OFFER DOCUMENT

MANDATORY OFFER BY

UDAPUSSELLAWA PLANTATIONS PLC
(Company Registration No. PQ63)

TO PURCHASE 18,723,161 ORDINARY VOTING SHARES OF

TEA SMALLHOLDER FACTORIES PLC
(Company Registration No. PQ 32)

Managers to the Offer

P W Corporate Secretarial (Pvt) Ltd
No. 3/17, Kynsey Road
Colombo 08
(PV65966)

Registrars to the Offer

S S P Corporate Services Limited
No. 101, Inner Flower Road,
Colombo 3

THIS DOCUMENT IS IMPORTANT AND WARRANTS YOUR IMMEDIATE AND CAREFUL CONSIDERATION. If you are in any doubt as to the action you should take, you should seek advice from your stockbroker, bank manager, legal adviser, accountant or other independent professional financial adviser immediately.

This offer is made as per the terms of the Company Takeovers and Mergers Code 1995 (as amended in 2003) (Code), and this document has been prepared in accordance with the provisions of the said Code.

If you have sold or otherwise transferred all your shares in Tea Smallholder Factories PLC please send this document and the accompanying Form of Acceptance to the purchaser or Transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.

The procedure for acceptance is set out in Clauses 4 and 5 of this document and in the accompanying Form of Acceptance. The Form of Acceptance and related documents should be returned to the Registrars to the Offer, SSP Corporate Services (Private) Limited No. 101, Inner Flower Road, Colombo 3, Sri Lanka, to be received by them not later than 4.30 pm on 26th May 2025 being the Closing Date of the Offer or such later date (subject to the SEC's approval) as may be announced.

If you have any queries with regard to the completion of the Form of Acceptance or other documents, please contact the Registrars on Telephone Nos. 94 112573894 / 94 112576871.

THE SECURITIES & EXCHANGE COMMISSION OF SRI LANKA HAS TAKEN REASONABLE CARE TO ENSURE FULL AND FAIR DISCLOSURE OF INFORMATION IN THIS OFFER DOCUMENT AS REQUIRED BY THE COMPANY TAKE-OVERS AND MERGERS CODE 1995 (AS AMENDED IN 2003). HOWEVER, THE COMMISSION ASSUMES NO RESPONSIBILITY FOR THE ACCURACY OF THE STATEMENTS MADE, OPINIONS EXPRESSED, OR REPORTS INCLUDED IN THIS OFFER DOCUMENT.

"Shareholders of Tea Smallholder Factories PLC are reminded that the Board of Tea Smallholder Factories PLC is obliged to communicate to every shareholder its views, comments, and advice on the offer document along with the advice given to it by the independent advisor within fourteen (14) days of receipt of the Offer Document as stipulated under Rules 12 and 13 of the Code. Shareholders are therefore advised to await the receipt of such a communication to enable a decision on the merits and demerits of the offer."

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DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Acceptance unless the context otherwise requires:

CDS	Central Depository Systems (Private) Limited
Offer Period	the period commencing on the date on which the Offer Document is forwarded to the shareholders of Tea Smallholder Factories PLC and ending on the closing date of the Offer (i.e. from 5th May 2025 to 26th May 2025).
Offer Price	Rs. 35.00 per share of Tea Smallholder Factories PLC
Closing Date	26th May 2025
Code	The Company Take-overs and Mergers Code 1995 (as amended in 2003) published under the rules made by the Securities & Exchange Commission of Sri Lanka under Section 53 of the Securities & Exchange Commission Act of Sri Lanka Act No. 36 of 1987 (now referred to under Section 183 of the Securities & Exchange Commission of Sri Lanka, Act No. 19 of 2021)
Form of Acceptance	The Form of Acceptance which accompanies this document as Appendix II
Offeror	Udapussellawa Plantations PLC
Offeree	Tea Smallholder Factories PLC
LPD	Last Practicable Date – 25th April 2025
Offer	Mandatory Offer by the Offeror to purchase 18,723,161 Ordinary Voting shares of the Offeree, which shall include any revision or variation or extension thereto.
SEC	Securities and Exchange Commission of Sri Lanka
Unconditional as to Acceptances	The Offeror must accept and pay for all shares tendered at the offer price, while the shareholders of Offeree lose their right to withdraw the shares.
Acting in Concert	means an individual or a company and their nominees who, pursuant to an agreement or understanding [whether formal or informal] actively co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate control of that company, and include the following:

[a] a company, its parent company, any subsidiary company and any subsidiary of any such subsidiary company, and any company in which such parent or subsidiary company owns or controls twenty per centum or more of the equity shares of that company, and any company in which twenty per centum or more of the equity shares are owned by the last-mentioned company, each with the other,

[b] a company with any of its directors [together with their close relations and trusts established to hold the interest of such directors or close relations];

[c] a company with any of its pension funds.

Recent Director	shall mean any person who had ceased to be a member of the Board of Directors during the preceding six months
Recent Shareholder	shall mean any shareholder who has ceased to be a shareholder during the preceding six months.

5th May 2025

To: The Shareholders of Tea Smallholder Factories PLC

MANDATORY OFFER BY UDAPUSSELLAWA PLANTATIONS PLC TO PURCHASE 18,723,161 ORDINARY SHARES OF TEA SMALLHOLDER FACTORIES PLC

1. BACKGROUND TO THE OFFER

Consequent to **UDAPUSSELLAWA PLANTATIONS PLC** a company duly registered under the Companies Act No. 7 of 2007 bearing Company Registration No. PQ63 and having its Registered Office at Level 11, Browns Capital Building, No. 19 Dudley Senanayake Mawatha Colombo 8, (hereinafter referred to as the **Offeror**), acquiring on 3rd April 2025, on the Trading Floor of the Colombo Stock Exchange (CSE), 11,276,839 Ordinary Voting Shares (**Shares)** in **Tea Smallholder Factories PLC** (hereinafter referred to as the **Offeree**), constituting approximately 37.59% of the total number of shares in issue in Offeree at a price of Rs. 35.00 per share; triggered the threshold limits placed by the Code is obliged to make a Mandatory Offer, in terms of Rule 31(1)(a).

