

SUNSHINE HOLDINGS PLC

CIRCULAR TO THE SHAREHOLDERS

Dear Shareholders,

THE ACQUISITION OF SHARES IN SUNSHINE HEALTHCARE LANKA LIMITED AND ISSUE OF ORDINARY VOTING SHARES BY WAY OF A SHARE SWAP AS CONSIDERATION FOR THE ACQUISITION

As disclosed in the announcement made to the Colombo Stock Exchange on 23rd March 2022, the Board of Directors of Sunshine Holdings PLC (the “**Company**”) has decided to acquire, subject to obtaining the necessary corporate and regulatory approvals therefor, the balance 28% of the issued shares of Sunshine Healthcare Lanka Limited (“**SHL**”) which is not already owned by the Company.

1. Acquisition of a shares in SHL

The Company will, under the proposed transaction, acquire Three Million Eighty Nine Thousand One Hundred and Fifty Nine (3,089,159) ordinary shares in SHL currently held by Akbar Brothers (Private) Limited (the “**Selling Shareholder**”) for the total consideration value of Sri Lanka Rupees Two Billion Five Hundred and Ninety Eight Million Six Hundred and Seventy Nine Thousand Two Hundred (LKR 2,598,679,200) (the “**Purchase Consideration**”). The Purchase Consideration will be paid by the Company to the Selling Shareholder through the issue of shares in the Company to the Selling Shareholder, for the said value of Sri Lanka Rupees Two Billion Five Hundred and Ninety Eight Million Six Hundred and Seventy Nine Thousand Two Hundred (LKR 2,598,679,200). The Selling Shareholder is not a related party to the Company as per the definition of the term in the Listing Rules of the Colombo Stock Exchange and the Sri Lanka Accounting Standards.

For the purpose of the proposed transaction, SHL’s equity was valued at LKR 841.22 per ordinary share using the Discounted Cash Flow Approach. The equity valuation of SHL was based on the total equity value considered for the merger transaction that occurred between the healthcare arm of SUN Group and that of Akbar Brothers (Private) Limited (“**AB**”) on December 17, 2020 (“**Merger Transaction**”). SUN Group and its advisors believe that this valuation remains fair and reasonable due to the fact that the Merger Transaction was completed fairly recently.

The Company currently owns 72% of the shares of SHL and accordingly, pursuant to the proposed transaction, SHL will become a wholly owned subsidiary of the Company.

Akbar Brothers (Private) Limited

The Selling Shareholder, incorporated on 19th April 1972, is a well diversified conglomerate engaged in the business of tea, sustainable power generation, healthcare, packaging, property development and environmental services in Sri Lanka.

The current top shareholders of the Selling Shareholder are as follows:

- (i) Tyeabally Abbasally Akbarally
- (ii) Alefiya Akbarally
- (iii) Shabbir Inayetally Akbarally
- (iv) Huzefa Inayetally Akbarally
- (v) Inayetally Akbarally
- (vi) Mansoor Abbasally Akbarally
- (vii) Ali Asgar Abbasally Akbarally
- (viii) Hatim Abbasally Akbarally
- (ix) Farida Akbarally
- (x) Hussain Akbarally
- (xi) Shiraz Akbarally
- (xii) Shireen Akbarally

The current directors of the Selling Shareholder are as follows:

- (i) Inayetally Akbarally- Chairman (Non-Executive Director)
- (ii) Farida Akbarally (Executive Director)
- (iii) Tyeabally Abbasally Akbarally – MD (Executive Director)
- (iv) Ali Asgar Abbasally Akbarally (Executive Director)
- (v) Hatim Abbasally Akbarally (Executive Director)
- (vi) Huzefa Inayetally Akbarally (Executive Director)
- (vii) Shabbir Inayetally Akbarally (Executive Director)
- (viii) Mansoor Abbasally Akbarally (Executive Director)
- (ix) Alefiya Akbarally (Executive Director)
- (x) Hussain Akbarally (Executive Director)
- (xi) Shiraz Akbarally (Executive Director)
- (xii) Imran Akbarally (Executive Director)

2. Issue of ordinary voting shares in the Company by way of a share swap, to the Selling Shareholder

Pursuant to the above, the Board has decided to issue, subject to obtaining the necessary corporate and regulatory approvals, permissions, consents and authorizations therefor, Forty Three Million Three Hundred and Eleven Thousand Three Hundred and Twenty (43,311,320) ordinary voting shares of the Company (the “**SHP Shares**”), by way of a share swap, to the Selling Shareholder, in consideration of the transfer by the Selling Shareholder to the Company of Three Million Eighty Nine Thousand One Hundred and Fifty Nine (3,089,159) ordinary shares in SHL.

