

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 : 18th December 2023

CIRCULAR TO SHAREHOLDERS

Dear Shareholder,

EXTRAORDINARY GENERAL MEETING IN TERMS OF SECTION 220 OF THE COMPANIES ACT NO.7 OF 2007

The Companies Act No.7 of 2007, by Section 220 stipulates that in the event the Net Assets of the Company are less than half of its Stated Capital, on this fact becoming known, the Directors are required to convene an Extraordinary General Meeting of the shareholders of the Company.

Accordingly, in compliance with the said provisions of the Companies Act your Directors have decided to convene an Extraordinary General Meeting of the Company on 24th January 2024 at 10.00 a.m. Relevant announcements in this regard were duly made by the Company on 1st December and 15th December 2023 to Colombo Stock Exchange. In terms of the attached Notice of Meeting the said Extraordinary General Meeting will be conducted as a Virtual Meeting from 8-5/2, Leyden Bastian Road, York Arcade Building, Colombo 01.

The business to be brought before the Meeting, as stated in the Notice of Meeting is "To discuss the Report prepared by the Directors in terms of Section 220 of the Companies Act No. 7 of 2007 and the financial position of the Company". A copy of the Report is attached hereto.

After the foregoing matters have been discussed, the shareholders will be requested to consider and if thought fit pass the Ordinary Resolution which has also been set out in the said Notice of Meeting.

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 maragm2024@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 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.

18th December 2023

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 24th January 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 purposes:

- To discuss the Report prepared by the Directors in terms of Section 220 of the Companies Act No.7 of 2007 and the financial position of the Company.
- To consider and if thought fit to pass the following resolution as an Ordinary Resolution:

Ordinary Resolution

The shareholders participating in this meeting having read and considered the Circular to Shareholders and the Report of the Directors prepared in terms of Section 220 of the Companies Act No.7 of 2007 dated 15th December 2023 and the explanations given by the Board of Directors hereby resolve –

“That the Directors of the Company be authorized to carry on the business of the Company to the best advantage of all Stakeholders of the Company.”

By Order of the Board

MARAWILA RESORTS PLC

CORPORATE MANAGERS & SECRETARIES (PRIVATE) LIMITED

Secretaries

Colombo.

18th December 2023

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)

Report of the Board of Directors to the Shareholders of Marawila Resorts PLC in compliance with the requirements of Section 220 of the Companies Act No. 7 of 2007.

Marawila Resorts PLC (MRPLC) was incorporated in 1992. The principal activity of the Company is carrying on the business of a Tourist Hotel, namely "Club Palm Bay", Marawila.

The Company has recorded a loss of Rs. 91.5Mn for the half year ended 30th September 2023 (Unaudited), as the first two quarters of the financial year falls during the off season for Sri Lankan tourism and the Company was not able to attract as envisaged, sufficient business at targeted room rates due to lack of tourist arrivals. The Company's accumulated losses as of 30th September 2023 has also escalated to Rs.1.119 Bn(Unaudited) as compared to Rs. 1.028 Bn as at 31.03.2023 (audited). Consequently, the Net Asset position of the Company as at 30th September 2023 amounted to Rs.720.36Mn. This has resulted in the ratio of Net Assets to its Stated Capital reducing to 46% which is below 50% of the Stated Capital. The said status has triggered Section 220 of the Companies Act No. 7 of 2007.

The Company decided to raise the room rates up to USD 120 during the winter season, in order to mitigate the existing losses. It is the usual practice every year to increase the rates during the winter season which would in turn improve revenue and profitability. The winter season which commenced in November, has garnered interest from Russian and French operators who have already made advance bookings at the aforesaid room rates. This development and the estimated profitability for the financial year 2023/2024 would have a positive impact in enabling a reduction of the accumulated losses and enhancing the equity of the Company which in turn would improve the Stated Capital to Equity Ratio.

Due to the current socio/political stability in the country, it is envisaged that the tourist arrivals from main markets such as Europe, China and Russia would increase during the winter season. We expect that this financial year would be a year of recovery for the hotel industry in Sri Lanka, which would enable the Company to record an improved performance.

Further subject to approval by the Shareholders being obtained at a General Meeting by way of a Special Resolution, the Board of Directors have resolved to restructure the Company's capital by means of a reduction to its Stated Capital without effecting any change to the number of issued and fully paid ordinary shares. The Company's Stated Capital which is Rs. 1,565,346,778/- represented by 351,923,389 ordinary shares is to be reduced to Rs. 550,000,000/- represented by 351,923,389 ordinary shares.

The accumulated losses of the Company as of 31st March 2023 being Rs. 1,028,287,057/- (as per the Audited Financial Statements for the year ended 31st March 2023) such aforesaid reduction will be effected by writing off the accumulated losses of the Company against its stated capital to the extent of a sum of Rs. 1,015,346,778/-.

A positive outcome arising from the aforementioned strategies and due implementation of the proposal set out above would enable Marawila Resorts PLC to overcome and maintain the required ratio of 50% in compliance with the provisions of the Companies Act No.7 of 2007.

By Order of the Board
MARAWILA RESORTS PLC
CORPORATE MANAGERS & SECRETARIES (PVT) LIMITED
Secretaries

Colombo
15th December 2023

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 24th January 2024, and at any adjournment thereof and at every poll which may be taken in consequence thereof.

*In favour of The Ordinary 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's Secretaries along with the Form of Proxy.

MARAWILA RESORTS PLC
(Company No. PQ 198)

Registration Form

Participation at the Extraordinary General Meeting (AGM) of Marawila Resorts PLC on 24th January 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 :

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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 maraegm2024@cml.lk.