Rule 31(1)(a) of the Code states as follows:

" (1) Where any person –

a) acquires, whether by a series of transactions over a period of time or otherwise, shares which taken together with shares held or acquired by persons acting in concert with such person, carry thirty per centum or more of the voting rights of a company : or …….

such person shall extend, within thirty-five days, an offer in accordance with this Rule to the holders of any class of equity shares that carry voting rights and in which such person or persons acting in concert with him hold shares."

Accordingly, the Offeror is obligated to purchase the balance of 18,723,161 Ordinary Voting shares, which constitute approximately 62.41% of the Offeree's shares held by the remaining holders of Ordinary Voting Shares, at a price of Rs. 35.00 per share.

There are no parties acting in concert with the Offeror.

Rs. 35.00 is the highest price paid by the Offeror for an Ordinary Voting Share of the Offeree during the period of one year immediately before 3rd April 2025.

2. THE OFFER

The Offeror offers to purchase from the shareholders of the Offeree 18,723,161 shares (other than the 11,276,839 Shares held by the Offeror) at a price of Rs. 35.00 per share, being the highest price at which the Offeror acquired the shares of the Offeree during the period from 2nd April 2024 to 3rd April 2025 for a share of the Offeree.

The Offer to be made by the Offeror as herein contemplated shall be open to all holders of Ordinary Voting Shares of the Offeree registered in the books of the Offeree at the close of the Offer.

Accordingly, the financial commitment required to meet acceptance in respect of ordinary shares of the aforesaid Offer amounts to Rupees Six Hundred and Fifty Five Million Three Hundred and Ten Thousand Six Hundred and Thirty Five (Rs. 655,310,635/-).

18,723,161 Shares will be acquired under the Offer together with all rights now and hereafter attaching thereto, including the right to receive dividends and other distributions declared, paid or made after such acquisition but excluding liens, charges, encumbrances, equities, rights of pre-emption and any other third party rights of whatsoever nature and howsoever arising.

Acceptance should be dispatched as soon as possible and, in any event, so that it is received by the Registrars to the Offer, SSP Corporate Services (Private) Limited. No. 101, Inner Flower Road, Colombo 3, Sri Lanka, not later than 4:30 p.m. on 26th May 2025. Instructions in regard to the acceptance of the Offer are set out in Clauses 4 and 5 herein and in the Form of Acceptance (Appendix II). If you have any queries about completing the Form of Acceptance, please contact the Registrars to the Offer, SSP Corporate Services (Private) Limited on Telephone Nos. 94 11 2573894/ 94 112576871 for assistance.

3. STATEMENTS MADE IN TERMS OF RULE 14 OF THE CODE

1(a) - There are no agreements, arrangements, or understandings that exist between the Offeror and any Director or recent Director, shareholder, or recent shareholder of the Offeree Company having any connection with the offer.

(b) No shares acquired in pursuance of this offer will be transferred to any other person

(c) Settlement of the consideration to which any shareholder is entitled under this offer will be implemented in full in accordance with the terms of the Offer without having regard to any lien, right of set-off, counterclaim, or other analogous rights to which the Offeror may otherwise be or claim to be entitled to against such shareholder.

2(a) The Directors of the Offeror are –

Dr. P S H Uluwaduge
Mr. D J Rattwatte [Chief Executive Officer]
Mr. A S Perera
Mr. G D V Perera
Mr. D S K Amarasekara
Mrs. V G S S Kotakadeniya
Mr. Manju Gunawardena
Mr. U H E Silva
Mr. T Dharmaraja
Dr. K Meepe Mohotti

(b) Offeror's Principal Activities :

The Offeror is duly registered under the Companies Act No. 7 of 2007, bearing company Registration No. PQ 63 and its Ordinary Voting Shares are Listed on the Colombo Stock Exchange.

The Registered Office of the Offeror is situated at No. Level 11, Browns Capital Building, No. 19 Dudley Senanayake Mawatha, Colombo 8.

The Offeror is engaged mainly in the cultivation, manufacture, and marketing of tea, rubber, coconut, and forestry products, operating mainly in the Central Province.

The Stated Capital of the Offeror is Rs. 340,000,000/- represented by 19,398,851 Ordinary Voting Share & a Golden Share. [Please refer to the Schedule in page 19 of this offer document with regards to the rights and obligations of the Golden Share and the Offeror in terms of the Articles of Association of the Offeror and the Companies Act No. 7 of 2007.]

The Offeror is a subsidiary of Browns Power Holdings (Private) Limited, which holds 17,491,031 Ordinary Voting Shares of the Offeror, constituting 90.17% of the shares in issue of the Offeror.

(c) Financial Information

	FY Ended 31st December 2021 (audited) (Rs.000)	**FY Ended 31st March 2023 (covering 15-month period from 01st January 2022 to 31st March 2023) (audited) (Rs.000)**	**FY Ended 31st March 2024 (audited) (Rs.000)**	**Period Ended 31st December 2024 (Unaudited) (Rs.000) 9 Months**
Turnover (Other Income)	2,081,171	4,195,223	3,160,463	2,653,865
Net Profit /(Loss)before tax	172,989	1,163,187	1,032,291	822,179
Net Profit /(Loss) after tax	241,281	1,034,637	795,366	692,837
Earnings per share before tax	8.92	59.96	53.21	42.38
Earnings per share after tax	12.44	53.33	41	35.72
Dividend per share	-	-	-	-

	Audited Financial Statements for the year ended 31st March 2024 (Rs 000)	Unaudited Financial Statements for the year ended 31st December 2024(Rs 000)
Assets		
Non-Current Assets	3,320,317	3,291,554
Current Assets	1,861,520	2,634,731
Total Assets	**5,181,837**	**5,926,285**
Equity and Liabilities		
Stated Capital	340,000	340,000
Pending Share	-	-
Reserves	740,124	740,124
Retained earnings	2,049,504	2,742,341
Non-Controlling Interest	-	-
Total Equity	**3,129,628**	**3,822,465**
Non-Current Liabilities	1,590,779	1,624,686
Current Liabilities	461,430	479,134
Total Liabilities	**2,052,209**	**2,103,820**
Total Equity and Liabilities	**5,181,837**	**5,926,285**

(d) Relevant details of the Offeror from any interim financial statement or preliminary announcements made since the publication of the last published audited accounts

Except for the above, there have been no publicly known material changes in the financial position of the Offeror since the publication of the last Audited Financial Statements.