The Board has, for purposes of section 58(2) of the Companies Act No. 7 of 2007 (the “**Companies Act**”), determined the total cash value of the Three Million Eighty-Nine Thousand One Hundred and Fifty Nine (3,089,159) ordinary shares in SHL in consideration of which the SHP Shares will be issued by the Company to the Selling Shareholders, to be Sri Lanka Rupees Two Billion Five Hundred and Ninety Eight Million Six Hundred and Seventy Nine Thousand Two Hundred (LKR 2,598,679,200). Accordingly, the cash value of the consideration for which each of the SHP Shares will be issued by the Company is Sri Lankan Rupees Sixty (LKR 60.00). The said cash value Sri Lankan Rupees Sixty (LKR

60.00) per share has been determined by the Board on the basis of a sum-of-the-parts valuation of SHP conducted by Asia Securities advisors (Pvt) Ltd (ASA) and presented to the Company's Investment committee on 11th March 2022.

ASA derived the fair valuation of SHP by valuing each individual business segment of the company through a combination of Discounted Cash Flow (DCF) approach and Multiples based approach (EV/EBITDA). The DCF approach derived a total SHP value of LKR 26.2 Billion at per share price of LKR 57.07 and EV/EBITDA method resulted in a total SHP value of LKR 26.1 Billion at a per share price of LKR 54.22. Accordingly, the subscription price of LKR 60.00 was determined at a price premium of 5.1% to the DCF approach and 10.7% to the EV/EBITDA approach.

Each of the SHP Shares will, upon the issue thereof, rank *pari passu* in all respects with the existing ordinary voting shares of the Company with a right to (i) one vote on a poll at a meeting of the Company on any resolution, (ii) an equal share in dividends paid by the Company and (iii) an equal share in the distribution of the surplus assets of the Company on liquidation.

The SHP Shares will be directly deposited in securities accounts maintained by the Selling Shareholder with the Central Depository Systems (Private) Limited, within five (5) market days (excluding the date of allotment) from the issue of the SHP Shares.

3. The benefit of the acquisition of shares in SHL to the existing shareholders and the Company

The Company is the parent company of SHL and pursuant to the acquisition of SHL, the Company will be the sole shareholder of SHL.

SHL is a company incorporated under the laws of Sri Lanka and is a fully integrated healthcare company, that covers the total supply chain of research and development, manufacturing, import, retail and distribution, to provide world-class healthcare products across Sri Lanka.

The objective of the acquisition is to consolidate returns from the Healthcare sector which is one of the core sectors of the Group, accounting for 54% of Group revenue in 9MFY22. Furthermore, the management will get total control due to the cessation of the SHA with the former JV partner, allowing more flexibility to execute on planned strategies and increase return to shareholders of Sunshine Holdings PLC in the medium to long term.

The current directors of SHL are as follows:

- (i) Shyam Govind Sathasivam
- (ii) Govindsamy Sathasivam
- (iii) Asite Drupath Bandara Talwatte
- (iv) Harsha Duminda Abeywickrama
- (v) Damian Amal Cabraal
- (vi) Sanjeev Shishoo
- (vii) Moderage Marian Janek Waas Jayasekara

- (viii) Shiraz Akbarally
- (ix) Sudarshan Jain

4. Capital structure of the Company

The total number of issued ordinary voting shares of the Company following the issue of SHP Shares will be four hundred and ninety one million nine hundred and seventy three thousand six hundred and twenty nine (491,973,629) (the “Total Post Issue Shares”) and the SHP Shares which are to be issued to the selling shareholder will amount to eight decimal eight zero percent (8.80%) of the Total Post Issue Shares.

The stated capital of the Company at present is Sri Lanka Rupees One Billion Six Hundred and Forty One Million Seven Hundred and Fifteen Thousand Two Hundred and Forty Seven (LKR 1,641,715,247). and pursuant to the issue of the SHP Shares, the stated capital of the Company will increase to Sri Lanka Rupees Four Billion Two Hundred and Forty Million Three Hundred and Ninety Four Thousand Four Hundred and Forty Seven (LKR 4,240,394,447).

The public shareholding (as defined in the Listing Rules) of the Company at present is 35.7% and pursuant to the issue of the SHP Shares, the public shareholding of the Company will be 32.6%.

