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If you are in any doubt about the content of this document or any action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant, or any other professional adviser duly registered under the Investments and Securities Act, 2007 immediately.

If you have sold or otherwise transferred all your shares in C&I Leasing Plc "C&I", please give this document and the accompanying forms of proxy to the purchaser or transferee or to the Stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or the transferee.

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SHARE CAPITAL RECONSTRUCTION  
(Under the Companies and Allied matters Act)  
C&I LEASING PLC

**Incorporating an Explanatory Statement on the Proposed Share Capital Reconstruction**

WSTC Financial Services Limited is acting as Issuing House and Financial Advisers to C&I Leasing Plc. WSTC Financial Services Limited will not be responsible to any person, individual or corporate body other than C&I in relation to the transaction referred herein.

Notice convening the Annual General Meeting of C&I Leasing Plc are attached to this circular. To be valid, proxy forms must be completed in accordance with the instructions printed thereon, and must reach the Registrars of C&I not later than 24 hours before the time fixed for the respective meetings.

The proposal for the Share Capital Reconstruction as set out in this document will be cleared with the Securities & Exchange Commission, upon receipt of shareholders' approval.

July 9, 2014

To the Shareholders of:  
C&I Leasing Plc.

Dear Sir/Madam,

## **THE PROPOSED SHARE CAPITAL RECONSTRUCTION**

### **A. INTRODUCTION**

The Notice of the 23rd Annual General Meeting (“AGM”) of C&I Leasing Plc. (“C&I or “the Company”) earlier sent to you contains information on the Company’s intention to engage in Capital Reconstruction. It is intended that the Capital Reconstruction be effected under the Companies and Allied Matters Act 1990 (“CAMA”) the terms and conditions of which will be considered by you at the AGM.

The essence of the share capital reconstruction is to enable the Company accommodate the various funding sources available to it. The new funding sources will improve the company’s debt / equity ratio and thereby making it more competitive.

Your Board of Directors have approved a proposal for the Scheme and they have appointed and authorised us, as Issuing House and Financial Advisers, to write to you to explain the provisions and effect of the Scheme, which are summarized below:

### **B. THE SHARE CAPITAL RECONSTRUCTION**

The Company’s current authorized share capital is N1,500,000,000 (One Billion, Five Hundred Million Naira) divided into 3,000,000,000 (Three Billion) ordinary shares of 50 kobo each. The current issued and fully paid up ordinary share capital is N808,505,000 (Eight Hundred and Eight Million, Five Hundred and Five Thousand Naira) comprising 1,617,010,000 ordinary shares of 50 kobo each.

It is proposed that an application be made to the Federal High Court (the Court”) to reduce the number of C&I shares in issue (“the Share capital Reconstruction”). The Share Capital Reconstruction will be effected through a special resolution to be passed at C&I’s AGM pursuant to the Companies and Allied matters Act, Chapter 59, 1990 (“CAMA”)

The transaction structure being contemplated provides the most effective and cost saving path to implementing the transaction. Therefore, it is proposed that the share capital of the Company be reorganized as follows:

#### **Reduction in the number of shares in issue**

The Share Capital Reconstruction entails each shareholder in C&I being issued 1 (one) new ordinary share (“the New C&I shares”) for every 8 (eight) ordinary shares of the Company previously held. The corresponding reduction in the share capital account will be matched by a special capital reserve account created for this purpose where the value of the cancelled shares

will be credited, thus ensuring that there's no loss whatsoever to shareholders. The existing C&I shares certificates will become null and void on the effective date and new share certificates in C&I will be issued to those shareholders whose names appear on the Company's Register of members as at the close of business on the effective date as approved by the Court in the ratio of 1 ordinary share for every 8 ordinary shares held.

There will be no loss of value to the Company's shareholders as there will be a proportional adjustment upwards in the quoted share price of C&I shares as listed on The Nigerian Stock Exchange ("NSE") when the technical suspension is lifted on the Company's share price. The Company's market capitalization (being the number of shares in issue multiplied by the market share price), the value of shares held and percentage holding in C&I by each shareholder will not change as a result of the proposed Share Capital Reconstruction. This is without prejudice to any subsequent movement in the share price.

#### **I. Rounding up of fractional shares in the new C&I shares**

Prior to the Share Capital Reconstruction becoming effective, those C&I shareholders holding shares that will result in fractional shares in the new C&I shares will have their shares rounded up.