3(a) The shareholding of the Offeror in the Offeree Company – 11,276,839 Ordinary Voting Shares constituting approximately 37.59%

(b) None of the Directors of the Offeror owns shares in the Offeree

(c) The shareholdings in the Offeree in which any person acting in concert with the Offeror owns or controls – Not applicable due to there being no persons acting in concert with the Offeror ;

(d) The shareholdings in the Offeree owned or controlled by any person who, prior to the posting of the offer document, has made an irrevocable commitment to accept the offer - None ;

(e) None of the persons referred to in this Offer Document as having shares in the Offeree have dealt for value in the shares in question during the period commencing twelve months prior to the offer period and ending with the day prior to the posting of the offer except the Offeror who acquired in the market 11,276,839 Ordinary Voting Shares constituting approximately 37.59% on 3rd April 2025;

4(a) The intention of the Offeror is to continue operations of the Offeree company as a going concern, with no intention of scaling down or discontinuing any major segments;

(b) The Offeror does not intend to implement any major changes to the business of the Offeree, including the re-deployment of the fixed assets of the Offeree Company;

(c) The long-term commercial justification for the proposed Offer;

The proposed acquisition of the remaining 62.41% issued shares of Tea Smallholder Investments PLC holds significant long-term strategic and commercial value. Browns Investments PLC currently owns and manages three Regional Plantation Companies (RPCs):

Maturata Plantations Limited, which operates nineteen (19) estates (including sixteen (16) tea estates and three (3) multi-crop Estates, including Rubber and Cinnamon

Udapussellawa Plantations PLC (the acquirer), with eleven (11) estates, ten (10) tea estates, and one (1) coconut estate, and

Hapugastenne Plantations PLC manages 19 estates, which include 7 tea estates, 2 rubber estates, and 10 multi-crop estates, including cinnamon and rubber.

These RPCs collectively oversee 49 estates, covering 11,072 hectares of tea plantations and producing approximately 11.5 million kilograms of made tea annually. The group currently owns and operates twenty-one (21) green leaf processing factories and two (2) RT processing factories, utilizing Orthodox, Rotovane, and CTC manufacturing methods.

The acquisition of Offeree will further enhance the group's capacity by approximately 2.4 million kilograms of made tea annually, while also providing access to a network of 9,500+ tea smallholder suppliers located in key tea-growing regions, including Galle, Nuwara Eliya, and Ratnapura. This supplier base is serviced through five factories owned and managed by the Offeree. In addition, the group benefits from a state-of-the-art central warehouse facility located at No. 77A, New Nuge Road, Peliyagoda, which supports streamlined warehousing for the group's entire operations.

The Offeree has consistently maintained a leading market position, producing premium-quality teas that command, on average, above 5.4% of low-grown average price when compared with its peers in the market. This premium positioning presents a valuable opportunity for Browns Investments Group to enhance its Group Gross Sale Average (GSA) and drive increased consolidated revenue in the long term.

5. The emoluments of the Offeror's directors will not be affected by the acquisition of the Offeree Company.

4. TERMS OF THE OFFER

4.1. Date of the Offer

The Offer is made on 5th May 2025 and will remain open for a period of at least 21 days from the date the Offer Document is posted to the shareholders of the Offeree. Copies of this Offer Document, the Form of Acceptance, the Transfer Form, and related documents are available with the Registrars to the Offer, SSP Corporate Services (Private) Limited, 101, Inner Flower Road, Colombo 3, Sri Lanka.

4.2. Conditions of the Offer

In terms of Rule 31(2) of the Code, offers made under Rule 31 shall be conditional only upon the Offeror having received acceptances in respect of shares which, together with shares acquired or agreed to be acquired before or during the offer will result in the Offeror holding shares carrying more than fifty per centum (50%) of the voting rights.

As stated above, the shareholding of the Offeror is 11,276,839, constituting a total holding of 37.59% shares of the Offeree, and therefore, **this offer <u>is not</u> "Unconditional as to acceptance"**

"**Unconditional as to acceptance**" shall mean "The Offeror must accept and pay for all shares tendered at the offer price while the shareholders of the Offeree lose their right to withdraw the shares."

Although the offeror only holds 37.59% of the shares of the offeree, The Offeror hereby agrees to accept and pay for any valid acceptance received (notwithstanding the Offeror not receiving Acceptances, which will result in the Offeror holding shares carrying more than 50% of the voting rights).
It must be noted that **"acceptance"** by a shareholder shall mean acceptance in accordance with the procedure set out in the Offer Document.

4.3 Acceptance Period

(a) The Offer will initially be open for acceptance until 26th May 2025 but may be extended subject to paragraph (c) below. Although no revision is envisaged, if the Offer is revised, it will remain open for acceptance for a period of at least 14 days from the date on which written notification of a revision is posted to Tea Smallholder Factories PLC shareholders. Where the Offer is revised, all shareholders who accepted the initial Offer will receive the revised consideration.

(b) The Offer may, with the approval of the SEC, be extended beyond the sixtieth day after the date on which the Offer Document is forwarded to the Offeree's shareholders if a competing offer has been made or announced.

(c) If an extension of the Offer has been granted by the SEC pursuant to paragraph (b) above, the Offeror will inform the Offeree's shareholders of the next expiry date of the Offer.

