

LANKEM CEYLON PLC

Company No. PQ 128

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

30th October 2023.

CIRCULAR TO SHAREHOLDERS

Dear Shareholder/s,

APPROVAL OF THE SHAREHOLDERS IN RESEPT OF A MAJOR TRANSACTION

Your Company, Lankem Ceylon PLC (the Company) as per Disclosure dated 20th July 2023 announced the sale of the Company's 100% controlling stake in J F Packaging Limited (JFP) to Acme Printing and Packaging PLC (ACME).

This sale would synergize the ACME and JFP lines of business, whilst consolidating all the businesses in the packaging industry of the Group under one holding company to help the group maximize the synergies of operating as one cluster.

The Company and ACME have both obtained independent valuations of JFP and ACME dated during the period 5th May 2023 to 14th June 2023, from professional valuers Acuity Partners (Pvt) Ltd and BDO Consulting (Pvt) Ltd and the financials for these valuations have been based on the audited (2017/18 – 2021/22) and unaudited (2022/23) financial statements and the budgeted forecasts of JFP and ACME. Pursuant thereto, the Boards of the two companies have agreed on a consideration of Rs. 4,515,000,000/- for the proposed transaction, and have also agreed for the settlement of the said consideration by a private placement to the Company of 430,000,000 ordinary shares of ACME, priced at Rs. 10.50 per share subject to the approval of the Securities and Exchange Commission (SEC) being obtained by ACME for a waiver under Rules 5.4(b) of the Listing Rules and also the approval of the Shareholders of ACME being obtained at General Meeting.

ACME has advised the Company that the SEC has requested ACME to obtain the approval of the shareholders of ACME for the private placement of shares by way of a special resolution passed at General meeting in terms of Rule 5.4(d) of the Listing Rules of the Colombo Stock Exchange (CSE) to enable the Commission to consider the waiver.

The private placement of shares would increase the aggregate holding of the Company in ACME to 86.45%.

As shareholders are aware, Section 185 of the Companies Act No.07 of 2007 (the Companies Act) indicates categories of Major Transactions which a company would enter into, which as per the said Section, requires the sanction by way of a special resolution, of the shareholders of the company concerned, before such transactions are carried out. One such transaction is the disposal of an asset of the Company, the value of which is greater than half the value of the Company's assets.

Whilst the Company notes that the contemplated transaction amounts to a Major Transaction for the Company in terms of the Companies Act No.7 of 2007, approval of the shareholders is required by way of a special resolution in order to give effect thereto.

Accordingly an Extraordinary General Meeting (EGM) will be convened for 22nd November, 2023 at 10.00 a.m. in order to obtain the requisite sanction of the shareholders. The said EGM will be conducted as a Virtual Meeting via an online meeting platform in accordance with the Articles of Association of the Company and in line with the guidelines issued by the Colombo Stock Exchange (CSE) on the Conduct of Virtual Meetings.

The Notice convening the Meeting and the Form of Proxy for the EGM is forwarded herewith. Please be advised that the said Documents are also available on the CSE website:-

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

Shareholders who wish to participate at the meeting via Online Platform are kindly requested to complete and return the Registration Form which is attached hereto and also uploaded on the aforesaid Colombo Stock Exchange website, to reach the Registered Office of the Company's Secretaries, Corporate Managers and Secretaries (Pvt) Ltd, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, or via e-mail to lceyegm2023@cml.lk at least 3 days prior the date of the Meeting. Upon receipt of the duly completed Registration Form the Company's Secretaries will email Virtual Meeting 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.

Further, if shareholders who are unable to participate at the Meeting wish to raise any queries, such queries could be sent in writing to the Company's Secretaries via e-mail to lceyegm2023@cml.lk or by post to the Registered Office of the Company Secretaries as mentioned above not less than five (5) days before the date of the Meeting. This is in order to enable the Company Secretaries to compile the queries and forward same to the attention of the Board of Directors so that same could be addressed at the Meeting.

If you are unable to attend the EGM, you are entitled to appoint a Proxy to attend and vote on your behalf. If such be the case, please complete and return the enclosed Form of Proxy (in accordance with the instructions specified therein) to reach the Registered Office of the Company's Secretaries, Corporate Managers and Secretaries (Pvt) Ltd, 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 1, not later than 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 direction.

By Order of the Board,
LANKEM CEYLON PLC
CORPORATE MANAGERS & SECRETARIES (PVT) LIMITED
Secretaries

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LTD.
PV 7900


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Secretaries