

LANKA MILK FOODS (CWE) PLC

Co. Reg. No. PQ 142



29th December 2023

Mr. Renuka Wijeyewardhane
Chief Regulatory Officer,
Colombo Stock Exchange,
04-01, West Block, World Trade Centre,
Echelon Square,
Colombo 01.

Dear Sir,

**LANKA MILK FOODS (CWE) PLC – TRANSFER OF SHARES HELD BY LANKA MILK
FOODS (CWE) PLC IN ITS SUBSIDIARY COMPANIES, TO ITS FULLY-OWNED
SUBSIDIARY LANKA DAIRIES (PRIVATE) LIMITED.**

In terms of the Section 09 of the Listing rules of the Colombo Stock Exchange ("CSE"), the Board of Directors of Lanka Milk Foods (CWE) PLC ("LMF" or "the Company") wishes to inform the CSE of the proposed transfer of the entirety of ordinary shares owned by the Company in four of its subsidiaries detailed below (collectively referred to as "the four subsidiaries") to Lanka Dairies (Private) Limited ("LDL"), a fully owned subsidiary of LMF, in pursuance of a proposal to restructure the group of companies under LMF (the "LMF Group") for the purpose of streamlining the ownership and operational structure of the companies within the LMF Group and to consolidate the dairy business value chain under one company with the intention to improve, develop and increase the production of fresh milk and milk-based products.

The four subsidiaries are;

1. Ambewela Products (Private) Limited
2. United Dairies Lanka (Private) Limited
3. Ambewela Livestock Company Limited
4. Pattipola Livestock Company Limited

The related party transaction to be carried out between LMF and LDL will amount to Sri Lankan Rupees Five Billion Ten Million (LKR 5,010,000,000) and the transaction will be effected on 29th December 2023. The total consideration of Sri Lankan Rupees Five Billion Ten Million (LKR 5,010,000,000) for the transfer of shares will be settled by LDL through the issuance of new shares in LDL to LMF at a price per share of Sri Lankan Rupees Ten (LKR 10) amounting to Five hundred and One million (501,000,000) shares. Upon completion of the transaction, the ultimate ownership of the four subsidiaries will continue to remain with LMF.

No. 579/1, Welisara, Ragama, Sri Lanka.

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94-11 2956263-5, 2956268-9

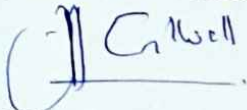
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lakspray@lmfgroup.lk

The aggregate value of the related party transactions with LDL for the seven months ended 31st October 2023 amounts to Sri Lankan Rupees One Million Nine Hundred and Thirty-Four Million (LKR 1,934,000,000) and the aggregate value of all non-recurrent related party transactions (including transactions with LDL) for the seven months ended 31st October 2023 amounts to Sri Lankan Rupees Five Billion Eight Hundred and Forty-Five Million (LKR 5,845 million).

The Related Party Transactions Review Committee of LMF has reviewed the transaction and is of the view that the transaction is on normal commercial terms and is not prejudicial to the interests of the company and its minority shareholders. The Related Party Transaction Review Committee is not obtaining an opinion from an independent expert prior to forming its view on the transaction.

Yours Faithfully,
LANKA MILK FOODS (CWE) PLC

A handwritten signature in blue ink, appearing to read 'H.K. Bulathwatte', is written over a horizontal line.

MS. H.K. BULATHWATTE
COMPANY SECRETARY