such loans will enable the Company to reutilize the said facilities and/or secure fresh facilities to expand current operations which in turn will enable the Company to enhance its revenue and profitability.

The Company has selected EBC for related party settlements as EBC is the main related party with significant overdue amounts outside of the Lankem Ceylon PLC Cluster. As part of the Company's strategic decision to reduce the related party debt, it has been decided to give priority to related parties outside of the Lankem Ceylon PLC Group.

The utilization of proceeds in respect of the settlement to the related company E.B. Creasy & Company PLC will be made immediately after the conclusion and finalization of the Rights Issue.

The loans due to the banks as indicated will be settled within a period of 2 weeks upon the conclusion and finalization of the Rights Issue.

The rights issue proceeds will be deposited in the Rights Issue Bank Account (ie. in a current account) and upon the conclusion and finalization of the issue, the settlements to the related party will be disbursed from the Rights Issue Bank Account whilst the proceeds to be utilized for settlement of bank borrowings would be retained in a REPO account (expected return 7% per annum) until the funds are disbursed from the said account.

The Company expects the issue to be subscribed in full, however the proceeds will be utilized to the extent the issue is subscribed.

In the event of an undersubscription, the utilization of the proceeds will be prioritized in the order of the objectives stated above with the bank loans being settled on a pro rata basis.

The working capital position of the Company as at 31st August 2025 was as follows:

	As at 31st August 2025 (Unaudited) Rs.
Total Current assets	4,018,261,417
Total Current Liabilities	6,631,550,508
Net Current Liabilities	<u><u>2,613,289,091</u></u>

The Board is of the opinion that after taking into consideration the Company's present/available bank facilities and the scale of the present operations, the working capital available to the Company is insufficient to meet its present requirements.

The Company is in the process of implementing strategic initiatives to re-structure and transform the Company and to arrest the operating losses and return the business operation to a profit-making venture. As the first initiative, the Company has launched the Rights Issue to raise capital of Rs.1,200,984,330/- to settle in part its dues/borrowings as mentioned above. This will enable the Company to allocate sufficient resources to exploit the true potential of its operations. The Company intends to expand the main business lines being the Paints and Agro operations which will enable additional revenue generation thereby increasing the Company's profitability. This would further improve the Company's shareholder equity. In terms of gearing, there would be a slight improvement in the gearing levels due to the increase in stated capital by Rs 1.2 Bn even if the opened-up bank facilities are reused.

The Company does not foresee any specific risk associated with the objectives nor does it foresee any risk in being unable to fulfill the above objectives within the stipulated timeline except that in the event the issue is undersubscribed, the inability to meet its objectives in total may impact on the gearing ratio due to continuous commitments on interest costs to be incurred on the borrowings.

The Rights Issue Proceeds will be utilized solely for the aforementioned purposes and would not be utilized for any other purpose.

The Company does not foresee any deviation from the identified objectives. However, if the Company does not utilize the funds for the stated Rights Issue objectives and proposes to use same for another objective, such a change will be subject to necessary market announcements being made by the Company and obtaining shareholder approval.

The objectives of the Rights Issue does not amount to a Major Transaction as stipulated in the Companies Act No.7 of 2007.

3. FINANCIAL INFORMATION

The Company has paid a first and final dividend of Rs.10/- per share for the financial year ended 31st March 2023. The Company has not paid any dividends for the financial years 2024/2025, 2023/2024 and 2021/2022.

Further there is no material change in contingent liabilities as disclosed in the Company's Financial Statements for the year ended 31st March 2025 (audited) and the Interim Financial Statements for the period ended 30th June 2025 (unaudited).

In the past few years, the Company's working capital requirements have been predominantly funded through debt financing, particularly from Banks and the Related Companies, resulting in high interest costs which has hampered the Company's profitability levels.

The financial position of the Company before and the expected position after the Rights Issue of shares is set out below:

	As at 31 st August 2025 (Unaudited)	Right Issue adjustment	After Right Issue (Unaudited)
	Rs.000	Rs.000	Rs.000
Total Non-Current assets	7,405,373		7,405,373
Total Current assets	4,018,261		4,018,261
Total Assets	11,423,634	-	11,423,634
Total Equity	2,603,036	1,200,984	3,804,020
Total Non-Current liabilities	2,189,047		2,189,047
Total Current liabilities	6,631,551	(1,200,984)	5,430,567
Total Equity and Liabilities	11,423,634	-	11,423,634

4. DISCLOSURE IN THE INTERIM FINANCIAL STATEMENTS AND THE ANNUAL REPORTS

The Company will disclose the information as per the following template through the Interim Financial Statements and Annual Reports from the date of raising funds through the proposed Rights Issue until the objectives are achieved and funds are fully utilized.

