

SMB LEASING PLC

[Issue of 5,958,833,860 Ordinary Shares and 3,070,330,505 Non-Voting Ordinary Shares by way of a Rights Issue, to Infuse Equity Capital of Rs.2,454,031,511.60]

MANAGERS & REGISTRARS TO THE ISSUE

P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road, Colombo 08
Contact No. 011-4640360-3
Contact Person: Ms Shashikala De Mel

SMB LEASING PLC
[Company Registration No. PQ 91]
No. 282/1, CBS Building, Galle Road,
Colombo 03.

CIRCULAR TO SHAREHOLDERS

THIS DOCUMENT IS OF VALUE – *If you are in doubt as to the action you should take, you should consult your stockbroker or other professional adviser immediately.*

Dear Shareholder/s,

1.0 INTRODUCTION

- 1.1 Your Board, at their meeting held on 9th December 2020, **resolved**, to recommend to the shareholders, to raise a sum of Rupees Two Billion Eighty Five Million Five Hundred and Ninety One Thousand Eight Hundred and Fifty One (Rs.2,085,591,851/-), by the Issue of 5,958,833,860 Voting Ordinary Shares, by way of a Rights Issue, at a price of Cents .35 per share in the proportion of five (05) new shares for every one (01) share held to the holders of Voting Ordinary Shares only, subject to the approval of the Central Bank of Sri Lanka (CBSL), the principle approval of the Colombo Stock Exchange (CSE) and the approval of both Voting Ordinary and Non-Voting Ordinary Shareholders, in order to invest further capital in the Company.
- 1.2 Based on an application made by the Company pursuant to such decision of the Board, the Company on 3rd February 2021, received approval from the CBSL in terms of the Finance Leasing (Structural Changes) Directions No. 03 of 2011, to infuse fresh capital to the Company, by way of a Rights Issue.
- 1.3 The Company on 5th February 2021 made an Announcement on the Trading Floor of the CSE on the proposed Rights Issue to the Voting Ordinary Shareholders in terms of CSE Rule 5.2b.
- 1.4 The issue and listing of shares by way of a Rights Issue being subject to the CSE approving an application for the issue and listing of shares to be made by the Company, in terms of Rule 5.2c and obtaining shareholder approval at a General Meeting in terms of Rule 5.2a, the Company made an Additional Listing Application to the CSE on 16th February 2021.
- 1.5 Subsequent to processing the application, the CSE on 12th day of April 2021 granted to the Company, approval in principle, to issue and list the new shares, subject to other conditions as set out therein which included the Company obtaining the approval of the shareholders at an Extraordinary General Meeting of the Company in terms of Rule 5.2a.
- 1.6 Accordingly 5,958,833,860 Voting Ordinary Shares will be issued to the holders of Voting Ordinary Shares in the proportion of Five (05) new Shares for every One (01) share held at a Price of Cents Thirty Five (Cts.35) per share. The total amount to be raised from the Voting Ordinary Shareholders would be Rs.2,085,591,851/-.
- 1.7 An Extraordinary General Meeting of the Ordinary Voting Shareholders has been convened to be held on 07th day of May 2021 for such purpose, as morefully set out in the attached Notice of Extraordinary General Meeting.

