

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 HNB FINANCE PLC TO PURCHASE ALL THE REMAINING ISSUED AND PAID UP ORDINARY SHARES OF PRIME FINANCE PLC

1. BACKGROUND TO THE OFFER

HNB Finance PLC (the “Offeror”), acquired on 23rd December 2021, by way of a crossing transaction executed on the Colombo Stock Exchange on 20th December 2021, one hundred and five million six hundred and two thousand two hundred and fifty one (105,602,251) ordinary shares in Prime Finance PLC (“PFP”) at a price of Sri Lankan Rupees Twenty Cents Twelve (LKR 20.12) per share.

Pursuant to such acquisition, the total number of ordinary shares held by the Offeror in PFP is one hundred and five million six hundred and two thousand two hundred and fifty one (105,602,251) ordinary shares, which amounts to eighty seven decimal two seven percent (87.27%) of the issued ordinary shares of PFP.

Consequent thereto, 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 (the “SEC”) under the Securities and Exchange Commission of Sri Lanka Act No. 19 of 2021 (the “Code”) that the Offeror makes a mandatory offer to the remaining shareholders of PFP to acquire the ordinary shares held by such shareholders in PFP (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

The Offeror intends to make a mandatory offer to acquire from the shareholders of PFP all of the remaining issued and paid up ordinary shares of PFP (other than the shares already held by the Offeror) at a price of Sri Lankan Rupees Twenty Cents Twelve (LKR 20.12) per share (the “Offer Price”) being the highest price at which the Offeror acquired the shares of PFP within the twelve (12) month period preceding the abovementioned date of acquisition.

The number of such ordinary shares which are subject to the Offer, is fifteen million three hundred and ninety seven thousand seven hundred and forty nine (15,397,749) ordinary shares amounting to twelve decimal seven three percent (12.73%) of the issued and paid up ordinary shares of PFP.

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

The Offer shall be unconditional as to acceptances from the date of commencement of the Offer. The ordinary 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.

Subsequent to the completion of Offer, it is proposed that the Offeror will amalgamate with PFP in terms of section 239 of the Companies Act No. 7 of 2007 with the Offeror being the amalgamated entity, in furtherance of the proposal of the Central Bank of Sri Lanka to consolidate Non-bank Financial Institutions. The Central Bank of Sri Lanka has granted its approval in principle for such amalgamation.

3. THE OFFEROR

The Offeror, is a limited liability company incorporated in Sri Lanka on 20th December 1999 under the Companies Act No. 7 of 2007 and is a finance company licensed under the Finance Business Act No. 42 of 2011. The Offeror is also a finance leasing establishment registered under the Finance Leasing Act No. 56 of 2000. The Offeror is a subsidiary of Hatton National Bank PLC which a licensed commercial bank under the Banking Act No. 30 of 1988.

4. EXISTING SHAREHOLDING IN THE OFFEREE

As stated above, the Offeror is the registered holder of a total of one hundred and five million six hundred and two thousand two hundred and fifty one (105,602,251) ordinary shares of PFP amounting to eighty seven decimal two seven percent (87.27%) of the issued ordinary shares of PFP as at date.

Other than the aforesaid shares, there are no existing ordinary shares of PFP which are owned or controlled by the Offeror. No person acting in concert with the Offeror owns or controls any existing ordinary voting shares of PFP.

The Offeror has not received any undertaking from any shareholder of PFP either to accept or 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 PFP and shareholders of PFP within thirty five (35) days of the Offeror incurring the obligation to make the Offer.

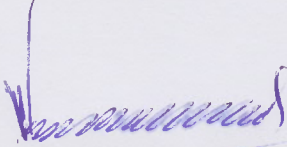
A shareholder who does not receive a copy of the Offer Document due to a postal



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 No. 101, Inner Flower Road, Colombo 3.

On behalf of the Board of Directors of the Offeror, we, the undersigned being two directors of the Offeror, do hereby declare and confirm that this announcement has been seen and approved by the Board of Directors and the directors 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 knowledge and belief the Board of Directors, 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 DIRECTORS OF HNB
FINANCE PLC.**



B.M.D.C. Prabhath
Director



Hasitha Wijesundara
Director

24th December 2021