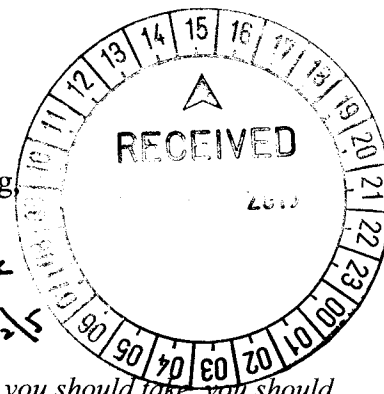


ON'ALLY HOLDINGS PLC
[Company Registration No. PQ 107]
Unit 603, Fourth Floor, Unity Plaza Building
Galle Road, Colombo 4.



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,

INCREASING THE NUMBER OF SHARES IN ISSUE, BY WAY OF A SUB-DIVISION OF SHARES WITHOUT A CHANGE TO THE STATED CAPITAL AND ISSUE OF ORDINARY VOTING SHARES BY WAY OF RIGHTS

Your Board at their meeting held on 30th day of January 2019, resolved, to subdivide the shares of the Company thereby increasing the number of the existing shares without a change to the Stated Capital, of the Company, subject to receiving the approval of the Shareholders and to thereafter raise the Capital of the Company by the issue of new shares by way of rights, to the shareholders of the Company, as morefully set out herein subject to receiving the approval of the Colombo Stock Exchange (CSE) and the Shareholders.

1.0 INCREASING THE NUMBER OF SHARES IN ISSUE, BY WAY OF A SUB-DIVISION OF SHARES WITHOUT A CHANGE TO THE STATED CAPITAL

The current Stated Capital of the Company is Rs. 175,007,700/- represented by 17,500,770 Ordinary Voting Shares.

Your Board, resolved for the reasons given below, that it is prudent, subject to the approval of the shareholders, to increase the existing number of shares by the sub-division of every existing One (01) share in to Five (05) shares, without a change to the Stated Capital of the Company.

Article 16(ii) of the Articles of Association of the Company enables the Company to sub-divide shares subject to the shareholders of the Company approving such sub-division of shares by way of an Ordinary Resolution at an Extraordinary General Meeting of the Company.

The reasons for Sub-division [through the increase of the number of shares in combination with increase in the capital] are as follows;

- Currently the shares of the Company are listed on the “Main Board” of the CSE.
- To continue to be listed on the Main Board, it is necessary that a minimum of 20% of the total number of shares in issue be held by at least 500 public shareholders.
- Currently the Public holding percentage [Public Float] of the Company is 5.24% held by 765 shareholders.
- Since the disparity between the CSE requirement of 20% Public holding and the current Public holding of 5.24% being substantially wide, to continue on the “Main Board” the Board propose, as a first step, to endeavor to increase the public float up to a minimum of 10% which would qualify the Company to the “Diri Savi Board” so that upon reaching a public float of 10%, the Company may make an application to the CSE for the transfer of

the shares of the Company from the “Main Board” to the “Diri Savi Board”. The Company therefore propose to firstly subdivide the shares and thereafter to proceed to issue further shares by way of a Rights Issue in its endeavor to increase the public float up to a minimum level of 10% from its present 5.24%.