4.4 Announcements

By 4.30 p.m. on the market day immediately following the day on which the Offer expires or is revised or extended, the Offeror will issue a statement to the CSE specifying whether the Offer has expired, or has been revised or extended and will also state the total number of Offerors shares (as nearly as practicable) –

- (i) for which acceptances of the Offer have been received,
- (ii) held before the Offer Period and,
- (iii) acquired or agreed to be acquired during the Offer Period,

and will specify the percentage of Offeree shares represented by these figures. The Offerors will simultaneously request the CSE to make an announcement to that effect on the Trading Floor.

If the Offerors fails to make the required announcement as stated above, a shareholder shall be entitled to withdraw his acceptance immediately.

4.5 Non-Resident Shareholders of Offeree

Offeree shareholders who are not residents of Sri Lanka and who are citizens, residents or nationals of other countries should take into consideration their jurisdiction and any laws directly related thereto. The Offeror will not be responsible for any statutory or other approvals that may be necessary in the event of such persons accepting the Offer.

Non-Resident shareholders of Offeree should also indicate details of their Investors Investment Account (IIA) to which the purchase proceeds are to be remitted in the cages provided for such information, together with confirmation that the shares accepted/tendered for sale were purchased from proceeds channeled through the same IIA

4.6 General Information relating to the Offer

(a) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance unless the context otherwise requires.

(b) No acknowledgment of receipt of any Form of Acceptance, Share Transfer Form, share certificate(s) or other document (s) will be given by or on behalf of the Offeror.

(c) All communications, notices, certificates, other documents and remittances to be sent to Offeree shareholders will be so sent (or their designated agents) at their (Offeree shareholders') risk.

(d) The Offer and all acceptances thereof or pursuant thereto and the relevant Form of Acceptance, form of transfer, letter of authorization to CDS and all contracts made pursuant thereto and action taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with the Laws of Sri Lanka.

Execution by or on behalf of an Offeree shareholder of a Form of Acceptance will constitute his submission, in relation to all matters arising out of or in connection with the Offer and the Form of Acceptance, form of transfer, letter of authorization to CDS to the jurisdiction of the Courts of Sri Lanka.

(e) Any failure to receive the duly dispatched document by any person to whom the Offer is made or should be made, shall not invalidate the Offer in any way.

5. PROCEDURE FOR ACCEPTANCE OF THE OFFER

The following procedure should be followed in the event you decide to accept the Offer.

5.1 To Accept the Offer

To accept the Offer, you must complete Form A - Form of Acceptance and Transfer (Appendix II) in accordance with the instructions printed thereon in the presence of a witness who should also sign and return the Form of Acceptance and Transfer **together with the related documents** in accordance with the procedure set out in paragraph 5.2 below to be received by the Registrars, SSP Corporate Services (Private) Limited or the CDS through your Stockbroker or Custodian Bank as applicable to you not later than 4.30 p.m. on 26th May 2025.

5.2 Return of Form A - Form of Acceptance and Transfer

(i) If your Tea Smallholder Factories PLC shares **are not deposited** with the CDS;

The completed and signed Form A - Form of Acceptance and Transfer (Appendix II) signed by you as Transferor with your signature duly witnessed together with the relative share certificate(s) and/or other document(s) of title or otherwise as hereinafter set out should be returned by post or by hand to the Registrars, SSP Corporate Services (Private) Limited, No. 101, Inner Flower Road, Colombo 3, Sri Lanka not later than 4.30 p.m. on 26th May 2025.

(ii) If your Tea Smallholder Factories PLC shares **are deposited** with the CDS;

The completed and signed Form A - Form of Acceptance and Transfer (Appendix II) and Form B - the Letter of Authorization (Appendix III) addressed to the CDS duly completed and signed with your signature witnessed thereon should be returned through **your Stockbroker** to the Registrars SSP Corporate Services (Private) Limited, No. 101, Inner Flower Road, Colombo 3, Sri Lanka not later than 4.30 p.m. on 26th May 2025

(iii) If you hold Tea Smallholder Factories PLC shares in more than one CDS Account, please use separate Form A - Forms of Acceptance and Transfer and Form B – Letters of Authorization to CDS for each account held. You may use photocopies of the forms provided for this purpose.

Please note that in the event your shares are deposited in the CDS, and you do not submit your "Form A - Form of Acceptance and Transfer" (Appendix II) and the "Form B – Letter of Authorization to CDS" (Appendix III) through your Stockbroker/Custodian Bank, neither Tea Smallholder Factories PLC nor the Registrars to the Offer, SSP Corporate Services (Private) Limited, will assume any responsibility to obtain the Stockbroker Authorization for the transfer of your Tea Smallholder Factories PLC shares and **the said forms so submitted will be rejected.**

5.3 Documents signed under Power of Attorney

If any document is signed under a Power of Attorney (POA), the POA should be registered with the Company Secretary of Tea Smallholder Factories PLC or the Registrars to Udapussellawa Plantations PLC. A copy thereof duly certified by a Notary Public should be sent together with the Form/s of Acceptance and Transfer. [Powers of Attorneys submitted should be in compliance with the Powers of Attorney (Amendment)Act No. 28 of 2022 & Powers of Attorney (Amendment) Act No. 3 of 2024]

5.4 Document(s) of Title not readily available or lost

If, for any reason, the relevant share certificate(s) and/or other document(s) of title is/are not readily available or is/are lost, you should nevertheless complete, sign and return Form A - the Form of Acceptance and Transfer as stated above so as to be received by the Registrars, SSP Corporate Services (Private) Limited, No. 101, Inner Flower Road, Colombo 3, not later than 4.30 p.m. on 26th May 2025.

Such shareholders shall also complete the Letter of Indemnity (Appendix IV) and an Affidavit (as per Appendix V) and forward the same together with the Form A - Form of Acceptance and Transfer to the Registrars, SSP Corporate Services (Private) Limited at No. 101, Inner Flower Road, Colombo 3 for onward transmission to the Secretaries of Tea Smallholder Factories PLC to facilitate the issue of a duplicate certificate for processing of the Acceptance.

