

**SAUDI PAK LEASING COMPANY LIMITED**  
**L E A S I N G**

25 March 2014

**Mr. Muhammad Ghufan**  
Deputy General Manager  
Companies Affairs  
Karachi Stock Exchange Limited  
Stock Exchange Building  
Karachi

Dear Sir,

**RE: Conversion of Loan into Equity (Saudi Pak Industrial & Agricultural Investment Company Limited)**

Please refer to your letter, numbered KSE/C-708-1807 dated 14 March 2014 on the captioned subject.

In this regard, please note that vide our letter dated 11 June 2009, we informed you that Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) has approved the conversion of its various loan balances into share capital of Saudi Pak Leasing Company Limited (SPLC, the Company). Further vide our letter dated 03 August 2009, we informed you that SAPICO was in the process of completing statutory and other legal requirements in this respect.

Here it is to be noted that the Board of Directors of the Company in their meeting held on 11 June 2012 decided to increase the authorized share capital of the Company from Rs. 1,000 million to Rs. 2,000 million. They also approved to convert the sub-ordinated debt of SAPICO amounting to Rs. 333.208 million and the debt of a major lender amounting to Rs. 195 million into convertible preference shares at a face value of Rs. 10 per share.

Subsequent to this decision, the shareholders in an extra ordinary general meeting held on 31 July 2012, also approved the decision of the Board. The management of the Company later filed an application for approval of the same with the Securities and Exchange Commission of Pakistan (SECP). Subsequently, the SECP vide its letter number SC/NBFC/23/SPLCL/2013/58 dated 13 February 2013 approved the issuance of non-voting, non-cumulative, convertible and unlisted non-redeemable preference shares to SAPICO and the Bank of Khyber amounting in total to Rs. 528.209 million, in lieu of conversion of sub-ordinated debt to equity and settlement of liability respectively.

Accordingly, during the year ended 30 June 2013, the Company issued non-redeemable and convertible preference shares of Rs. 10 each aggregating to Rs. 528.209 million. These are non-cumulative, non-redeemable / convertible preference shares carrying dividend at 2.5% per annum annually at the end of each completed year on the face value of Rs. 10 per preference share. The preference shareholders are only entitled to

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