Disclosure regarding status of utilization of Rights Issue proceeds as at (dd-mm-yyyy)								
Objective Number	Objective as per circular	Amount allocated as per circular in LKR	Proposed date of utilization as per circular	Amount allocated from proceeds in LKR (A)	%of total proceeds	Amount utilized in LKR (B)	% of proceeds utilized against allocation (B/A)	Clarification if not fully Utilized including where funds are invested (e.g. Whether lent to related party etc.)
1								
2								

In the event the funds raised through the Rights Issue of Shares 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 immediately succeeding Annual Report or the Interim Financial Statement, whichever is published first.

5. MAJOR SHAREHOLDERS

Set out below is the information pertaining to the top twenty shareholders of the Company as of 31st August 2025.

20 Major Shareholders as at 31.08.2025

Position	Full Name of Shareholder	No. of Shares	Percentage(%)
1	THE COLOMBO FORT LAND AND BUILDING PLC	24,423,233	47.45%
2	AMANA BANK PLC/DARLEY BUTLER AND COMPANY LIMITED	9,011,079	17.51%
3	SAMPATH BANK PLC/SENTHILVERL HOLDINGS (PVT) LTD	5,229,386	10.16%
4	C M HOLDINGS PLC	2,716,767	5.28%
5	ASSOCIATED ELECTRICAL CORPORATION LTD	1,442,827	2.80%

6	COLOMBO FORT INVESTMENTS PLC	1,290,673	2.51%
7	DARLEY BUTLER & COMPANY LTD	547,296	1.06%
8	COLOMBO INVESTMENT TRUST PLC	495,000	0.96%
9	GUARDIAN ASSET MANAGEMENT LTD	400,300	0.78%
10	E.B. CREASY & COMPANY PLC	388,567	0.75%
11	SRI LANKA INSURANCE CORPORATION LTD-GENERAL FUND	306,169	0.59%
12	CAPITAL INVESTMENTS LIMITED	274,000	0.53%
13	HATTON NATIONAL BANK PLC/SRI DHAMAN RAJENDRAM ARUDPRAGASAM	250,000	0.49%
14	MR. RASIAH RANJITH LEON	248,210	0.48%
15	UNION INVESTMENTS (PRIVATE) LIMITED	222,800	0.43%
16	MR. SUBRAMANIAM VASUDEVAN	191,210	0.37%
17	PEOPLE'S LEASING & FINANCE PLC/HI LINE TRADING (PVT) LTD	161,767	0.31%
18	ASSETLINE FINANCE LIMITED/H.SHANMUGA SHARMA	156,860	0.30%
19	A E C PROPERTIES (PVT) LTD.	150,000	0.29%
20	AMANA BANK PLC/HI-LINE TRADING PVT LTD	139,327	0.27%
	Total	48,045,471	93.32%

The Colombo Fort Land & Building PLC, the parent company and major shareholder, has conveyed that it will take up the entirety of its Rights entitlement.

6. UNDERWRITING AGREEMENT

The Company has not entered into any Underwriting Agreement in relation to the Rights Issue.

7. SHARES

The existing issued ordinary shares of the Company consist only of Ordinary Voting Shares and the shares to be issued by the Company by way of the Rights Issue will also be of the same class of shares (i.e. Ordinary Voting Shares).

8. FRACTIONAL SHARES

No holder of shares in the capital of the Company shall be entitled upon such issue to a fractional part of a share and the aggregate of such fractions shall be dealt with as additional shares.

The fractional shares referred to herein shall mean the fractions arising after applying the following formula.

$$\frac{\text{Number of Ordinary Voting Shares held by a Shareholder as at the end of trading on the Record Date/Entitlement Date} \times 1}{3}$$

9. STATUS OF THE NEW SHARES

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

10. ADDITIONAL SHARES

Shares provisionally allotted and not subscribed for as at the last date of acceptance and payment, for which payment has not been duly and validly received by the Company or where applications have been rejected, such shares will be deemed to have not been accepted and such unaccepted shares will be allotted at the same price to existing shareholders who apply for additional shares. The aggregate of fractions shall also be dealt with as additional shares.