- By letter dated 5th February 2019, the CSE has informed the Company that it has granted the Company time up to 17th September 2019 to comply with the minimum public holding as a continuous listing requirement in its current status as a Company listed on the “Main Board”. If in the event this matter is not resolved within the stipulated time period, the Company will be bound by the relevant Enforcement Rules set out under the CSE Listing Rules.
- During the months of November 2018, December 2018, and January 2019 the shares of the Company have been trading in the region of Rs. 81/20 to Rs. 115/-, with 89 trades. The total volume of shares transacted during the period was low as 88,665 [see details elsewhere in this Circular]. The Directors are of the view, that the trading price of a share in the above range is too high **if the Company consider it necessary** to improve the liquidity in the shares and to facilitate trading thereof. Additionally the two major shareholders, namely Urban Development Authority and Renuka Capital PLC holds approximately 94.19 % of the shares in issue which results there being only 5.24% in the hands of the Public.
- A combination of sub-dividing shares through which the price of a share would reduce whilst increasing the capital through a Rights Issue with the two major shareholders holding 94.19 % of the shares refraining from investing in the rights, is expected to result in an increase in the public float.
- Based on One (01) existing share being replaced by Five (05) shares, taking into consideration the lowest traded price per share on 14th January 2019 being at Rs. 100/- pre-subdivision, will reduce to Rs. 20/- post sub-division, assuming the price remains unchanged].

Your Board confirms that subject to the approval of the shareholders, the sub-division will be carried out in a manner, which is not inconsistent with the provisions of the Companies Act No. 07 of 2007, and that the shares so sub-divided would carry the same rights vis-à-vis the existing shares from which the increase arose.

Your Board would further ensure that the shares arising from such increase of shares by way of sub-division are not ‘defective shares’ thereby safeguarding the interest of the shareholders to whom such shares are allocated and that of the investors who may purchase such shares subsequently in the market.

There is no provision in the Listing Rules for the CSE to approve the sub-division of shares, however, the Company would follow the procedure set out by the CSE for Listed Entities, when sub-dividing shares.

The Company does not require approvals for the sub-division of shares from any regulator.

The capital structure and number of shares in issue pre & post sub-division

	Pre-Sub-division	Post-Sub-division
Number of Ordinary Voting Shares	17,500,770	87,503,850
Stated Capital (Rs.)	175,007,700	175,007,700

1.1 PROCEDURE OF SHARE SUB-DIVISION

Subject to the shareholders, at the EGM convened for 17th May 2019, approving by an Ordinary Resolution to sub-divide the shares as set out in the Notice of Meeting attached hereto, the procedure for the sub-division of shares and the general instructions are set out below;

- 1.1.1 Date of EGM 17th May 2019.
- 1.1.2 Date of Entitlement for sub-division, as at end of Trading on 17th May 2019, being the date of EGM.
- 1.1.3 Trading in company shares will be suspended from 21st May 2019 [being the immediate market day following the date of entitlement] to 23rd May 2019 to facilitate the sub-division of shares and updating the CDS records.
- 1.1.4 Trading in shares subsequent to the sub-division, [namely 87,503,850] will commence from 24th May 2019
- 1.1.5 In the sub-division of shares, the shareholding of the shareholders, as appearing in the Central Depository Systems (Pvt) Ltd (CDS) and the Shareholders Register maintained by the Company will be aggregated, in so far as the Identity No. of such shareholders are available with the Company for identification purposes.
- 1.1.6 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 sub-division 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**. Such Shareholders would not be able to trade in the Shares arising from the Sub-division until, such time the same has been deposited with the CDS. **Therefore, please ensure strict adherence to the Directive issued by the SEC.**

- 1.1.7 **IMPORTANT – all share certificates already in issue will be deemed cancelled on the Entitlement Date and shall have no value from such date. The shares so sub-divided will be uploaded to the CDS upon Shareholders informing the Company Secretaries details of their CDS account.**

Direct uploads pertaining to written request received from shareholders, to deposit such shares after the sub-division is completed will be done on a weekly basis.

- 1.1.8 With respect to the shares of the Shareholders lodged in the CDS, the Company will obtain as per the procedure of the CSE, a 'Broker wise' entitlement schedule from the CDS as at end of Trading on the date of the EGM for the purpose of carrying out the direct upload of shares resulting from the sub-division in place of the existing shares, to the respective account in the CDS.

If you do have a CDS Account and your existing shares are not lodged in the said CDS Account/or propose to open a CDS Account prior to the EGM, you are advised to lodge your shares prior to date of the EGM namely, 17th May 2019.