- 1.8 The Board further resolved on 10th March 2021, in principle, subject to the approval of the CBSL, to issue shares by way of rights to the Ordinary Non-Voting Shareholders as well, on the basis of Five (05) shares for One (01) share held at a price of Cents Twelve (Cts .12) per share. The application made to the CBSL for their approval to proceed with such issue, was approved by the CBSL on 29th March 2021.
- 1.8.1 The Company on 30th March, 2021 made an Announcement on the Trading Floor of the CSE on the proposed Rights Issue to the Ordinary Non-Voting Shareholders in terms of CSE Rule 5.2b.
- 1.8.2 The issue and listing of shares by way of a Rights Issue being subject to the CSE approving an application for the issue and listing of shares to be made by the Company, in terms of Rule 5.2c and obtaining shareholder approval at a General Meeting in terms of Rule 5.2a, the Company made an Additional Listing Application to the CSE on 02nd April, 2021.
- 1.8.3 Subsequent to processing the application, the CSE on 12th day of April 2021 granted to the Company, approval in principle, to issue and list the new Non-Voting Ordinary Shares, subject to other conditions as set out therein which included the Company obtaining the approval of the shareholders at an Extraordinary General Meeting of the Company in terms of Rule 5.2a.
- 1.8.4 Accordingly 3,070,330,505 Shares will be issued to the Non-Voting Ordinary Shareholders in the proportion of Five (05) new Shares for every One (01) share held at a Price of Cents Twelve (Cts.12) per share. The total amount to be raised from the Non-Voting Ordinary Shareholders would be Rs.368,439,660.60
- 1.8.5 An Extraordinary General Meeting of the Non-Voting Ordinary Shareholders have been convened to be held on 07th day of May 2021 for such purpose, as morefully set out in the attached Notice of Extraordinary General Meetings.
- 1.9 Shareholders who are unable to attend the Meeting in person are kindly requested to complete the enclosed Form of Proxy, in accordance with the instructions specified therein and deposit the same at the registered office of the Company at No. 282/1, CBS Building, Galle Road, Colombo 03, not less than 48 hours, before the time appointed for the commencement of the Meeting.

2.0 ISSUE OF ORDINARY VOTING SHARES BY WAY OF RIGHTS ISSUE

- 2.1 In terms of the Board Resolutions as referred to in 1.2 and 1.7 above, immediately after the Meetings of both Ordinary Voting and Ordinary Non-Voting Shareholders, as aforesaid upon the shareholders approving the Resolution set out in the attached respective Notices of Meetings, your Board would, provisionally allot 5,958,833,860 Voting Ordinary shares of the Company, by way of a Rights Issue, in the proportion of Five (05) Shares for every One (01) share, held by the Voting Ordinary Shareholders in the Register of Shareholders, holding 1,191,766,772, as at the 'Date of Entitlement' namely as at end of trading on 07th day of May 2021 (being the date of the EGM), at a price of Cents Thirty Five (Cts .35) per share, which price your Board considers fair and reasonable to the Company and to the existing shareholders of the Company and 3,070,330,505 Non Voting Ordinary shares of the Company, by way of a Rights Issue, in the proportion of Five (05) Shares for every One (01) share, held by the Non Voting Ordinary Shareholders in the Register of Shareholders, holding 614,066,101, as at the 'Date of Entitlement' namely as at end of trading on 07th day of May 2021 (being the date of the EGM), at a price of

Cents Twelve (Cents .12) per share, which price your Board considers fair and reasonable to the Company and to the existing shareholders of the Company

Based on the proportion of the share allotment, no fractions will arise.

Basis of allotment of new shares shall be:

Number of shares held by a shareholder as at end of trading on day of 2021 x 05 (new shares)
01 (old shares)*

2.2 The shareholders (Voting and Non-Voting) who are allotted provisionally Shares as aforesaid, shall be given a right to request for additional Shares, and the right to renounce their Entitlement to the Central Depository Systems (Pvt) Limited (CDS).

2.3 The Shares (Voting and Non-Voting as applicable), not subscribed for as at the last date of Acceptance specified in the Provisional Letters of Allotment will be deemed to have been declined and such declined Shares (Voting and Non-Voting as applicable), pooled together with rejected Letters of Acceptance and Registration due to them being invalid will be available for allotment at the same price to the shareholders (Voting and Non-Voting as applicable), applying for additional Shares on a pro rata basis to their existing shareholding (Voting and Non-Voting as applicable), and thereafter any shares left unsubscribed shall be allotted to third parties at the discretion of the Board. In making such further allotments of unsubscribed shares, the Company will comply with the timelines set out in Rule 5.2 of the Listing Rules.

2.4 The new Shares (Voting and Non-Voting as applicable), so provisionally allotted shall, upon acceptance and due payment having been received by the Company, rank *pari passu* in all respects with the existing Voting and Non-Voting as applicable of the Company including the right to participate in any dividend declared, only after the final allotment which shall be after the last date of acceptance and payment.