On an oversubscription in respect of additional shares, the additional shares will be allotted pro-rata, based on the rights entitlement of each shareholder in respect of all valid applications for additional shares received and the residue if any, will be determined by the Directors. In the event of the issue being undersubscribed, the additional shares will be allotted based on the additional shares requested for by the shareholders. Unsubscribed shares will not be taken up by any third party.

11. PROVISIONAL LETTER OF ALLOTMENT AND DIRECT DEPOSITS TO CDS

The Rights Shares will be provisionally allotted upon receiving the approval of the Shareholders for the resolution pertaining to the Rights Issue at the Extraordinary General Meeting. The date of Entitlement of the Rights Issue will be as at the end of trading on 17th October 2025 (i.e. Record Date/Entitlement Date). Provisional Letters of Allotment in its entirety will be dispatched/made available to shareholders of the Entity who hold shares in Scrip Form (i.e. Leger Shareholders). Rights Entitlements of those shareholders registered with the Central Depository Systems (Pvt) Limited (CDS) (along with the Rights Entitlement of any shares held by such shareholders in the Company Ledger) as at the date of Entitlement, will be deposited with the CDS on 23rd October 2025 and the Provisional Letter of Allotment excluding Form A: Letter of Acceptance and Registration and Form B: Form of Renunciation to the CDS, will be dispatched/made available to the shareholders who are registered with CDS as at the Record Date/Entitlement Date. Application for additional shares will be permitted. The last date for acceptance and payment will be 13th November 2025.

The shareholders must strictly follow and adhere to the instructions provided in the Provisional Letter of Allotment in respect of acceptance, renunciation and applying for additional Rights.

The Application for Additional Shares along with other relevant documentation would also be uploaded on the website of the Colombo Stock Exchange www.cse.lk.

The Provisional Letter of Allotment will enable renunciation to the Central Depository Systems (Pvt.) Ltd., (CDS) only up to 10th November, 2025 (this will be applicable to those shareholders whose Entitlement is not deposited with CDS).

Keeping in line with the 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, the shares allotted by this Rights Issue would be directly deposited to the CDS Account of each shareholder. The direct deposit of shares to the respective shareholders CDS Accounts, will be completed within 10 market days from the last date of acceptance and payment. The relevant shareholders will be notified of such direct deposit within two (2) market days of the direct deposit.

Shareholders who do not possess CDS Accounts are advised to open such an account immediately through any one of the Trading Participants of the CSE or any one of the registered Custodian Banks.

In the event of the non-availability of the CDS Account Numbers, the new shares to be allotted, will only be registered in the Share Ledger maintained by the Company and you will not be entitled to a share certificate and thereby it would not be possible to trade with the new securities until such time the same has been deposited with the CDS. Consequent to opening of the CDS Account by such Shareholder, the new shares (if any) registered in the Company Ledger will be credited to such CDS Account on receipt of written request from the respective shareholder to deposit such shares and will be carried out on a weekly basis.

In the event a Shareholder (i.e. shareholders of the entity who hold shares in Scrip Form - Ledger Shareholders) does not receive the Provisional Letter of Allotment dispatched via post, such shareholder may contact, during Office hours, the Company Secretaries/Registrars, Corporate Managers & Secretaries (Private) Ltd., on Mobile Nos.0741979083, 0741979084 and 0741979085, for assistance.

Strict compliance with the instructions detailed in the Provisional Letter of Allotment is necessary.

12. BANKING OF CHEQUES

In the event payments are received in the form of cheques by the Listed Entity, such Entity shall comply with the following:

- (i) Cheques received in respect of the rights may be banked on receipt.
- (ii) Cheques in respect of applications for additional rights shall be banked only after the last date of acceptance and payment.

13. REFUNDS

Refunds in respect of rejected/partly rejected applications for shares shall be dispatched to the shareholders as expeditiously as possible but not exceeding ten (10) Market Days from the last date of acceptance and payment. Applicants will be entitled to Interest (as defined in the CSE Listing Rules) on refunds not made within this period.

