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ANNOUNCEMENT UNDER THE COMPANY TAKE-OVERS AND MERGERS CODE 1995 (AS AMENDED IN 2003) AND GAZETTED IN THE GAZETTE EXTRAORDINARY NO.875/9 DATED 16TH JUNE 1995 AND AMENDED BY GAZETTE NO. 1299/6 DATED 29TH JULY 2003

MANDATORY OFFER BY STERLING CAPITAL INVESTMENTS (PRIVATE) LIMITED TO PURCHASE ALL THE REMAINING ISSUED AND PAID UP ORDINARY VOTING SHARES OF PEOPLE'S MERCHANT FINANCE PLC

1. BACKGROUND TO THE OFFER

Pursuant to the approval of the shareholders of People's Merchant Finance PLC ("PMF"), at the EGM held on 27th of March 2019, Sterling Capital Investments (Private) Limited (hereinafter referred to as "Offeror" or "SCIL") subscribed to 16,850,000 ordinary voting shares of People's Merchant Finance PLC ("PMF") on March 29, 2019 representing approximately 19.98% of the issued and paid up ordinary voting shares of PMF via the private placement of shares at a consideration of LKR 9.50 per share amounting to a total consideration of Sri Lanka Rupees One Hundred and Sixty Million and Seventy Five Thousand only (LKR 160,075,000). Thereafter SCIL acquired 126,384,052 ordinary voting shares of PMF at LKR 9.50 per share on May 8, 2019 at a total consideration of One Billion and Two Hundred Million and Six Hundred and Forty Eight Thousand Four Hundred and Ninety Four (LKR1,200,648,494) via the rights issue of shares carried out by PMF. Pursuant to such acquisition of ordinary voting shares under the rights issue, the total number of ordinary voting shares held by SCIL in PMF increased to One Hundred and Forty Three Million, Two Hundred and Thirty Four Thousand and Fifty Two (143,234,052) representing 67.9% of the issued and paid up ordinary voting shares of PMF.

Pursuant to crossing the threshold of 30% of the voting rights in PMF, it has become obligatory in terms of Rule 31(1)(a) of the Company Take-overs and Mergers Code 1995 (as amended in 2003) issued by the Securities and Exchange Commission of Sri Lanka ("SEC") under Section 53 of the Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended) ("the Code") that the Offeror makes a mandatory offer to the remaining shareholders of PMF to acquire the ordinary voting shares held by such shareholders in PMF ("the Offer").

In compliance with the provisions of the Code, the Offeror intends to make the Offer subject to the terms and conditions hereinafter stipulated.

2. TERMS AND CONDITIONS OF THE OFFER

SCIL intends to make a mandatory offer to acquire from the shareholders of PMF all of the remaining issued and paid up ordinary voting shares of PMF (other than the shares already held by the Offeror) at a price of LKR 9.50 per share ("the Offer Price") being the highest price at which SCIL acquired the shares of PMF within the twelve (12) month period prior to the abovementioned date of acquisition of ordinary voting shares in the Company under the rights issue.

The number of such ordinary voting shares which are subject to the Offer as at May 08, 2019, is 67,640,948 ordinary voting shares amounting to 32.1% of the issued and paid up ordinary voting shares of PMF.

The Offer to be made by the Offeror as herein contemplated will be open to all shareholders of PMF registered in the books of PMF at the close of the Offer.

The Offer shall be unconditional as to acceptances from the date of commencement of the Offer. The ordinary voting shares to be acquired under this Offer must be free from all liens, claims, charges, pledges, third party rights and other encumbrances and should include all rights attached thereto including the right to receive dividends and distributions (if any) declared and made or paid after such acquisition.

3. THE OFFEROR

Sterling Capital Investments (Private) Limited ("SCIL"), is a limited liability company incorporated in Sri Lanka on September 04, 2018 under the Companies Act No. 07 of 2007 with the objective of making strategic investments in Sri Lanka. SCIL is a 99.0% owned subsidiary of Rush Japan Corporation which in turn is owned by Ms. Anuja Roshini Molligoda and Mr. Roshana Molligoda ("Promoter Shareholders"). The Promoter Shareholders and their related parties own the Sterling Group of Companies engaged in exporting automobiles from Japan to Sri Lanka and providing comprehensive aftercare services. Sterling Group, is one of the largest vehicle exporters from Japan to Sri Lanka, and has distributor arrangements with numerous automobile dealers spread across the country.

4. EXISTING SHAREHOLDING IN THE OFFEREE

SCIL is the registered holder of 143,234,052 ordinary voting shares of PMF amounting to 67.9% of the issued and paid up ordinary voting shares of PMF as at May 8, 2019 as stated above.

Other than the aforesaid shares, there are no existing ordinary voting shares of PMF which are owned or controlled by SCIL. SCIL is not acting in concert with any person/s.

People's Bank (PB) who holds 33,856,246 ordinary voting shares amounting to 16.1% of the total ordinary voting shares in of PMF has given an undertaking to SCIL that PB would not accept the Offer. Furthermore, People's Leasing & Finance PLC (PLC) holding 25,014,002 ordinary voting shares amounting to 11.9 % of the total ordinary voting shares of PMF has also given an undertaking to SCIL that PLC would not accept the Offer.

5. FURTHER DETAILS OF THE OFFER

A detailed Offer Document giving other relevant information including the period during which the Offer would be kept open in terms of the Code, will be forwarded to the Board of Directors of PMF and shareholders of PMF within thirty five (35) days of SCIL acquiring the shares via the said rights issue (i.e. on or before June 12, 2019).

A shareholder who does not receive a copy of the Offer Document due to a postal delay or any other reason is advised to collect a copy of the Offer Document from S S P Corporate Services (Private) Limited, the Registrars to the Offer, having its registered office at 101, Inner Flower Road, Colombo 03.

On behalf of the Board of Directors of SCIL, we, the undersigned, do hereby declare and confirm that this announcement has been seen and approved by us and we collectively and individually accept full responsibility for the accuracy and completeness of the information contained in this announcement and confirm that to the best of our knowledge and belief, there are no other facts, the omission of which would make any statements herein misleading in any material respect.

FOR AND ON BEHALF OF THE BOARD OF STERLING CAPITAL INVESTMENTS (PRIVATE) LIMITED

STERLING CAPITAL INVESTMENTS (PVT) LTD.
PV 00203801


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Director

Director

NDB INVESTMENT BANK LIMITED
MANAGERS TO THE OFFER