Please note, when uploading the sub-divided shares to your CDS Account, such shares would be lodged based on the Account details given to the Company by the CDS as to whether the shares lodged is from the Trading balance/Locked balance (as applicable).

- 1.1.9 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 Secretarial (Pvt) Ltd on any working day between 8.30 am and 4.30 pm on (0094 11) 4640360 – 3 or at their Registered Address 3/17, Kynsey Road, Colombo 08.
- 1.1.10 Relevant documentation with respect to the sub-division of shares have been submitted to the Colombo Stock Exchange (CSE) for their concurrence. The CSE has given their concurrence to the sub-division of shares.
- 1.1.11 Letters to shareholders confirming their shareholding post sub-division will be dispatched to the shareholders, within Two (02) market days from and excluding the date of upload.

2.0 RIGHTS ISSUE OF ORDINARY VOTING SHARES

Subject to the in principle approvals of the CSE and the approval of the shareholders at an Extraordinary General Meeting (EGM) of the Company, as required by Rule 5.2a of the Listing Rules of the CSE, your Board resolved, to raise a total sum of Rs. 110,838,210/- by way of a Rights Issue, [subject to the Shareholders approving the Resolution No. 1 set out in the Notice of Extraordinary General Meeting attached hereto to sub-divide the shares] in the proportion of One (01) new Ordinary Voting Share for every Fifteen (15) Ordinary Voting Shares, held by the Shareholders in the Register of Shareholders, as at the 'Date of Entitlement' namely as at end of trading on 29th May 2019, rounded down to the nearest whole number any fractions of shares arising, post division, being ignored and dealt with at the discretion of the Board.

*Accordingly, the new shares so provisionally allotted, shall be the **number of shares resulting from the division of the;***

Shares held by a shareholder (post sub-division) as at end of trading on th day of 2019 = Rights Entitlement
15 shares held (post sub-division)

Your Board after considering the recommendations of the Board Sub-Committee appointed for the reorganization of capital including increasing of Public Float/raising capital, which was based on the market price of a share on 14th day of January, 2019 which stood at Rs.100/-, [post sub-division equivalent to Rs.20 /- per share assuming the price remains unchanged]. Being of the view that shareholders will not be attracted to invest in further shares of the Company above the prevailing market price, and further considering that the shares are being offered to the existing shareholders, was of the view that Rs.19/- per share, was in their opinion a fair and reasonable consideration to the Company and to the existing shareholders to raise further capital, as per Section 53 of the Companies Act No.7 of 2007.

The provisional issue of 5,833,590 shares at a consideration of Rs.19/- per share would increase the Stated Capital by a further Rs.110,838,210/- so that the Stated Capital post the Rights Issue shall be Rs.285,845,910 /-, provided that the Company receives full subscription.

3.0 GENERAL

- 3.1 The shareholders 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)

- 3.2 The Shares not subscribed for as at the last date of Acceptance specified in the Provisional Letter of Allotment will be deemed to have been declined and such declined Shares pooled together with rejected Letters of Acceptance and Registration due to them being invalid and any fractional Shares arising from the provisional allotment will be available for allotment 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 any person 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.
- 3.3 The new Shares so provisionally allotted shall, upon acceptance and due payment having been received by the Company, rank *pari passu* in all respects with the existing Ordinary Voting Shares 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.

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

As stated elsewhere in this Circular, whilst the main purpose of increasing the Stated Capital of the Company by way of a Rights Issue is to increase the minimum public holding of the Company in order to comply with the Listing Rules of the CSE, the funds so raised are to be utilized for the refurbishment of the Unity Plaza building owned by the Company, the details of which as set out below.

Details of Utilization of the proceeds of the Rights Issue and Timelines:

[The items of expenditure as morefully set out in the Priced Bill of Quantities prepared by S D Wetthasinghe; AIQS.SL, Chartered Quantity Surveyor, is based on market price.]