Please note each shareholder has to bear the fees (if any) and the cost of issuing duplicate share certificates.

In the case of deceased shareholders, their legal representatives are to contact the Registrars of the Offer immediately for information regarding the documents to be forwarded to constitute valid acceptance of the Offer.

5.5 Validity of Acceptances

The Offeror reserves the right, subject to the terms of the Offer and the Code, to treat as valid any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant share certificate(s) and/or other document(s) of title. However, in that event, the consideration under the Offer will not be paid until the share certificate(s) and/or other document(s) of title or indemnities satisfactory to the Offeror are received.

6. SETTLEMENT

The Offeror will forward the consideration payable to any shareholder who have submitted valid acceptance to the Offer on or before the Offer closure date not later than twenty-one (21) days after the receipt of the relevant "Appendix II and III – ("Form A - Form of Acceptance and Transfer" and "Form B - Letter of Authorisation to CDS", where applicable)."

7. PAYMENT OF CONSIDERATION

The consideration to which any accepting shareholder is entitled to will be paid to such shareholder (i) by way of a credit to the Bank Account of the shareholder that is specified in Appendix II – "Form A -Form of Acceptance and Transfer" submitted by the shareholder via a SLIPS or RTGS transfer or (ii) in the event the shareholder has not provided accurate or complete details of his/her Bank Account in the "Appendix II – Form A - Form of Acceptance and Transfer", by way of a Bank Draft crossed **"Not Negotiable – Account Payee Only"** and mailed by post to such shareholder at the risk of such shareholder, within the period referred to above.

In the case of Non-Resident shareholders who have provided details of their Inward Investment Account or Capital Transaction Rupee Account, the consideration will be paid to such Bank Accounts.

In the case of joint shareholders, a Bank Draft will be drawn in favour of the first shareholder as it appears in "Appendix II – Form A - Form of Acceptance and Transfer" "Appendix – III – Form B -Letter of Authorisation to CDS" where applicable.

Please note that if the fund transfer through SLIPS is rejected by the Bank due to any reason, the relevant payments would be made via a Bank Draft in favour of the shareholder and sent by post at the risk of such shareholder.

The consideration to which any shareholder is entitled to under the Offer shall be sent to such shareholder; and in the case of non-resident shareholders who have provided details of their IIA (formerly SIA or SIERA) to the relevant Banks as soon as practicable, and in any case not later than twenty-one (21) days after the receipt of valid acceptances.

Payment to shareholders on acceptances which are not entirely in order and which have been treated as valid by the Offeror under the provisions of Clause 5.5 above will not be made until the share certificate(s) and/or other document(s) of title or indemnities satisfactory to the Offeror are received.

Settlement of the consideration to which any shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled to as against such shareholder.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents listed below will be available for inspection at the Registered Office of the Offeror at No. 100/1, Sri Jayawardenepura Mawatha, Rajagiriya, during normal business hours on any weekday, while the Offer remains open for acceptance.

(a) The Articles of Association of the Offeror.
(b) The latest list of Directors of the Offeror.
(c) Offer Document and Appendices I, II, III, IV, V

9. APPENDICES

Appendix I	Confirmation by the Funding Institution
Appendix II	Form A - Form of Acceptance and Transfer
Appendix III	Form B – Letter of Authorisation to CDS
Appendix IV	Declaration of Indemnity
Appendix V	Affidavit

10. DECLARATION BY THE OFFEROR

We, the undersigned being two Directors of Udapussellawa Plantations PLC, whose names appear in Clauses hereof as Directors of Udapussellawa Plantations PLC, do hereby declare and confirm as authorized by the Board of Udapussellawa Plantations PLC that the Board of Udapussellawa Plantations PLC, approve the Offer Document, and collectively and individually accept full responsibility for the completeness and the accuracy of the information contained in the Offer Document and confirm that to the best of their knowledge and belief that there are no other facts, the omission of which would make any statement herein misleading in any material respect.

FOR AND ON BEHALF OF
UDAPUSSELLAWA PLANTATIONS PLC

D S K Amarasekara
Director

Mrs V G S S Kotakadeniya
Director

THE SCHEDULE REFERRED TO IN 2(b)

A. PROVISIONS WITH REFERENCE TO GOLDEN SHARE IN THE COMPANIES ACT

In terms of Section 139(2) of the Companies Act No. 7 of 2007 -

"Notwithstanding anything in this Act, where the Secretary to the Treasury is the holder of more than ten per centum of the shares, the Secretary to the Treasury shall be entitled to appoint another person as his proxy for every ten per centum or part thereof of the shares held by the Secretary to the Treasury :

provided where the Secretary to the Treasury is a holder of a Golden Share in a company in terms of its Articles, notwithstanding anything in this Act, the Secretary to the Treasury as the Golden Shareholder thereof shall be entitled to appoint not more than 3 other persons as his proxies to attend on the same occasion.

B. PROVISIONS PERTAINING TO GOLDEN SHARE IN THE ARTICLES OF ASSOCIATION OF UDAPUSSELLAWA PLANTATIONS PLC

1. **Golden Shareholder** – The holder of the Golden Share

2. **Golden Share** – A share allotted to the Secretary to the Treasury in his official capacity and not in his own name, for an on behalf of the State of the Democratic Socialist Republic of Sri Lanka and/or by any transferee permitted by the Articles of Association.

3. The Secretary to the Treasury – the person holding such office for the time being in the State of the Democratic Socialist Republic of Sri Lanka.

4. **Article 2A** – The Articles of the Company as originally framed may from time to time be altered by Special Resolution, provided that the concurrence of the Golden Shareholder in writing shall be first obtained to amend the definition of the words Golden Share and Golden Shareholder and Articles 2A, 2B, 4(c), 4(c)(i), 4(c)(ii), 36, 140(i) & (ii).