3.0 PURPOSE OF INCREASING EQUITY CAPITAL / UTILIZATION OF PROCEEDS / BENEFITS TO THE SHAREHOLDERS.

3.1 At present, the Company's operations are funded by equity funds and loan funds obtained from the banking sector. Since the fully subscribed rights issue in 2010, the Company has been fully relying on bank loans to fund its lending operations and the average cost of funds have increased over the years. At the beginning of 2021, the Company had loan funds of Rs. 500 million from the banking sector. However, with the leasing and loan lending rates in the banking and non-banking sectors coming down, the Company revisited its cost of funds structure and decided that it is appropriate to raise capital via a rights issue to finance its lending operations and expand its lease, loan, and pawning portfolios giving a higher yield to the shareholders. The Company is of the view that the funds raised from the rights issue can be fully disbursed with the present organization structure and thus no additional overheads will be incurred. Therefore, the incremental yield from the portfolio expansion will directly have a positive impact on the net profit which will increase shareholder return in 2021 and beyond.

3.2 The principal purpose of increasing the stated capital of the Company by way of a rights issue is to raise equity to fuel the Company's lending operation and also strengthen the core capital of the

Company, in keeping with the Company's expansion plan. With the proposed capital infusion of Rupees Two Billion Four Hundred and Fifty Million Thirty One Thousand Five Hundred and Eleven and Cents Sixty (Rs.2,454,031,511.60) the total stated capital of the Company will increase to Rupees Three Billion Three Hundred Seventy Three Million Ninety Five Thousand Six Hundred and Twenty Five and Cents Sixty (Rs.3,373,095,625.60) . Your Board is of the view that the increased stated capital, in addition to providing leverage for a significantly higher return for shareholders and facilitating portfolio expansion plans for the Company, would also qualify the Company to be in par with licensed finance companies in terms of core capital as the capital of the Company, upon the completion of the rights issue, is expected to surpass the new capital adequacy requirement of Rupees Two Billion Five Hundred Million (Rs.2,500,000,000/-) stipulated by the Central Bank of Sri Lanka for licensed finance companies by 1st January 2022.

3.3 The rights issue proceeds will be utilized to expand the lease, loan, and pawning portfolios of the Company thereby ensuring a higher return to the shareholders by end of 2021. With the current operating structure, the Company has capacity to disburse 300 million in a month and the funds raised from the rights issue can be disbursed within 6 months. During the aforementioned period of utilization, the monies will be deposited in fixed deposits with commercial banks licensed by the CBSL, and the Company expects a Rate of Return of Four percent (4%) based on the current rates or at the rates prevailing at the time of closing the Rights Issue, on such investments made. In order to expedite the disbursement of the funds raised from the rights issue, the management is in the process of finalizing a memorandum of understanding with a commercial vehicle supplier to fast track disbursements pertaining to the leasing portfolio.

3.4 No part of the funds raised are expected to be lent to related parties, provided however, if in the event that any part of the funds are lent to the related parties, such lending would be at arm's length and the Company will ensure it follows the requirements set out in detail by CBSL, and the relevant sections of the Listing Rules of the CSE. The Company's Related Party Transactions Review Committee consists of Three (03) Independent Non-Executive Directors. The members of the Committee are:

Mr. M. S. A. Wadood	- Independent Non-Executive Director, Committee Chairman
Mr. A. T. S. Sosa	- Independent Non-Executive Director
Mr. T. M. Wijesinghe	- Independent Non-Executive Director

3.5 The Board is confident that the funds raised will be utilized within 6 months, in the areas outlined in 3.2, above, based on the Company's expansion plan and therefore the Management is confident that there is no risk, in the Company, not being able to invest the said funds within the expected time frame.