1. Renovation of the rental area of the 2 nd floor	Rs. 25,145,014/-	Expected to be completed within 23 weeks of the allotment of shares
2. Water proofing of roof top area and 2 nd floor area	Rs. 13,611,000/-	Expected to be completed within 22 weeks of the allotment of shares
3. Construction of motor bike parking	Rs. 2,600,000/-	Expected to be completed within 12 weeks of the allotment of shares
4. Renovation of fire exit side of all floor areas	Rs. 2,265,250/-	Expected to be completed within 12 weeks of the allotment of shares
5. Equipment [2 Nos 500 KV Generator (stand by generators for common area usage) Central Air Conditioners for second floor and first floor (partly)]	Rs. 64,300,000/-	Expected to be completed within 34 weeks of the allotment of shares
6. Renovation of Corridor	Rs. 2,640,836/-	Expected to be completed within 4 weeks of the allotment

		of shares
7. Contingency	Rs. 276,110/-	To be utilized within the 34 weeks timeline allocated, from-of the allotment of shares
Total fund requirement	Rs. 110,838,210/-	
Proceeds of Rights Issue (Equity finance)	Rs. 110,838,210/-	

The proceeds of the Rights Issues is expected to be fully utilized as set out above. During the Interim period the funds will be invested in Sri Lanka Government Securities, and in short term fixed deposits with Commercial Banks License by the CBSL. It is expected that the Government Securities/Bank's fixed deposits would give a return of 8% - 10% in the short to medium term.

None of the items of works as set out in the above schedule (Clause 4.0) are to be carried out by a Related Party. If any of the works are to be carried out by a Related Party, the Company will ensure it follows the requirements set out in the relevant sections of the Listing Rules of the CSE.

The Companies Related Party Transactions Review Committee consists of the following:

Mr. Kapila Liyanagamage - Chairman – Independent Director
Mr. G. T. Fazleabas - Member – Independent Director
Mr. A. C. Yahiyakhan - Member – Independent Director

The Board is confident that the funds raised will be utilized within the periods set out above, in the areas outlined above for utilization. Since the Unity Plaza Building which is to be refurbished, is owned by the Company and therefore there is no risk in the Company not being able to utilize the said funds within the time frame set out above.

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)
1								

Important Note:

In the event the proceeds of the Rights Issue are utilized in terms of the Objectives disclosed in the Circular to Shareholders, prior to the submission of the Company's next financial

statements [i.e. Interim Financial Statements or Annual Report] the Company would disclose the fact that the proceeds have been utilized in its entirety as per 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.

As stated, although the main purpose of the Rights Issue, is to increase the minimum public holding of the Company, the utilization of funds as aforesaid will enhance the value of the Company's assets thereby would benefit all the shareholders.

5.0 CAPITAL STRUCTURE

The current Stated Capital of the Company is Rs.175,007,700/-, represented by 17,500,770 Ordinary Voting Shares.

Upon the sub-division of shares as herein proposed (subject to the shareholders approval) the number of shares in issue will increase to 87,503,850 Ordinary Voting Shares.

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

6.0 MARKET PRICE OF SHARES

The Closing Market Price of the Company's Shares as at 31st January 2019, was Rs.100/- (pre sub-division)

The high, low and closing prices of the Shares of the Company during the preceding five months are as follows:

Month	High (Rs.)	Low (Rs.)	Closing (Rs.)	Volume of Ordinary Voting Shares traded	No. of trades
November, 2018	102	81/20	92/80	17,059	25
December, 2018	115	85/50	100/10	67,288	41
January, 2019	106	100	100	4,318	23
February, 2019	115	102	104/50	5,974	107
March, 2019	100	100	100	1,246	9

Closing Market price of the Company's Shares as at 1st April 2019 was Rs. 100/-. There have been no trades since then until the 23rd April 2019, being the day on which the Circular was forwarded to the printers.