The top twenty (20) shareholders of the Company as at 29th April 2022 are as follows:

	Name	No. of shares	%
1	LAMUREP INVESTMENTS	271,454,139	60.5%
2	DEEPCAR LIMITED	44,866,231	10.0%
3	CEYLON PROPERTY DEVELOPMENT LIMITED	10,915,876	2.4%
4	MR. V.GOVINDASAMY	6,079,500	1.4%
5	AKBAR BROTHERS PVT LTD A/C NO 1	4,766,716	1.1%
6	HATTON NATIONAL BANK PLC/SUBRAMANIAM VASUDEVAN	4,431,811	1.0%
7	NUWARA ELIYA PROPERTY DEVELOPERS (PVT) LTD	4,153,250	0.9%
8	SAMPATH BANK PLC/MR. GERARD SHAMIL NIRANJAN PEIRIS & MRS. INDRANI ROSHANI PEIRIS	2,919,617	0.7%
9	R. K.A.S.R.NISSANKA	2,501,180	0.6%
10	CITIBANK NEWYORK S/A NORGES BANK ACCOUNT 2	2,376,134	0.5%
11	SEYLAN BANK PLC/CAPITAL TRUST HOLDINGS LIMITED	2,344,547	0.5%
12	HATTON NATIONAL BANK PLC-SEFIN GROWTH FUND	2,019,084	0.5%
13	HATTON NATIONAL BANK PLC/RATNASABAPATHY IYER SHANMUGASARMA	1,851,339	0.4%
14	PERERA AND SONS BAKERS PVT LIMITED	1,500,000	0.3%
15	CAPITAL TRUST HOLDINGS LTD	1,207,559	0.3%
16	COMMERCIAL BANK OF CEYLON PLC/METROCORP (PVT) LTD	1,150,000	0.3%
17	GF CAPITAL GLOBAL LIMITED	1,102,154	0.2%
18	CODE-GEN INTERNATIONAL PVT LTD	1,100,000	0.2%
19	DFCC BANK PLC/L.C.A. LANKESHWARA	1,100,000	0.2%
20	RUBBER INVESTMENT TRUST LTD A/C NO 01	1,028,224	0.2%
	OTHER	79,794,948	
	Total	448,662,309	

5. Market Price of Shares

The highest, lowest and closing prices of the Company's shares for the preceding three (03) months are given below:

Month	Highest Price (LKR)	Lowest Price (LKR)	Closing Price (LKR)
April 2022	39.80	25.00	33.50
March 2022	54.40	35.00	36.60
February 2022	64.00	39.60	50.00

6. Dividend History

The dividend history of the Company for last three (3) years is as follows:

Dividends Paid (Gross) - LKR	2019	2020	2021
Cash Dividends	186,942,629	112,165,577	373,885,258
Scrip Dividends	None	None	None
Total Dividends	186,942,629	112,165,577	373,885,258
Dividend Payout Ratio % (Dividends/Net Profit after Tax)			
Cash Payout Ratio	70.2%	35.0%	43.0%
Scrip Payout Ratio	N/A	N/A	N/A
Total Payout Ratio	70.2%	35.0%	43.3%
Dividend per share - LKR			
Cash	1.25	0.75	0.83
Scrip	N/A	N/A	N/A
Total	1.25	0.75	0.83

7. Compliance with the law

(i) **Compliance with the provisions of the Listing Rules of the Colombo Stock Exchange**

The Company has taken all necessary steps to comply with all relevant provisions of Section 5 of the CSE Listing Rules in relation to the issue of the SHP Shares, including obtaining the approval, in principle by letter dated 25th April 2022 from the Colombo Stock Exchange for the issue and listing of the SHP Shares.

In terms of the Listing Rules, the issue of the SHP Shares requires the approval of the shareholders of the Company by special resolution.

(ii) **Compliance with the Companies Act**

In terms of section 52 of the Companies Act, the Board has decided that the SHP Shares will be issued in consideration of the transfer by the Selling Shareholders to the Company of Three Million Eighty Nine Thousand One Hundred and Fifty Nine (3,089,159) ordinary shares in SHL and has determined the cash value of such consideration, for purposes of

section 58(2) of the Companies Act, to be Sri Lanka Rupees Two Billion Five Hundred and Ninety Eight Million Six Hundred and Seventy Nine Thousand Two Hundred (LKR 2,598,679,200) amounting to a consideration per each share to be issued of Sri Lanka Rupees Sixty (LKR 60.00).