5. **Article 2B** – The Golden Share may be converted into an ordinary share with the concurrence of the Golden Shareholder and the concurrence of a majority of the shareholders.

6. **Article 4(c)** – The State of the Democratic Socialist Republic of Sri Lanka shall be entitled to be issued or to purchase .... a Golden Share.

7. **Article 4(c)(i)** - The company shall obtain the written consent of the Golden Shareholder prior to subleasing, ceding or assigning its rights in part or all of the lands set out in Article 3(1)of the Articles of Association of the Company.

8. **Article 4(c)(ii)** – The Golden Shareholder shall be entitled to call upon the Board of Directors of the company once in every three months period if desired to meet with the Golden Shareholder and/or his nominees and the Directors if so called upon shall meet with the Golden Shareholder and/or his nominees to discuss matters of the company or interest to the State of the Democratic Socialist Republic of Sri Lanka.

9. **Article 36 -** the Golden Share shall only be held by the Secretary to the Treasury in his official capacity and not in his own name, for and on behalf of the State of the Democratic Socialist Republic of Sri Lanka, or by a company in which the State of the State of the Democratic Socialist Republic of Sri Lanka owns Ninety Nine (99%) per centum or more of the issued capital.

10. **Article 140(i)** – The company shall submit to the Golden Shareholder, within 60 days of the end of each quarter a quarterly report relating to the performance of the company during the said quarter in pre-specified format agreed to buy the Golden Shareholder and the Company.

11. **Article 140(ii)** – The company shall submit to the Golden Shareholder within 90 days of the end of each fiscal year information relating to the company in a pre-specified format agreed to by the Golden Shareholder and the company.

DFCC BANK
Keep Growing

April 07th, 2025

Our Ref - CORP/L/25/40

Securities & Exchange Commission of Sri Lanka
Level 18.
East Tower.
World Trade Center,
Echelon Square.
Colombo 01

Dear Sir,

MANDATORY OFFER BY UDAPUSSELLAWA PLANTATIONS PLC TO PURCHASE 18,723,161 ORDINARY VOTING SHARES OF TEA SMALLHOLDER FACTORIES PLC

The Bank hereby confirms that our client, Udapussellawa Plantations PLC has adequate funds set aside in the current account of Udapussellawa Plantation PLC to meet acceptance in respect of 18,723,161 Ordinary Voting Shares of Tea Smallholder Factories PLC at LKR 35 per share, totaling to LKR 655,310,635.00 on the above offer.

A sum not less than LKR 655,310,635.00 is available in the account to meet the purchase consideration of the aforesaid shares.

This confirmation shall be in force until the payment is made in full to the shareholders who have accepted the offer.

This letter is issued at the request of Udapussellawa Plantations PLC.

Yours faithfully,
DFCC Bank PLC

Winston Joseph
Vice President/ Unit Head
Corporate Banking

Sohantha Wijesingha
Senior Vice President/ Head of Corporate Banking
Corporate Banking

APPENDIX II

FORM A – FORM OF ACCEPTANCE AND TRANSFER

PLEASE READ THE INSTRUCTIONS GIVEN IN APPENDIX III CAREFULLY AND STRICTLY COMPLY WITH SAME

Offer made to the shareholders of **Tea Smallholder Factories PLC** by **Udapussellawa Plantations PLC** through the Offer Document dated 5th May **2025** to acquire a total of **18,723,161** Ordinary Voting Shares in Tea Smallholder Factories PLC (the "Offer") at a price of Rs. **35.00** per share.

Section A: Acceptance
Date
I/We, shareholders of **Tea Smallholder Factories PLC** whose details appear in Section B below, wish to accept the Offer by **Udapussellawa Plantations PLC** for ____________ Shares of **Tea Smallholder Factories PLC** being the number of shares which I/we wish to sell from the total number of shares held by me/us at a price of Rs. **35.00** per share.

Section B: Shareholder Information			
		Contact No.	NIC/PP/Company Reg. No
Principal/Sole Shareholder	Name:		
	Address:		
1st Joint Shareholder	Name :		
	Address:		
2nd Joint Shareholder	Name:		
	Address:		

Section C: Transfer of Tea Smallholder Factories PLC Shares

My/Our **Tea Smallholder Factories PLC** Shares are currently - (Please tick as applicable)

To be completed by Shareholders who hold shares through a share certificate (held in script form)

☐ Held in script form and the share certificates bearing No.(s) .... are enclosed herewith. I/We, the Shareholder(s) of **Tea Smallholder Factories PLC** whose details appear in Section B above (hereinafter referred to as the "Transferor") for consideration as detailed in the Offer Document dated 5th May 2025 forwarded by **Udapussellawa Plantations PLC** (hereinafter referred to as the "Transferee"), do hereby transfer to the said transferee the number of shares of **Tea Smallholder Factories PLC** as stated in Section A standing in my/our name(s) in the books of **Tea Smallholder Factories PLC**

I/We understand that the amount due to me/us will be made via SLIPS /RTGS to my/our bank account, the details of which are given in Section D below or a bank draft in favour of the principal/sole shareholder stated in Section B above, and crossed "**Not Negotiable - Account Payee Only**" and mailed to me/us at my/our own risk to the address appearing in Section B above.

☐ **To be completed by shareholders who hold shares through the Central Depository Systems (Private) Limited (Held in the CDS)**

Deposited with the CDS in Account No.

			-										-			-		
			-										-			-		

I/We have completed "Form B – Letter of Authorisation to CDS" attached hereto, authorising the CDS to transfer the number of **Tea Smallholder Factories PLC** shares specified in Section A standing in my/our name(s) in the books of **Tea Smallholder Factories PLC**

I/We understand that the amount due to me/us will be made via SLIPS /RTGS to my/our bank account, details of which are given in Section D below or by a bank draft in favour of the Principal/Sole shareholder stated in Section B above, and crossed "**Not negotiable Account Payee Only**" and mailed to me/us at my own risk to the address appearing in Section B above.