The Net Asset Value per Share of the Company as per the published interim financial statement as at 31st December 2018, was Rs. 119/65

Consequently, post sub-division it would reflect approximately as Rs. 23/93

7.0 DIVIDEND HISTORY FOR THE PREVIOUS FOUR (04) YEARS

Year (2015-2019)	Dividend	Dividend per share
2015/16	3 rd December 2015	Rs. 1.10
2015/16	12 th August 2015	Rs. 1.85
2016/17	19 th December 2016	Rs. 1.10
2016/17	25 th August 2016	Rs. 2.00
2017/18	15 th November 2017	Rs. 1.10
2017/18	2 nd August 2017	Rs. 2.10
2018/19	14 th November 2018	Rs. 1.20
2018/19	4 th July 2018	Rs. 2.30

8.0 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, 2018.

9.0 UNDERWRITING ARRANGEMENTS

The two Major Shareholders of the Company, namely Urban Development Authority and Renuka Capital PLC, holding 47.617% shares and 46.575% shares respectively of the Company, have informed the Board that they would refrain from subscribing for their share entitlement/additional shares, in order to assist the Company in its endeavor to achieve a public float of upto 10% of the total number of shares in issue [on the basis of the issue being fully subscribed by the public shareholders of the Company], and to thereafter to initially, seek the approval of the CSE to transfer the Company to the Diri Savi Board, from the Main Board.

Consequently, if in the event the issue is under-subscribed, the Company will carry out the work with respect to such shortfall out of its own funds

With respect to its main objective of the Rights Issue, being the increase of the public float to at least up to the minimum level of 10% in order to qualify to be transferred to the Diri Savi Board [taking into consideration that the float adjusted market capitalization as at 4th March 2019, as announced by the Company on 5th March 2019, is below Rs. 95,830,716/37, which if in the event were to increase up to Rs. 1,000,000,000 or above would bring down the required public float to 7.5%] if the issue is under-subscribed, the Board will pursue other methodologies to list further shares as set out in the Listing Rules, in its endeavors to increase the public float up to the required levels, within the timelines as set out in the Listing Rules, to facilitate the Company to continue as a listed company.

10.0 APPLICATION FOR RIGHTS AND PROVISIONAL ALLOTMENT

Shares on the Rights Issue will be provisionally allotted subject to receiving the approval of the shareholders for the resolution pertaining to the Rights Issue, after the completion of the

proposed sub-division of shares, as set out in the Notice of EGM, based on the number of shares in issue post sub-division, as at end of Trading on 29th May 2019.

The Provisional Letters of Allotment will be dispatched on 31st May 2019.

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 7th June 2019, to 14th June 2019).

The last date for acceptance and payment shall be 17th June 2019.

Application for additional Shares will be permitted. However, such additional Shares will be available for allotment only in the event any of the existing shareholders 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 any fractional Shares arising resulting from the provisional allotment, 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 any person 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.

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 shares arising from the Rights Issue, will commence trading immediately upon the Company filing the relevant Declaration with the CSE, as required by the Listing Rules, which shall be the second day after the direct deposit referred to in the previous paragraph.

11.0 ADDITIONAL INFORMATION

11.1 The Top 20 Shareholders as at 31st March, 2019

ON'ALLY HOLDINGS PLC TWENTY MAJOR SHAREHOLDERS AS AT 31ST MARCH 2019

	NAME	NO. OF SHARES	%
1	Urban Development Authority	8,333,332	47.617
2	Renuka Capital PLC	8,150,964	46.575
3	Capital Alliance Holdings Ltd	177,665	1.015
4	Urban Investment And Development Company (Pvt) Ltd	97,889	0.559
5	Ashthi Holdings (Private) Limited	85,121	0.486
6	Majestic Investments (Pvt) Ltd	82,767	0.473
7	Nanayakkara Management Services (Private) Limited	55,498	0.317
8	Tranz Dominion, L.L.C.	40,000	0.229
9	Ms. S.H.A. Gulamhusein	31,250	0.179
10	Citizens Development Business Finance PLC/K.D.C. Somalatha And K. Nandasiri	26,924	0.154
11	Anwarnet (Private) Limited	23,395	0.134

