

K H L CORPORATE SERVICES LIMITED

Registered Office Address: No.2, Deal Place, Colombo 03.
Business Office Address: No.15, Walukarama Road, Colombo 03.
Telephone: 011-2145030 Fax: 011-2372498
Company Registration No. FB 1122

21st December 2018

Mr. Renuke Wijayawardhane
Chief Regulatory Officer
Colombo Stock Exchange
#04-01, West Block
World Trade Centre
Echelon Square
Colombo 01

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Dear Sir,

ORIENT FINANCE PLC ISSUE OF SHARES BY PRIVATE PLACEMENT

We write in terms of section 5.4.e of the Listing Rules of Colombo Stock Exchange to inform you that the Board of Orient Finance PLC ("the Company") has resolved to convert the existing 4,000,496 Preference Shares of the Company to Ordinary Shares subject to obtaining the approval of (i) the Monetary Board of the Central Bank of Sri Lanka; and (ii) the Preference Shareholders of the Company to amend the terms of issue of the Preference Shares so that the same would be redeemable, convertible, cumulative, non-voting, unsecured, subordinated shares, with a preference on dividend and capital repayment in the event of liquidation and to issue up to a maximum of 27,909,954 ordinary shares to the Preference Shareholders, by way of a Private Placement, at a consideration at Rs.19.59 per ordinary share.

The Ordinary Shares so issued will be listed in the Colombo Stock Exchange (CSE), in addition to the 148,018,370 Ordinary Shares of the Company currently listed in the CSE.

Out of the said 27,909,954 Ordinary Shares which will be issued by way of a Private Placement, 24,002,976 Ordinary shares will be issued to the existing preference shareholders at a proportion of 06 ordinary shares to every 01 preference shares held.

The remaining 3,906,978 Ordinary Shares will be issued to the existing Preference Shareholders in lieu of the accrued dividends, due to the preference shareholders as at 31st October 2018, accrued during the period 1st April 2017 to 31st October 2018, amounting to LKR 76,537,704.66.

A list of preference shareholders, who are eligible for the Private Placement is enclosed, marked Annexure -I.

The current stated capital of the Company is LKR 1,378,689,779/- consisting of 148,018,370 ordinary shares and 4,000,496 preference shares.

The said conversion of Preference Shares and the issue of Ordinary Shares by way of a Private Placement is carried out in order for the Company to meet the Tier 2 Capital requirements imposed by the Central Bank of Sri Lanka under the Finance Companies (Risk Weighted Capital Adequacy Ratio) Direction No. 2 of 2006. Accordingly, subsequent to the issue of shares by Private Placement the stated capital of the Company will be LKR 1,925,445,778/-, consisting only Ordinary Shares, thus no Preference Shares will exist.

The issue of shares by way of the Private Placement is subject to the Colombo Stock Exchange approving in principle the issue and listing of shares and obtaining ordinary and preference shareholders approval at a General Meeting.

A copy of the letter of approval obtained from the Central Bank of Sri Lanka for the said Private Placement is enclosed.

Yours faithfully,

**For and on behalf of
Orient Finance PLC**



KHL CORPORATE SERVICES LIMITED
Company Secretaries