SECTION D: Declaration & Signature(s) of Transferor (s)

I/We the transferor (s) of the **Tea Smallholder Factories PLC** shares, hereby expressly and solemnly state and declare that: (please tick one box as is applicable to you)

☐ I am a/We are Citizen (s) of Sri Lanka resident in Sri Lanka or a Private/Public Company/Corporation incorporated in Sri Lanka

☐ I am a/We are Citizen (s) of Sri Lanka resident outside Sri Lanka or Non-citizens of Sri Lanka or Company/Corporation incorporated outside Sri Lanka

The payments due to me/us in respect of the Offer should be paid to me : (please tick one box as is applicable to you)

☐ By a bank draft posted at my/our risk to my address specified above

☐ By a fund transfer through SLIPS / RTGS to my/our bank account number given below

☐ By fund transfer to my Inward Investment Account/ Capital Transaction Rupee Account, the details of which are given below. I/We further confirm that the shares accepted/tendered for sale were purchased from proceeds channeled through the aforesaid IIA and the bank details are provided below.

BANK CODE				BRANCH CODE			ACCOUNT NO.											

- Name of Bank - ....
- Bank Branch - ....
- Address of Bank - ....
- Account No. - ....

Please note that if the fund transfer through SLIPS is rejected by the bank for any reason, a Bank Draft will be posted at the risk of the shareholder to the address of the Shareholder specified above, and in the case of a Nonresident shareholder, to the Bank address given above.

Signature of Principal Shareholder	Company Seal (if applicable only)
Signature of 1st Joint Shareholder	
Signature of 2nd Joint Shareholder	

Signed by transferor(s) in the presence of the witness whose details appear below.

Full Name of Witness	
Address	

NIC/PP/Co Reg.# of witness										
										.... Signature of Witness

Section E: Signature of the Transferee (To be completed by the Transferee after the transfer form is returned to the Registrars)

We **Udapussellawa Plantations PLC** being the Transferee of the shares referred to in the above transfer do hereby declare that we are a Company incorporated in Sri Lanka, and that we are not acting as nominee for any persons resident outside Sri Lanka

Signed by the authorized signatories of the Transferee, **Udapussellawa Plantations PLC**

First Signatory		Company Seal/Rubber Stamp
Second Signatory		

APPENDIX III

FORM B – LETTER OF AUTHORISATION TO CDS

The Manager,
Central Depository Systems (Private) Limited   Date.....................................

Dear Sir,

<u>AUTHORITY TO TRANSFER SHARES DEPOSITED IN CDS</u>

CDS Account No.	- - -
Name of Broker	
Name of security	Ordinary shares of **Tea Smallholder Factories PLC**

I/We write to advise you that I/we have decided to accept the Offer made by **Udapussellawa Plantations PLC** through the Offer Document dated 5th May 2025. for the purchase of ordinary shares of **Tea Smallholder Factories PLC** held by me/us and deposited with the CDS at a price of Rs. 35.00 per share in the above account and to sell ________________ [*insert number of ordinary shares for which the Offer is accepted*] shares of **Tea Smallholder Factories PLC** held by me/us.

I/We accordingly authorise you, at the request of the Registrars to the Offer, S S P Corporate Services (Private) Limited, to reallocate my/our above mentioned **Tea Smallholder Factories PLC** shares for which the Offer was accepted by me/us, to the CDS account number CTS-107662LC through CT CLSA Securities (Pvt) Ltd.

Sincerely,

Signature:

	Name of shareholder	Signature	Company Seal (if applicable)
Principal sole shareholder			
1st Joint Holder			
2nd Joint Holder			

Authorization of Broker

We hereby give consent to transfer the shares from the above client's CDS Account

Name of Broker	Authorized Signatory	Designation	Date

Authorization of Central Depository Systems (Private) Limited ("CDS")

Balance Confirmed in account and shares reserved for transfer

Authorised Signatory – CDS	

INSTRUCTIONS FOR COMPLETION

To accept the Offer made to Shareholders of **Tea Smallholder Factories PLC** by **Udapussellawa Plantations PLC** through the Offer Document dated 5th May 2025:

1. All shareholders of **Tea Smallholder Factories PLC** who wish to accept the Offer made by **Udapussellawa Plantations PLC** must complete and return the completed and signed "Form A – Form of Acceptance and Transfer" (Appendix II) and "Form B – Letter of Authorisation to CDS" (Appendix III), where applicable, **on or before 4.30 p.m. on the Offer Closure Date** as follows.

<u>If shares are not deposited with the CDS</u>	**<u>If shares are deposited with the CDS</u>**
Registrars to the Offer S S P Corporate Services (Private) Limited 101, Inner Flower Road Colombo 03	CDS through your Stockbroker or Custodian Bank

2. "Form A – Form of Acceptance and Transfer" and if applicable, "Form B – Letter of Authorisation to CDS", and other related documents, should be sent as soon as possible, and in any event must be received by the Registrars to the Offer or where applicable the CDS on or before the closing date of the Offer. The scheduled closing date of the Offer is 26th May 2025.

   Please note that, in the event your shares are deposited in the CDS, and you do not submit your "Form of Acceptance and Transfer" (Appendix II) and the "Authorization to CDS" (Appendix III) through your stockbroker/custodian bank, neither **Udapussellawa Plantations PLC** , **Tea Smallholder Factories PLC** nor the **Registrars to the Offer**, will assume any responsibility to obtain the stockbroker authorization for the transfer of your **Udapussellawa Plantations PLC** Shares and the said Forms so submitted will be rejected.

3. In all communications regarding the Offer, the top left-hand corner of the envelope should be marked **"Offer for Tea Smallholder Factories PLC Shares"**.

4. In Section A of "Form A – Form of Acceptance and Transfer (Appendix II)", fill in the date and indicate in Section A the number of ordinary shares that you wish to sell to **Udapussellawa Plantations PLC** under the Offer.