12	Mr. K. Gnanenthiran	21,250	0.121
13	Mr. G.C. Goonetilleke	20,000	0.114
14	Mr. M.U.M. Azmi	12,875	0.074
15	Mr. W.A.K. Perera	12,500	0.071
16	Mr. R.E. Rambukwella	11,600	0.066
17	Asha Financial Services Limited/Mr. C.N.Pakianathan	11,000	0.063
18	Mr. S. Gowrisangar	10,200	0.058
19	Mr. T.A. Peiris & Mr P.R. Nicholas	10,000	0.057
20	Mr. F.A.W. Irugalbandara	8,950	0.051
OTHERS		17,223,990	98.414
TOTAL		277,590	1.586
		17,500,770	100.000

11.1.1 The Public Float as at 31st March 2019 was 5.24%, constituting 917,749 shares. The Float Adjusted Market Capitalization of the Company as at 31st March 2019 was Rs. 91,774,900/-

11.2 Shareholders attention is drawn to the Audited Financial Statements of the Company for the year ended 31st March 2018, and Interim Financials for the Nine (09) Months ended December 31st 2018, which are hosted on the CSE Website (www.cse.lk) on the Company page <https://www.cse.lk/home/company-info/ONAL.N0000/financial>.

12.0 GENERAL INSTRUCTIONS FOR THE RIGHTS ISSUE

12.1 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 Shareholder 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.**

12.2 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.

12.3 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 17th May 2019, 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.

- 12.4 **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.
- 12.5 **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
- 12.6 Relevant documentation with respect to the listing of 5,833,590 new shares by way of a Rights Issue, submitted to the CSE by the Company has been approved in principle by the CSE. Such new Shares will be provisionally allotted to the existing shareholders based on their shareholdings as at the date of Entitlement, as referred to herein.
- 12.7 **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.**
- 12.8 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.

13.0 EXTRAORDINARY GENERAL MEETING

- 13.1 The sub-division of shares and the issue of Shares by way of Rights, requires the approval of the shareholders by way of an Ordinary resolution, at a General Meeting as set out in attached Notice of Meeting, as required by the Articles of Association of the Company (for sub-division of shares) and the CSE Listing Rule 5.2 (a) (for the Rights Issues of shares)
- 13.2 Attached hereto is a Notice of an Extraordinary General Meeting convened to be held on 17th May 2019.

- 13.3 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 Unit 603, Fourth Floor, Unity Plaza Building, Galle Road, Colombo 04, not less than Forty Eight (48) hours, before the time appointed for the commencement of the Meeting.

By Order of the Board
On'ally Holdings PLC

(Sgd) Anusha Wijesekera
P W Corporate Secretarial (Pvt) Ltd
Registrars

On this 23rd day of April 2019.

ON'ALLY HOLDINGS PLC
[Company Registration No. PQ 107]
Unit 603, Fourth Floor, Unity Plaza Building,
Galle Road, Colombo 4.

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the Company, will be held on Friday 17th May 2019, at 4.00 p.m. at Sri Lanka Foundation, Sri Lanka Padanama Mawatha (close to Independence Square), Colombo 07, for the following purposes:

- (1) To consider and if thought fit, to pass the following Resolution with or without modification as an **ORDINARY RESOLUTION**:

"IT IS HEREBY RESOLVED pursuant to Article 16(ii) of the Articles of Association of the Company, that every One (01) existing issued Ordinary Voting Share be subdivided into Five (05) Shares, consequent to which the issued number of Shares will increase from Seventeen Million Five Hundred Thousand Seven Hundred and Seventy (17,500,770) fully paid Shares to Eighty Seven Million Five Hundred and Three Thousand Eight Hundred and Fifty (87,503,850) fully paid Shares and,

that the aforesaid sub-division of Shares shall be made without any change to the Stated Capital of the Company, and leaving unaffected the relative voting and distribution rights of the holders of those shares, and.

that the sub-division of Shares shall be effective on 17th May 2019, being the date of this meeting, upon this Resolution being duly passed by the shareholders and accordingly, the said sub-division of Shares shall be based on the duly registered shareholding as at the end of trading on the day of this meeting.