#### **II. Treatment of Shares issued by way of the Share Capital Reconstruction**

Any shares to be issued by way of the Share Capital Reconstruction shall have all rights in all respects and shall form a single class of shares with the previously existing issued ordinary shares of C&I.

#### **III. Provision for Shareholders who do not have up to date particulars lodged with C&I's Registrars - Centurion Registrars**

Any shareholder who wishes to update his particulars including mailing address from what is currently held with Centurion Registrars (70B Acme Road, Ogba Ikeja, Lagos) should do so in writing not later than 14 (fourteen) days after the AGM. In this context, "written notice" (including any letter of appointment, direction or authority means notice in writing, bearing the original signature(s) and mandate of the C&I shareholder(s) (as the case may be), or his/her/their agents duly appointed in writing (evidence of whose appointment, in form reasonably satisfactory to C&I should be produced with notice). Telex, electronic mail, facsimile transmission or photocopies will not constitute sufficient written notice. Those shareholders who do not notify the Company's Registrars within the specified period will have the issued share certificates sent to the contact name and address as per the existing Register or to the Central Securities Clearing System ("CSCS") as applicable.

#### **iv. Conditions Precedent**

The Share Capital Reconstruction will become effective and binding on the Company and its shareholders if:

- a. It is ratified by a majority of shareholders representing not less than three-fourths (3/4) in value of the Company's shares held by those present and voting, either in person or by proxy, at the AGM.
- b. The Federal High Court Confirms the Share Capital Reconstruction with or without modifications.

- c. The Securities & Exchange Commission (“SEC”) approves, with or without modification, the terms and conditions of the Share Capital Reconstruction as agreed to by the majority of the shareholders of C&I at its AGM.

### **C. Elements of the Share Capital Reconstruction**

#### **i. Benefits and Effects of the Share Capital Reconstruction**

Through this Share Capital Reconstruction, the Company has laid a foundation for better performance and to be more competitive in its sector/industry:

- Bringing the capital structure to a level that will enable the Company accommodate the various funding sources available to it.
- Effecting a proportionate increase in the Company’s share price so that the capitalization and percentage holding of each shareholding will remain unaltered.
- Ensuring the Company has the capacity to issue scrip to its shareholders in the future.

#### **ii. Capital Gains Tax**

No Capital Gains Tax is payable on the disposal of shares by virtue of Section 30 (1) of the Capital Gains Tax Act CAP 42 LFN 1990.

#### **iii. Meeting to Approve the Share Reconstruction and Voting Rights**

The AGM of C&I will be convened to also consider and if thought fit, approve the Share Capital Reconstruction. At the AGM, voting will be by show of hands.

#### **iv. Provision for Shareholders who have misplaced their share certificates**

As of the effective date, the shares will become null and void and newly issued share certificates will be dispatched to the shareholders of C&I by the Company’s Registrars – Centurion Registrars not later than 21 days after the effective date of the Share Capital Reconstruction.

#### **v. Provision for Shareholders who have their share certificates deposited with the Central Securities Clearing Systems (“CSCS”)**

Those shareholders who have their share certificates deposited with the CSCS for dematerialization will have their share certificates issued to the named shareholder on the Company’s Register of members as at the effective date as approved by the Court and dispatched directly to their CSCS account unless they elect otherwise. Such shareholders shall lodge a written notice at the office of the Company’s Registrars, not later than 14 (fourteen) days after the AGM. In this context, “written notice” (including any letter of appointment, direction or authority means notice in writing, bearing the original signature(s) and mandate of the C&I shareholder(s) as the case may be), or his/her/their agents duly appointed in writing (evidence of whose appointment, in a form reasonably satisfactory to C&I should be produced with notice). Telex, electronic mail, facsimile transmission or photocopies will not constitute sufficient written notice.

Those shareholders who do not notify the Company's Registrars within the specified period will have their new issued share certificates dispatched directly to the CSCS.

Those shareholders who have their shares placed under a lien with the CSCS will have their new share certificates issued to the named shareholder on the Company's register of members and dispatched directly to the CSCS, for the reinstatement of the lien on the shares.

## **CONCLUSION AND RECOMMENDATION**

Your directors, having considered the terms and conditions of the Scheme, as well as the benefits thereof, and as advised by the Advisers unanimously recommend that you vote in favour of the special resolutions which will be proposed at your AGM scheduled to hold on August 14, 2014.

Yours faithfully,

**Tofarati Augusto**  
**Managing Director**  
**WSTC Financial Services Limited**