Further, in terms of section 52 of the Companies Act, the Board has resolved that in its opinion, the consideration for which the SHP Shares will be issued, viz., Three Million Eighty Nine Thousand One Hundred and Fifty Nine (3,089,159) ordinary shares. in SHL having a total cash value of Sri Lankan Rupees Two Billion Five Hundred and Ninety Eight Million Six Hundred and Seventy Nine Thousand Two Hundred (LKR 2,598,679,200) amounting to a consideration per each ordinary voting share to be issued of Sri Lanka Rupees Sixty (LKR 60.00) is fair and reasonable to the Company and to all existing shareholders of the Company.

(iii) Compliance with Articles of Association

Article 9 of the Articles of Association of the Company confers the power on the board of directors to issue shares of the Company to such person as it thinks proper without being subject to the any pre-emptive rights of the existing shareholders.

(iv) Applicability Company Take-overs and Mergers Code 1995

Given that the voting rights percentage of the Selling Shareholder pursuant to the issue of the SHP Shares will be eight decimal eight zero percent (8.80%), the issue of the SHP Shares will not trigger any obligation on the Selling Shareholder to make a mandatory offer under Rule 31 of the Company Take-overs and Mergers Code 1995 promulgated under the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 (the “Take-overs and Mergers Code”) or to make any disclosure under Rule 36 of the Code.

Attached hereto is the Notice of the Extraordinary General Meeting of the Shareholders of the Company to be held on 27th May 2022 to consider the special resolution to obtain the approval of the shareholders of the Company in terms of the Listing Rules.

BY ORDER OF THE BOARD
Corporate Services (Private) Limited
Secretaries
Sunshine Holdings PLC


Chief Executive Officer
CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

NOTICE OF MEETING

SUNSHINE HOLDINGS PLC

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the shareholders of Sunshine Holdings PLC (the “Company”) will be held online via a virtual platform on Friday, 27th May 2022 at 2.00p.m., for the purpose of considering and, if thought fit, passing the following resolution, as a special resolution:

IT IS HEREBY RESOLVED AS A SPECIAL RESOLUTION THAT the Company do issue Forty Three Million Three Hundred and Eleven Thousand Three Hundred and Twenty (43,311,320) ordinary voting shares of the Company, by way of a share swap, to Akbar Brothers (Private) Limited in consideration of the transfer by Akbar Brothers (Private) Limited to the Company of Three Million Eighty Nine Thousand One Hundred and Fifty Nine (3,089,159) ordinary shares in Sunshine Healthcare Limited, the total cash value of which has been determined by the board of directors of the Company in terms of section 58(2) of the Companies Act No. 7 of 2007 to be Sri Lanka Rupees Two Billion Five Hundred and Ninety Eight Million Six Hundred and Seventy Nine Thousand Two Hundred (LKR 2,598,679,200).

BY ORDER OF THE BOARD
Corporate Services (Private) Limited
Secretaries
Sunshine Holdings PLC


Chief Executive Officer
CORPORATE SERVICES (PRIVATE) LIMITED
Secretaries

Colombo, on this Thirtieth (30th) day of April 2022

Note:

Any shareholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote/speak in his/her stead and a form of proxy is sent herewith for this purpose. A proxy need not be a shareholder of the Company. A completed form of proxy must be deposited at the registered office of the Company, at No.60, Dharmapala Mawatha, Colombo 03 or e-mailed to coroprateservices@coroprateservices.lk **not less than 48 hours before the time appointed for the holding of the meeting.**

Meeting Guidelines

- (A) The meeting is to be held in line with the guidelines given by the Colombo Stock Exchange and the health authorities and as per the applicable laws.

(B) In the interest of protecting public health and facilitating social distancing in line with the guidelines issued by the Ministry of Health, Nutrition and Indigenous Medicine, the Extraordinary General Meeting will be held in the manner set out below:

- (i) The shareholders who wish to participate at the meeting will be able to join the meeting through audio or audio and visual means via Zoom. In order for us to forward the access information necessary for participation at the meeting, which shall include the meeting identification number, access password, and access telephone number, please forward the duly completed registration form including your e-mail address and contact telephone number to the registered address of the Company **not less than 48 hours before** the time appointed for the holding of the meeting, so that the login information could be forwarded to the e-mail addresses so provided.

These measures have been adopted to observe social distancing regulations/requirements to mitigate the dangers of spread of the virus.