3.6 The Company undertakes in all future Interim and/or Annual Financial Statements, to continue to disclose the progress of the utilization of proceeds from the date of raising funds, until the Rights Issue funds are fully utilized to achieve the objectives stated in the Circular, in the format referred to below:

Rights Issue proceeds utilization as at [Date] [Month] [Year]

Objective	Objective as per Circular	Amount allocated as per Circular in Rs.	Proposed Date of Utilization as per Circular	Amount allocated from proceeds in Rs. [A]	% of Total Proceeds	Amount Utilized in Rs. [B]	% of Utilize against allocation [B/A]	Clarification if not fully Utilized including where the funds are invested (eg. whether lent to related party/s etc)

Important Note:

Proceeds of the Rights Issue are utilized in terms of the Objectives disclosed in the Circular to Shareholders.

In the event the funds raised through the Rights Issue have been fully utilized by the Company as disclosed in this Circular, between two financial periods, the Company shall disclose such fact in the immediate succeeding Annual Report or the Interim Financial Statement, whichever is published first, in the above reporting format.

If there are any changes in circumstances which may occur and the proceeds are not utilized as proposed, the Company may utilize the funds appropriately subject to obtaining approval from shareholders.

If the Company does not utilize the funds for the stated Objective herein, a market announcement to this effect will be made prior to seeking approval from the Shareholders.

4.0 CAPITAL STRUCTURE

The current Stated Capital of the Company is Rupees Nine Hundred Nineteen Million and Sixty Four Thousand One Hundred and Fourteen (Rs.919,064,114/-), represented by 1,191,766,772 shares.

Given below is the Capital Structure of the Company, pre and post Rights Issue (based on a full subscription).

	Pre Rights Issue	Proposed Rights Issue	Post Proposed Rights Issue
Number of Voting Ordinary Shares	1,191,766,772	5,958,833,860	7,150,600,632
Number of Non-Voting Ordinary Shares	614,066,101	3,070,330,505	3,684,396,606
Value (Rs.)	919,064,114	3,373,095,625.60	4,603,460,720

There is no specific requirement to obtain the approval of any regulators other than the CBSL and the CSE for this Rights Issue.

5.0 MARKET PRICE OF SHARES

5.1 The high, low and closing prices of the Voting Ordinary Shares of the Company during the three months preceding this Application, are as follows:

Month	High (Rs.)	Low (Rs.)	Closing (Rs.)	Volume of Ordinary Voting Shares traded	No. of trades
January, 2021	1.50	0.60	1.30	169,273,448	2,681
February, 2021	1.40	0.40	0.60	53,542,606	1,512
March, 2021	0.60	0.40	0.50	12,081,711	425

Closing Market price of the Company's Voting Ordinary Shares as of the date of printing the Circular, namely 12th day of April 2021 was Rs. 0.50

5.2 The high, low and closing prices of the Non Voting Ordinary Shares of the Company during the three months preceding this Application, are as follows:

Month	High (Rs.)	Low (Rs.)	Closing (Rs.)	Volume of Non Voting Ordinary Shares traded	No. of trades
January, 2021	0.70	0.30	0.60	206,646,167	2,388
February, 2021	0.60	0.20	0.30	119,500,544	1,622
March, 2021	0.40	0.20	0.30	15,196,598	545

Closing Market price of the Company's Non-Voting Ordinary Shares as of the date of printing the Circular, namely 12th day of April 2021 was Rs.0.30

6.0 DIVIDEND HISTORY FOR THE PREVIOUS THREE (03) YEARS

The Company paid 2 Cents dividend per Rupees 1 share in 2018, in respect of both Voting and Non-Voting Shares. During the last two financial years, namely 2019 and 2020 the Company has not paid any dividend.

7.0 CONTINGENT LIABILITIES

There has not been any material change in the nature of contingent liabilities as disclosed in the Company's interim financial statements as at 31st December 2020.

8.0 UNDERWRITING ARRANGEMENTS

The Issue is not underwritten. The Board and management however are confident that the major shareholders would subscribe for their entitlement. However no commitment has been made by the Major Shareholders confirming their level of subscription.

If however, in the unlikely event of the issue being undersubscribed, the main purpose of the issue being the expansion of the company's lending operations and also strengthening the core capital of the Company, in keeping with the company's expansion plans, the Company would be compelled to limit the expansion programme, upto the amount raised.

