

15th March 2022

Colombo Stock Exchange
#04-01 West Block,
World Trade Centre,
Echelon Square,
Colombo 01.

Attn: Mr. Renuke Wijayawardhane
Chief Regulatory Officer

Dear Sirs,

AMALGAMATION OF HNB FINANCE PLC AND PRIME FINANCE PLC UNDER SECTION 239 OF THE COMPANIES ACT NO. 7 OF 2007

We write to inform you that, the Board of Directors of HNB Finance PLC has, on 15th March 2022, decided that HNB Finance PLC be amalgamated with Prime Finance PLC under section 239 of the Companies Act No. 7 of 2007 (the "Companies Act"), with HNB Finance PLC being the amalgamated company. The effective date of the amalgamation will be 12th May 2022.

HNB Finance PLC is currently the parent company of Prime Finance PLC.

The amalgamation under reference is carried out in furtherance of the proposal of the Central Bank of Sri Lanka to consolidate Non-Bank Financial Institutions that is being implemented with a view to streamlining and strengthening the financial sector. The amalgamation of the companies will allow the consolidation of the business under "HNB Finance PLC". The Central Bank of Sri Lanka has given its in-principle approval for the amalgamation.

Subsequent to the amalgamation, HNB Finance PLC would become the amalgamated company, with the particulars of Prime Finance PLC being removed from the register maintained by the Registrar General of Companies.

The amalgamation will result in HNB Finance PLC succeeding, by operation of the provisions of the Companies Act, to the property, rights, powers and privileges of Prime Finance PLC and also to all liabilities and obligations of Prime Finance PLC as at the time of the amalgamation.

The shares of Prime Finance PLC will not to be converted into shares of HNB Finance PLC under the amalgamation and all shareholders of Prime Finance PLC other than HNB Finance PLC who will hold shares of Prime Finance PLC as at the time of the amalgamation will receive cash consideration amounting Sri Lankan Rupees Twenty Cents Ten (LKR 20.10) per each share held in Prime Finance PLC. This cash consideration has been determined pursuant to an independent valuation carried out of the shares of Prime Finance PLC by NDB Investment Bank Limited.

As no new shares will be issued in HNB Finance PLC pursuant to the amalgamation, the stated capital of HNB Finance PLC (which is currently LKR 223,545,481) and the number of shares in HNB Finance PLC (which is currently 1,719,580,624) will remain unchanged as a consequence of the amalgamation.

The current public holding percentage of HNB Finance PLC is 10.18% and this percentage will remain unchanged pursuant to the amalgamation (assuming that the no person who meets the criteria under the Listing Rules of the Colombo Stock Exchange will purchase further shares in HNB Finance PLC from public shareholders until the amalgamation).

An extraordinary general meeting of HNB Finance PLC will accordingly be held on 27th April 2022 at HNB Finance PLC Head Office at No. 168, Nawala Road, Nugegoda at 10.00 a.m. for the purpose of the shareholders considering and if thought fit, approving the amalgamation and the amalgamation proposal relating thereto approved by the Board of Directors.

The other dates relating to the amalgamation will be notified to you in due course.

Yours faithfully,



B M D C PRABHATH
MANAGING DIRECTOR/CEO