If the applicant has provided accurate and complete details of his bank account in the application, the Entity shall make such refund payments to the bank account specified by the applicant, through Sri Lanka Inter Bank Payment System (SLIPS) and a payment advice shall be issued to the applicant.

If the applicant has not provided details of his bank account in the application, the Entity shall make such refund payments to the applicant by way of a cheque.

14. LISTING

Approval in principle has already been obtained from the Colombo Stock Exchange to issue and list the new Securities. Trading of the "Rights" shall commence on the fourth (4th) Market Day (i.e. 31st October, 2025 from and

excluding the date of dispatch/making available the Letters of Provisional Allotment). Such trading shall continue throughout the period of renunciation to the CDS.

The listing of the securities by the Colombo Stock Exchange will in no way be reflective of the merits of the issue. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made, omitted statements/ undisclosed information, opinions expressed or reports included.

B) SUBDIVISION OF ORDINARY SHARES - POST RIGHTS ISSUE

The Board of Directors of the Company in accordance with the decision made on 18th June 2025 have also resolved to propose to the Company's shareholders a Subdivision of the shares after the listing of the Ordinary Shares arising from the Rights Issue. The Board is of the opinion that such subdivision will facilitate greater liquidity and tradability of the Company's ordinary shares.

The proposed subdivision of issued ordinary shares of the Company shall be effected by subdividing every one (01) existing issued ordinary share into Two (2) issued ordinary shares.

The proposed subdivision of shares which is to be effected after the listing of the ordinary shares from the Rights Issue and on the basis the Rights Issue being fully subscribed which shall be then 68,627,676 ordinary shares, the issued and fully paid ordinary shares of the Company will be increased to 137,255,352 ordinary shares without effecting any increase to the Company's Stated Capital, post Rights Issue.

Further we wish to state the following for purposes of clarity:

Number of shares prior to the Rights Issue	- 51,470,757
Number of shares after the Rights Issue, on the basis the Rights Issue being fully subscribed	- 68,627,676
Number of shares after the subdivision, on the basis the Rights Issue being fully subscribed	- 137,255,352

Please note that a market announcement will be made notifying the number of Rights shares subscribed upon the conclusion of the Rights Issue.

Consequent to the proposed subdivision, all existing shareholders' rights remain unaffected with respect to voting and distribution in terms of applicable law and the Articles of Association of the Company.

The subdivision of shares is expressly permitted under Article 12(1)(b) of the Articles of Association of the Company and the modality the Company proposes to adopt in effecting the increase of shares by way of a subdivision is consistent with the provisions of the Companies Act No. 7 of 2007. The Colombo Stock Exchange does not approve and/or assume any responsibility and/or regulate the modality adopted by the Company in relation to the increase of shares by way of a subdivision and/or for the validity of shares arising from such increase.

In terms of the Company's Articles of Association it is required to obtain the approval of shareholders for the abovementioned subdivision, by way of an Ordinary Resolution of the shareholders.

The Notice convening an Extraordinary General Meeting (EGM) of the Company on 15th October 2025 attached hereto, sets out therein the requisite Ordinary Resolution to be passed by the shareholders in relation to the proposed subdivision of shares. The ordinary shareholdings of shareholders duly registered as at the end of trading on the Record Date / Date of Entitlement applicable for the subdivision of shares as set out hereunder, shall thus be considered for purposes of effecting the subdivision of shares.

In the event the said Resolution is approved, the key dates for the subdivision of Ordinary Shares will be announced by the Company upon the submission to the CSE the Declaration in relation to the Rights Issue of shares. Accordingly the timelines for the subdivision of shares would be as follows:

i. Cut-off Date	Five (5) Market Days from and excluding the date of Declaration of the Rights Issue.
ii. Commencement of Dealing Suspension	The next Market Day after the Cut-off Date.
iii. Entitlement Date (Record Date for the Sub-division)	The Second (2nd) Market Day from and excluding the Cut-off Date
iv. Dealing Suspension	Dealing will be suspended for a period of Five (5) Market Days from and excluding the Cut-off Date
v. Recommencement of Share Trading	The next Market Day following the End of Dealing Suspension

In determining the number of shares held by a shareholder for the purpose of the proposed subdivision thereof, shares that have been deposited in the CDS will not be aggregated with those duly registered in the Company's Share Register. A stockbroker wise entitlement schedule will be obtained from the CDS as at the end of trading on the Record Date/ Date of Entitlement applicable for the subdivision of shares. Subsequent to the share increase by way of the proposed subdivision, the shares held by the CDS account holders will be directly uploaded to their respective CDS account within 3 market days from the date of such subdivision of shares.