9.0 APPLICATION FOR RIGHTS AND PROVISIONAL ALLOTMENT

As stated elsewhere in this Circular, the 5,958,833,860 Voting Ordinary Shares and 3,070,330,505 Non-Voting Ordinary Shares will be provisionally allotted immediately after the Ordinary Non-Voting and Ordinary Voting Shareholders, at their respective Extraordinary General Meetings to be held on 07th day of May 2021 approving the Resolution/s to issue shares as recommended by the Board to the Ordinary Voting Shareholders and the Non-Voting Ordinary Shareholders (respectively) in the Register of Shareholders as at end of Trading on **07th day of May 2021** (Date of Entitlement / Date of the EGM) on the Rights.

The Provisional Letters of Allotment will be dispatched on **17th day of May 2021**.

Trading of the "Rights" shall commence on the Fourth (4th) Market Day from and excluding the date of dispatch of Letters of Provisional Allotment. Such trading shall continue throughout the period of renunciation to the CDS (**From 21st day of May 2021 to 1st day of June 2021**)

The last date for acceptance and payment shall be **02nd day of June 2021**.

Application for additional Shares (Voting Ordinary Shares and Non-Voting Ordinary Shares respectively) will be permitted. However, such additional Shares will be available for allotment only in the event any of the existing shareholders (Voting Ordinary Shares and Non-Voting Ordinary Shares respectively) do not take up their rights entitlement in part or in full or if the Letter of Acceptance and Registration is rejected by the Company as being invalid. The Shares not subscribed for as at the last day of acceptance specified in the Provisional Letter of Allotment will be deemed to have been declined and such declined shares pooled together with shares of Applicants whose Applications have been rejected, will be allotted at the same price to the shareholders applying for additional Shares, On a pro rata basis to their existing shareholding, and thereafter any shares left unsubscribed shall be allotted to such third parties, at the discretion of the Board. However, in making such further allotments of unsubscribed shares, the Company will comply with the timelines set out in Rule 5.2 of the Listing Rules.

The Shares arising from the Rights Issue would be directly deposited to the respective shareholder's CDS Accounts within twelve (12) market days from the last day of acceptance and payment. Shareholders/Applicants who do not have a CDS Account are advised to open a CDS Account, prior to submitting the completed Form 'A' in order to facilitate the uploading of the Shares allotted to them.

The new shares will commence trading on **22nd day of June 2021**, or at an earlier date subject to the Company complying with the relevant Listing Rules pertaining to the Rights Issue.

10.0 ADDITIONAL INFORMATION

10.1 Impact of Covid-19 on the Company.

On March 11, 2020, the World Health Organization declared Covid-19 as a global pandemic situation. This had a significant effect to the economy of Sri Lanka which in turn adversely affected the Company's business operations. Subsequent to an island wide curfew that was imposed in March 2020, the Government declared a work from home period for businesses other than essential services. As a result majority of businesses were at a near standstill.

After majority of businesses were in the track of been restored to normalcy, the second wave of Covid-19 hit the Sri Lankan economy in October 2020. However, the Government decided not to lockdown the country this time. As a result, the businesses operated in a reduced scale.

At present the vaccination programme that is been carried out by the Government has had a positive impact by reducing the number of daily reported Covid cases.

Subsequent to the initial outbreak of Covid-19, the Company provided relief to its customers in-line with the directions issued by CBSL. Further, the Company strictly adhered to the guidelines issued by the Government and the Central Bank of Sri Lanka (CBSL) when conducting business operations and reduced its operational cost by 14%. The Company had to differ interest income of Rs. 70 Million from 2020 to 2021 due to the debt moratorium granted under CBSL Directions.

The Company had adequate liquid assets and a strong Balance Sheet to weather the adverse impact of the Covid-19 pandemic. In 2020, the Company assessed whether there is any probability of Covid-19 having an impact on its going concern assumption and determined that based on the available information and management's best judgement that there is no impact on the going concern of the Company in 2020.

From the beginning of 2021 the Company started collecting interest income that was differed in 2021. At present, the impact of Covid-19 has eased off and the Company is now operating at an optimum level with adequate resources.

