



03 March 2022

Mr. Renuke Wijayawardhane,
Chief Regulatory Officer,
Colombo Stock Exchange,
World Trade Centre,
Colombo – 01

Dear Sir,

**DISCLOSURE OF NON-COMPLIANCE WITH THE MINIMUM PUBLIC HOLDING
REQUIREMENT IN TERMS OF RULE 7.14.1 (b) OF THE LISTING RULES**

Pursuant to Rule 7.14.2 (a) of the Listing Rules of Colombo Stock Exchange (CSE), we write to inform you the status of compliance with Rule 7.14.1 (b) of the Listing rules as of 28th February 2022, as detailed below;

(a) The Company is not in compliance with the Option Two of the Minimum Public Holding requirement specified in Rule 7.14.1 (b). The aforesaid non-compliance is due to HNB Finance PLC's acquisition of 105,602,251 shares on 23rd December 2021 (amounts to 87.27% of the issued Shares of the Company) with the approval of Monetary Board of Central Bank of Sri Lanka under the Master Plan for consolidation of Non-Bank Financial Institutions. Subsequent to the said acquisition, HNB Finance PLC made a Mandatory Offer in terms of Rule 31 (1) (a) of the Company Takeovers and Mergers Code 1995, as amended in 2003 and at the closure of the offer, HNB Finance PLC received acceptances of the Offer for 11,341,912 Shares (amounts to 9.37% of the issued Shares of the Company). Further, after the closure of the offer and up to 28th February 2022 HNB Finance PLC acquired 113,980 shares in the market and the shareholding of HNB Finance PLC increased up to 96.74% as at 28th February 2022.

(b) Existing float adjusted Market Capitalization as at 28th February 2022: Rs. 71,741,797/-

(c) The public holding percentage as at 28th February 2022: 3.26%

(d) The total number of shareholders representing the public holding as at 28th February 2022: 852

(e) The Company is in the process of amalgamating with HNB Finance PLC in terms of section 239 of the Companies Act No. 7 of 2007 with HNB Finance PLC being the surviving entity and the non-compliance will exist until completion of the amalgamation process.

This information is forwarded to the Colombo Stock Exchange for dissemination to the market.

Thanking you,

Yours faithfully,
PRIME FINANCE PLC


H. M. L. M. B. HEENKENDA
CHIEF EXECUTIVE OFFICER

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Board of Directors: Mr. M.D.S.M. Goonatilake (Chairman/Independent Non-Executive Director), Mrs. H.K.S.R. Perera (Executive Director), Mrs. K.D.S. Fernando (Executive Director),
~~Mr. R. Randeniya (Executive Director)~~, Mr. B. Premalal (Non-Independent Non-Executive Director), Mr. M. Perera (Non-Independent Non-Executive Director)
Mr. P.A.W. Perera (Non-Independent Non-Executive Director), Mr. H.M.H. Bandara (Independent Non-Executive Director)
Mr. Dhammika H Kalapuge - (Non-Independent Non-Executive Director), Mrs. L.L.C.C. Thambiah (Independent Non-Executive Director)