Please note that shareholders whose shares are still held in scrip form as at the date of entitlement, will not be issued share certificates and will not be given the option to request for the deposit of their increased shareholdings of the ordinary shares in the CDS until the subdivision process has been completed. The increased number of shares of each such shareholder will be entered in the Share Register of the Company accordingly and a letter will be issued to such shareholders in confirmation thereof.

All existing issued share certificates representing the ordinary shares of the Company presently held by the shareholders as at the end of trading on the Record Date/ Date of Entitlement applicable for the subdivision of shares will be deemed cancelled.

Shareholders who do not possess CDS Accounts are advised to open such an account immediately through any one of the Trading Participants of the CSE or any one of the registered Custodian Banks.

Please note that In the event of the non-availability of CDS Account Numbers, the revised shareholding consequent to the subdivision of shares will only be registered in the Share Ledger maintained by the Company, as mentioned above and such shareholders will not be entitled to a share certificate and it would not be possible to trade with the said securities until such time the same has been deposited with the CDS.

C) EXTRAORDINARY GENERAL MEETING

An Extraordinary General Meeting of the members of the Company will be convened in terms of the attached Notice, on 15th October 2025 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, (in accordance with the Articles of Association of the Company and the guidelines issued by the Colombo Stock Exchange (CSE) on the conduct of virtual meetings) at which meeting the members will be requested to consider and if thought fit to pass the Ordinary Resolutions necessary to give effect to the foregoing proposals of the Directors.

This Circular together with the Notice of Meeting, Form of Proxy and the Registration Form for Online Meeting Participation will be dispatched via email to those Shareholders having email addresses and via post to the rest of the Shareholders. The said documents will be uploaded on the website of the Colombo Stock Exchange.

<https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=LCEY.N0000>

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 LCEYEGM2025@CMSL.LK 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 to be held on 15th October 2025, you are kindly requested to complete and return the Form of Proxy to reach the Registered Office of the Company’s Secretaries, Corporate Managers & Secretaries (Pvt.) Ltd., at 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not less than 48 hours before the time appointed for the Meeting so that your proxy can represent you thereat and exercise your vote in accordance with your directions.

D) GENERAL

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, attorney-at-law or other professional advisor immediately.

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
LANKEM CEYLON PLC
CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED
Secretaries.

LANKEM CEYLON PLC
(Company No. PQ 128)

NOTICE OF AN EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company will be held on Wednesday, 15th October 2025, 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 purpose of considering and if thought fit, passing the following ORDINARY RESOLUTIONS:

**A. ORDINARY RESOLUTION
RIGHTS ISSUE**

Resolved -

“THAT 17,156,919 new ordinary shares be offered to the existing holders of issued ordinary shares of the Company as at end of trading on 17th October, 2025 (i.e. Record Date/ Date of Entitlement which is the 2nd market day from and excluding the EGM date), in the proportion of One (1) new Ordinary Share for every existing Three (3) Ordinary Shares held at a price of Rupees Seventy (Rs.70/-) per share and such offer be made by way of a Provisional Letter of Allotment with provisions for Renunciation to the Central Depository Systems (Pvt.) Ltd., only and such shares will rank pari passu with the existing issued ordinary shares of the Company and shall be entitled to any dividends declared only after the final allotment which shall be after the last date of acceptance and payment and that the shares not subscribed for as at the last date of acceptance and payment specified in the Provisional Letter of Allotment be deemed to have not been accepted and such unaccepted shares be allotted at the same price to existing shareholders who apply for additional shares; provided that on an oversubscription in respect of additional shares, the additional shares be allotted pro-rata, based on the rights entitlement of each shareholder and a residue if any, as determined by the Directors in a fair and equitable manner, and in the event of the issue being undersubscribed, the additional shares be allotted based on the additional shares requested for by the shareholders.

Provided that no such holder of ordinary shares (as at the said date) shall be entitled upon or in consequence of the aforesaid offer to a fractional part of any shares in the Company and that such of the said new ordinary shares representing fractional entitlements, shall be treated as unaccepted shares and be dealt with as aforesaid (Refer Item A.8 in the Circular to Shareholders dated 25th September 2025).