10.2 The Top 20 Shareholders holding Voting Ordinary Shares as at 31st March 2021.

	Name	No. of shares	% of holding
1	Sampath Bank PLC/Dr. T. Senthilverl	268,705,956	22.547
2	Mr. H.R.S. Wijeratne	194,882,451	16.352
3	Standard Chartered Bank Singapore S/A HL Bank Singapore Branch	104,342,620	8.755
4	Seylan Bank PLC/Senthilverl Holdings (Pvt) Ltd	85,805,393	7.200
5	Mr W Gunarathne	20,316,206	1.705
6	Commercial Bank of Ceylon / Andaradeniya Estate (Pvt) Ltd	16,470,674	1.382
7	Mr. R. Gautam	15,300,000	1.284
8	Seylan Bank PLC/ Jayantha Dewage	15,157,671	1.272
9	Mr. H.K. Pushpakumara	15,138,694	1.270
10	Mrs. S.A. Gamage	14,000,000	1.175
11	Sampath Bank PLC /Mr. Arunasalam Sithampalam	13,500,000	1.133

12	Sinharaja Hills Plantation (Pvt) Limited	13,000,000	1.091
13	Mrs. S.A. Fernando	10,127,552	0.850
14	Mutiara Holdings (Private) Limited	10,000,000	0.839
15	Ghazaly Group International (Private) Limited	10,000,000	0.839
16	Mr. M.S.S. Ghazaly	10,000,000	0.839
17	Hatton National Bank PLC / Weththinge Jinadasa	9,833,704	0.825
18	Miss. W.N.C. Fernando	8,449,687	0.709
19	Mr. A.A.T.S. Amarasinghe	8,000,000	0.671
20	Miss. A.C. Jayasinghe	7,454,668	0.626
	Total of top 20 shareholders	850,485,276	71.363
	Others	341,281,496	28.637
	Total	1,191,766,772	100.000

10.2.1 The Top 20 Shareholders holding Non-Voting Ordinary Shares as at 31st March 2021.

	Name	No. of shares	% of holding
1	Mr. R. Gautam	48,200,000	7.849
2	Sampath Bank PLC / Dr. T. Senthilverl	40,171,815	6.542
3	Mr. H.K. Pushpakumara	31,397,336	5.113
4	Mr. M.L.A. Benedict	17,734,100	2.888
5	Seylan Bank PLC / Jayantha Dewage	16,521,480	2.691
6	Maskeliya Tea Exports (Pvt) Ltd	12,500,000	2.036
7	Waldock Mackenzie Ltd / Mrs. S.A. Gulamhusein	11,429,880	1.861
8	Mr. K.A.D.A. Meththasena	8,500,029	1.384
9	Hatton National Bank PLC / Anuja Chamila Jayasinghe	8,000,000	1.303
10	Mr. N.W.N. Jayasiri	7,015,000	1.142
11	Seylan Bank PLC / Senthilverl Holdings (Pvt) Ltd	6,987,400	1.138
12	Mr. S.D. Divakarage	6,670,666	1.086
13	DFCC Bank PLC / T.L. Samarawickrama	6,000,000	0.977
14	People's Leasing & Finance PLC / Dr. H.S.D. Soysa & Mrs. G. Soysa	5,683,059	0.925
15	Hatton National Bank PLC/Ruwan Prassana Sugathadasa	5,589,995	0.910
16	Mr. J.J. Ravindran	5,240,000	0.853
17	Mr. W.J.D. Benedict	5,100,000	0.831
18	Commercial Bank of Ceylon PLC / Andaradeniya Estate (Pvt) Ltd	5,000,000	0.814
19	Acuity Partners (Pvt) Limited/Mr. S.N.M. Semasinghe	4,997,932	0.814
20	Sampath Bank PLC/Mr. Abishek Sithampalam	4,869,460	0.793
	Total of top 20 shareholders	257,608,152	41.951
	Others	356,457,949	58.049
	Total	614,066,101	100.000

10.2.2 The Public Float percentage for Voting Ordinary Shares as at 31st March, 2021 was 83.65% and The Public Float percentage for Non-Voting Ordinary Shares as at 31st March, 2021 was 100%

10.3 Shareholders attention is drawn to the, Audited Financial Statements of the Company for the year ended 2019 and the unaudited Financials for the first three quarters of 2020 which are hosted on the CSE Website (www.cse.lk) and Company web site (www.smbk.com).