- (2) Subject to the Ordinary Resolution (1) afore stated being approved by the Shareholders, to consider and if thought fit, to pass the following Resolution with or without modification as an **ORDINARY RESOLUTION**:

"IT IS HEREBY RESOLVED to provisionally allot Five Million Eight Hundred and Thirty Three Thousand Five Hundred and Ninety (5,833,590) Ordinary Voting Shares, to the Shareholders holding the existing Ordinary Voting shares of the Company, in the Register of Shareholders, as at end of trading on **29th May 2019** ("Date of Entitlement"), by way of a Rights Issue, on the basis that every Shareholder holding Fifteen (15) Ordinary Voting Shares, be provisionally allotted One (01) new Ordinary Voting Share, rounded down to the nearest whole number, so that no Shareholder shall upon or in consequence of such provisional allotment be entitled to a fraction of a share, such fractions being ignored in such rounding down, [as morefully set out in Clause 2 of the Circular to shareholders dated 23rd April 2019, attached to this Notice of Extraordinary General Meeting] at a consideration of Rs.19/- per share, which consideration is in the opinion of the Board fair and reasonable to the Company and to all existing shareholders of the Company, so that, if the Rights issue is fully subscribed, the Stated Capital of the Company would increase from Rupees One Hundred and Seventy Five Million Seven Thousand Seven Hundred (Rs.175,007,700/-) represented by Eighty Seven Million Five Hundred and Three Thousand Eight Hundred and Fifty (87,503,850) Ordinary Voting Shares to Rupees Two Hundred and Eighty Five Million Eight Hundred and Forty Five Thousand Nine Hundred and Ten (Rs.285,845,910/-) represented by Ninety Three Million Three Hundred and Thirty Seven Thousand Four Hundred and Forty (93,337,440) Ordinary Voting Shares.

that the said Ordinary Voting Shares be issued with a right to request for additional Shares, and the right to renounce the Rights Entitlement only to the Central Depository Systems (Pvt) Ltd;

that the Ordinary Voting Shares not duly subscribed for partly or fully as at the last date of Acceptance specified in the Provisional Letter of Allotment and / or where the Letter of Acceptance and Registration is rejected by the Company, as invalid be deemed to have been declined and such declined Ordinary voting Shares be pooled together with any fractional Ordinary voting Shares arising from the provisional allotment, post rounding down to the nearest whole number as referred to herein, be available for allotment at the same price to the existing shareholders applying for additional Shares, on a pro-rata basis to their existing holdings, and any further unsubscribed shares remaining thereafter to be allotted to any person at the discretion of the Board.

that the new Ordinary Shares so allotted shall, upon acceptance and due payment having been received by the Company rank *Pari Passu* in all respects with the existing Ordinary Shares 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.”

By Order of the Board
On'ally Holdings PLC

(Sgd) Anusha Wijesekera
P W Corporate Secretarial (Pvt) Ltd
Registrars

On this 23rd day of April 2019.

NOTE:

- 1) A shareholder entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy need not be a shareholder of the Company.
- 2) The completed Form of Proxy should be received by the Registered Office of the Company, Unit 603, 4th Floor, Unity Plaza Building, No. 2, Galle Road, Colombo 04, Sri Lanka, not less than forty seven (47) hours before the time appointed for the holding of the meeting.
- 3) A Form of Proxy accompanies this Notice.