The fractional shares referred to herein shall mean the fractions arising after applying the following formula.

Number of Ordinary Voting Shares held by a Shareholder as at the end of trading on the Record Date/Entitlement Date x 1”

3

**B. ORDINARY RESOLUTION
SUBDIVISION OF SHARES**

Resolved -

“THAT without actuating any increase to the Stated Capital of the Company (post Rights Issue), the issued Ordinary Shares of the Company, following the completion of the listing of shares arising from the Rights Issue and on the basis the Rights Issue being fully subscribed which shall be then 68,627,676 Ordinary Shares, be subdivided (split) as expressly provided for in Article 12(1)(b) of the Articles of Association of the Company, on the basis of every One (1) existing issued and fully paid Ordinary Share being subdivided into Two (2) issued Ordinary Shares thereby increasing the number of shares of the Company

to 137,255,352 shares, which the said shares shall rank pari passu in respect of voting and other rights attached with the Ordinary Shares that are being subdivided.

THAT in the event the Rights Issue is undersubscribed, the number of shares to be subdivided and the increased number of shares arising out of such subdivision would be a lesser amount than is stated above.

THAT the existing issued Share Certificates in respect of the ordinary shares presently held by shareholders registered in the Company's Share Register as at the end of trading on the Record Date/ Date of Entitlement applicable for the Subdivision of shares be deemed cancelled.(Refer Section B- Subdivision of Ordinary Shares – Post Rights Issue, in the Circular to Shareholders dated 25th September, 2025).

THAT the subdivision would be based on the shareholding of the Company as at the end of trading on the Record Date/Entitlement Date applicable for the Subdivision.

THAT in the event the said resolution is approved, dealing in the Company's shares will be suspended for a period of Five (5) market days from and excluding the Cut Off Date in order to update the CDS records. The trading of the Company's share will commence on the next Market Day following the end of the Dealing Suspension subsequent to the subdivision.

THAT the Board of Directors of the Company be, and are hereby, authorized to do, perform enable and/or facilitate all acts necessary to give effect to the foregoing."

By Order of the Board

LANKEM CEYLON PLC

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

25th September 2025.

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.
2. A proxy need not be a member of the Company.
3. A Form of Proxy accompanies this Notice.

LANKEM CEYLON PLC
(Company No. PQ 128)

FORM OF PROXY

I/We

of

being a member/ members of Lankem Ceylon PLC hereby appoint

.....or failing him

- | | |
|--------------------------------------|---------------------------|
| 1. Sri Dhaman Rajendram Arudpragasam | of Colombo or failing him |
| 2. Ariyawansa Hettiarachchy | of Colombo or failing him |
| 3. Peter Suren Goonewardene | of Colombo or failing him |
| 4. Anushman Rajaratnam | of Colombo or failing him |
| 5. Kamal Gardiye Punchihewa | of Colombo or failing him |
| 6. Shrihan Blaise Perera | of Colombo |

as my/our* Proxy to represent me/us and to speak and vote as indicated hereunder for me/us* and on my/our* behalf at the Extraordinary General Meeting of the Company to be held on 15th October 2025, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

- | | | |
|----|----------------------|---|
| 1. | <u>*In favour of</u> | the Ordinary Resolution A – Rights Issue, set out in the Notice convening the |
| | Against | aforesaid Meeting. |
| 2. | <u>*In favour of</u> | the Ordinary Resolution B – Subdivision of Shares, set out in the Notice |
| | Against | convening the aforesaid Meeting. |

.

As witness my/our* hand(s) this day of 2025.

.....
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) Limited., 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's Secretaries, Corporate Managers & Secretaries (Pvt) Ltd., along with the Form of Proxy.

LANKEM CEYLON PLC

(Company No. PQ 128)

REGISTRATION FORM

Participation at the Extraordinary General Meeting (EGM) of Lankem Ceylon PLC to be held on 15th October 2025 at 10.00 a.m. and conducted as a virtual meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01.

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's Secretaries, Corporate Managers and Secretaries (Pvt) Limited, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01, Sri Lanka or emailed to LCEYEGM2025@CMSL.LK

IF UNDELIVERED PLEASE RETURN TO :
CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED
8-5/2, LEYDEN BASTIAN ROAD, YORK ARCADE BUILDING,
COLOMBO 1.