11.0 GENERAL INSTRUCTIONS FOR THE RIGHTS ISSUE

- 11.1 As per the Directive of the Securities & Exchange Commission ('SEC') made under Circular No. 08/2010 dated November 22, 2010 and Circular No. 13/2010 issued by the CDS dated November 30, 2010 all Shares arising from the Rights Issue shall be directly uploaded to the CDS Accounts.

Pursuant to a Direction issued by SEC pertaining to the de-materialization of listed securities, the Shareholders who hold shares in Scrip form (i.e. Share Certificates) as per the Register maintained by the Secretaries to the Company **will not be issued Share Certificates in their favour.**

The Shares of Shareholders, who do not indicate a correct/accurate CDS Account Number in the documents provided, will not be uploaded on the date specified for upload by the Rules of the CSE. They will be registered in the share ledger maintained by the Company and **will not be issued Share Certificates.** Such Shareholders would not be able to trade in the Shares arising from the Rights Issue, until, such time the same has been deposited with the CDS. **Therefore please ensure strict adherence to the Directive issued by the SEC.**

- 11.2 In the allotment of Shares, the Ordinary Voting shareholding of each shareholder, as appearing in the CDS and the Shareholders Register maintained by the Company will be aggregated, in so far as the National Identity Card Number of such shareholders are available with the Company for the identification purposes.

If there is a discrepancy between the CDS information given in the attached Form / Form 'A', Letter of Acceptance and Registration **and** the CDS Account Number maintained at the CDS, the number maintained at the CDS will be taken as correct.

- 11.3 If you do have a CDS Account and your existing Ordinary Voting Shares are not lodged in the said CDS Account/ or you propose to open a CDS Account prior to **07th day of May 2021**, you are advised to lodge your Shares prior to such date.

Please note, when uploading new shares arising from the proposed Rights Issue to your CDS Account, such Shares would be lodged based on the Account details given by you to the Company in the Letter of Acceptance and Registration that would be dispatched to you, together with the Provisional Letter of Allotment. The said Form makes provision for you to indicate as to whether the Shares are to be lodged in the Trading balance/Locked balance (as applicable). If there is no indication the shares will be lodged into the trading balance.

As stated above shareholders whose existing Ordinary Voting Shares are not lodged in the CDS, Certificates in respect of the Rights will not be issued. They are required to open a CDS Account and inform the Secretaries of their CDS Account details in order to upload their Shares arising from the Rights Issue. Direct uploads pertaining to written request received from shareholders, to deposit such Shares after the time for uploading of the shares in terms of the Rules will be done on a weekly basis.

- 11.4 **Non Resident Shareholders** – Non Resident Shareholders are required to make payments for rights through their Securities Investment Account (SIA), [or Inward Investment Account (IIA) as the case may be] If the payment is not made out of a SIA (or IIA), but out of an inward remittance or remittable funds, the approval of the Director, Department of Foreign Exchange, Central Bank of Sri Lanka, to make such payments must accompany the Letter of Acceptance

and Registration and the Application for Additional Shares (as applicable), more details will be set out in the Provisional Letter of Allotment which would be dispatched to the Shareholders, once the Rights Issue is approved by the Shareholders at the meeting of the shareholders to be convened by the Company.

- 11.5 **Additional Details and Assistance** – Shareholders who may require additional details or assistance in relation to any of the above mentioned matters may contact, Ms. Shashikala De Mel of P W Corporate Secretarial (Pvt) Ltd, on Telephone No.4640360-3
- 11.6 The listing of the Shares by the CSE will in no way be reflective of the merits of the issue. The CSE assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports included.
- 11.7 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
SMB Leasing PLC**

(Sgd) Anusha Wijesekara

**P W Corporate Secretarial (Pvt) Ltd
Secretaries**

On this 15th day of April 2021.