- (ii) If the Company is unable to post this Notice due to any situation beyond its control, then this Notice will be published in one issue of a daily newspaper in the Sinhala, Tamil and English languages and if the circumstances permit, in one issue of the Gazette. The Notice of Meeting, Form of Proxy and Registration Form will also be published on the website of the Colombo Stock Exchange (<https://www.cse.lk/pages/company-profile/company-profile.component.html?symbol=SUN.N0000>) and the website of the Company (<https://www.sunshineholdings.lk/>).
- (iii) Proxy forms are forwarded to the shareholders together with the Notice of Meeting and Registration form. Proxy forms have been uploaded to the Company's website (<https://www.sunshineholdings.lk/>) and should be duly completed as per the instructions given therein and sent to the registered address of the Company or e-mailed to Suneth.Hettiarachchi@sunshineholdings.lk or corprateservices@corporateservices.lk **not less than 48 hours** before the time appointed for the holding of the meeting and the proxy so appointed shall participate at the meeting through audio or audio visual means only.
- (iv) The shareholders who are unable to participate at the Extraordinary General Meeting via Zoom could send their queries, if any, to email address Suneth.Hettiarachchi@sunshineholdings.lk or corprateservices@corporateservices.lk at any time before the meeting time and the responses to the same will be included in the minutes of the meeting.
- (v) Voting in respect of the items specified in the agenda to be passed will be registered by using the audio or audio and visual means (Zoom) or a designated ancillary online application. All of such procedures will be explained to the shareholders prior to the commencement of the meeting.
- (vi) For any questions please contact Suneth Hettiarachchi of Sunshine Holdings PLC on 0114702400 during office hours.

Form of Proxy

*I/We.....
of.....
being a shareholder/shareholders of SUNSHINE HOLDINGS PLC do hereby appoint

- | | | |
|-----|-----------------------|-----------------|
| 1. | Mr. D.A. Cabraal | or failing him, |
| 2. | Mr. V. Govindasamy | or failing him, |
| 3. | Mr. G. Sathasivam | or failing him, |
| 4. | Mr. S.G. Sathasivam | or failing him, |
| 5. | Mr. H.D. Abeywickrama | or failing him, |
| 6. | Mr. A.D.B. Talwatte | or failing him, |
| 7. | Mr. S. Shishoo | or failing him, |
| 8. | Ms. S. Ratwatte | or failing her, |
| 9. | Mr. S. Jain | or failing him, |
| 10. | Ms. W.Y.R. Fernando | or failing her, |

.....of
.....
as my/our proxy to represent me/us and to speak and to vote on my/our behalf at the extraordinary general meeting of the Company to be held on the Twenty Seventh (27th) day of May 2022 at 2.00p.m. and at any adjournment thereof and at every poll which may be taken in consequence thereof.

SPECIAL RESOLUITON

IT IS HEREBY RESOLVED AS A SPECIAL RESOLUTION THAT the Company do issue Forty Three Million Three Hundred and Eleven Thousand Three Hundred and Twenty (43,311,320) ordinary voting shares of the Company, by way of a share swap, to Akbar Brothers (Private) Limited in consideration of the transfer by Akbar Brothers (Private) Limited to the Company of Three Million Eighty Nine Thousand One Hundred and Fifty Nine (3,089,159) ordinary shares in Sunshine Healthcare Limited, the total cash value of which has been determined by the board of directors of the Company in terms of section 58(2) of the Companies Act No. 7 of 2007 to be Sri Lanka Rupees Two Billion Five Hundred and Ninety Eight Million Six Hundred and Seventy Nine Thousand Two Hundred (LKR 2,598,679,200).

For ☐
Against ☐

Signed this.....day of..... Two Thousand and Twenty-Two

.....
*Signature/s

Note: Please delete the inappropriate words.

INSTRUCTIONS AS TO COMPLETION

1. Kindly complete the form of proxy after filling in legibly your full name and address and sign in the space provided. Please fill in the date of signature.
2. A shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy who need not be a shareholder, to attend and vote instead of him.
3. In the case of a corporation, the form must be completed under its common seal, which should be affixed and attested in the manner prescribed by the articles of association.
4. If the form of proxy is signed by an Attorney, the relevant Power of Attorney should also accompany to the completed form of proxy, in the manner prescribed by the articles of association.
5. The completed form of proxy should be deposited at the registered office of the Company, No.60, Dharmapala Mawatha, Colombo 03, **not less than 48 hours before** the time appointed for the holding of the meeting.