5. Shareholder information must be provided in Section B of "Form A –Form of Acceptance and Transfer (Appendix II)". Please insert your telephone number in the space provided. The details entered in Section B should be the same as appearing in your share certificate or as applicable to the relevant CDS account. If more than one name appears in Section B as shareholders, please provide the principal shareholder's bank account details or the mail address to make the settlement for the ordinary shares accepted under the Offer.

6. If your shares are held in scrip form, tick the box applicable and fill in Section C of "Form A – Form of Acceptance and Transfer". Please forward the "Form of Acceptance and Transfer" (Appendix II) together with the share certificate(s) to the address stated in number 1 above.

7. If your shares are held with the CDS, tick the box applicable and fill Section C of "Form A – Form of Acceptance and Transfer" (Appendix II). Indicate the account number in the boxes provided for, complete the "Form B – Letter of Authorization to CDS" and forward both through your stock broker to the address stated in number 1 above If you hold **Tea Smallholder Factories PLC** shares in more than one CDS account, PLEASE USE SEPARATE "Form A - Form of Acceptance and Transfer" and "Form B - Letter of Authorization to CDS" for **EACH ACCOUNT HELD**. You may use photocopies of the forms provided for this purpose.

8. If you hold shares in both scrip form and through a CDS account(s), **COMPLETE SEPARATE FORMS for EACH SUCH HOLDING.** You may use photocopies of the forms provided for this purpose.

9. In Section D of "Form A – Form of Acceptance and Transfer", tick the applicable box. **One of the boxes must be marked for an acceptance to be valid.**

10. Place your signature in the area specified as "Signature of Principal Shareholder" in Section D of "Form A – Form of Acceptance and Transfer" to signify your acceptance of the Offer. If more than one name appears in Section B of "Form A – Form of Acceptance and Transfer" as shareholders, then all shareholders should place their signatures in the area specified in Section D of "Form A – Form of Acceptance and Transfer". If the shareholder is an incorporated entity and if it is required by the laws of the jurisdiction of its incorporation, the signature should be accompanied by the company seal placed in the specified area.

11. If any document is signed under a Power of Attorney, a copy of the Power of Attorney, duly certified by a Notary Public, should be sent together with the "Form A – Form of Acceptance and Transfer" and "Form B – Letter of Authorisation to CDS", where applicable. The Power of Attorney must also be registered with the Company Secretary or Registrars of **Tea Smallholder Factories PLC**. **PLEASE DO NOT FORWARD THE ORIGINAL OF THE POWER OF ATTORNEY**.

12. A witness must fill in the required details (Full Name, Address, and National Identity Card No.) and place his/her full signature in the area specified in Section D of "Form A – Form of Acceptance and Transfer".

APPENDIX IV
DECLARATION OF INDEMNITY

I/We,..

.... (*insert full names*) of

No...

....

....(*insert addresses*)

(holder/s of National Identity Card No./Passport No.

....) do solemnly, sincerely and truly declare and affirm/make oath and state as follows;

1. That I/we am/are the owner/s of and have absolute title to .... *(insert number of shares)* ordinary voting shares in **Tea Smallholder Factories PLC** and I/we have not transferred, encumbered, lent, deposited or dealt with the said shares that will have any effect or impact whatsoever to my/our title and ownership thereto and I/we am/are entitled to be registered in books of **Tea Smallholder Factories PLC** as a shareholder/s;

2. That the certificate(s) for .... (*insert the number of shares)* ordinary voting shares in **Tea Smallholder Factories PLC** standing in my/our name have been misplaced/lost/destroyed;

3. That I/we hereby request **Tea Smallholder Factories PLC** to issue a duplicate of such share certificate in respect of the shares standing in my/our name;

4. That I/we undertake to indemnify **Tea Smallholder Factories PLC** against all claims and demands and any expenses thereof, which **Tea Smallholder Factories PLC** may have to meet in consequence of complying with this request for issuing a duplicate share certificate with regard to the transfer of the said shares, or any part thereof, without my/our having delivered to you the said original certificate(s)

I/We hereby undertake to deliver to **Tea Smallholder Factories PLC** for cancellation the said original certificate should the same ever be recovered/found.

Dated this .... day of ....2025.

....

Signature Signature Signature

Witness

1) Name	....	2) Name	....
* NIC #	....	* NIC #	....
Address	....	Address	....
	....		....
Signature	....	Signature	....

* Certified copy of NIC to be attached.

APPENDIX V

AFFIDAVIT

I/We..

of...

and ....

of ....

in the Democratic Socialist Republic of Sri Lanka being Buddhist/Hindu/Muslim* do hereby individually, solemnly sincerely and truly declare and affirm/being Christian make oath and swear* as follows:

(1) I am/We are the affirmant/affirmants or the deponent/deponents above named.

(2) I am/We are the registered holder/holders of .... ordinary voting shares held upon share certificate number(s) ....in **Tea Smallholder Factories PLC**

(3) That to best of my/our knowledge and belief that the said original certificate(s)has/have either been lost, misplaced or accidentally destroyed and that I have made and caused to be made a diligent search but have been unable to find the same.

(4) That since the said certificate(s) was issued to me/us, I/we have not sold, pledged the said shares or in any way parted with possession of the said certificate(s) is/are my/our absolute property.

(5) I/ We therefore request **Tea Smallholder Factories PLC** to issue me/us a duplicate of such share certificate(s) and in consideration of **Tea Smallholder Factories PLC** doing so undertake to indemnify the company against claims and demands (and any expense thereof) which may be made against the company in complying with my/our request.

(6) I/ We hereby undertake further to furnish to the company a Declaration of Indemnity.

Signed and affirmed to by the affirmants*/signed and sworn to by the deponents* abovenamed at ....on this ....day of........................202....

Rs. 50/- STAMP

....

Signature of Shareholder(s)

Signed Before me

Commissioner for Oaths/
Justice of the Peace

*Please delete as appropriate