



3rd December, 2018

Mr. Renuke Wijayawardhane,
Chief Regulatory Officer,
Colombo Stock Exchange,
No. 04-01, West tower,
World Trade Centre,
Echelon Square,
Colombo - 01



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Dear Sir,

DISCLOSURE OF NON-COMPLIANCE WITH THE MINIMUM PUBLIC HOLDING REQUIREMENT IN TERMS OF RULE 7.13.1(b) OF THE LISTING RULES

Pursuant to Rule 7.13.2 (a) of the Listing Rules of Colombo Stock Exchange, we write to inform you the status of compliance with Rule 7.13.1 (b) of the Listing rules as of 30th November 2018, as detailed below;

(a) The Company is not in compliance with the Minimum Public Holding requirement specified in Rule 7.13.1 (b). The reason for the aforesaid non-compliance is that the Company has issued 43,200,000 Ordinary Shares in the proportion of Six (06) new Ordinary Shares for every (05) Ordinary Shares in the Capital of the Company by way of a Rights Issue amounting to Rs. 864,000,000/-, to the holders of the issued Ordinary Shares of the Company at the price of Rs. 20/- per share in order to comply with the Minimum Core Capital requirements specified in the Finance Business Act (Minimum Core Capital) Direction No. 02 of 2017 issued by the Monetary Board of Central Bank of Sri Lanka. The majority shareholder, Prime Lands (Private) Limited, undertook to subscribe all remaining unsubscribed shares to enable the Company to meet the regulatory Minimum Core Capital requirements and subscribed 4,128,194 Ordinary Shares as Additional Shares (in addition to the subscription of 38,630,113 provisionally allotted Ordinary Shares) and the Rights Issue was concluded on 26th July, 2018. With the conclusion of the said Rights Issue, the Shareholding of Prime Lands (Private) Limited increased to 94.63% compared to Pre-Rights Issue holding of 89.42%.

(b) Existing Float Adjusted Market Capitalization as at 30th November 2018 : Rs.81,643,212/-

(c) The Public Holding percentage as at 30th November 2018 : 4.91%

(d) The Total Number of Shareholders representing the Public Holding as at 30th November 2018: 911

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Board of Directors : Mr M.D.S.M. Goonethilleke (Chairman / Independent Non - Executive Director) Mrs. H.K.S.R Perera (Executive Director)

Mr. B. Premalal (Non-Independent Non-Executive Director) Mr.M. Perera (Non-Independent Non-Executive Director) Mr. D.H. Kalapuge (Independent Non-Executive Director)

Mr. N.A. Wickramage (Non-Independent Non-Executive Director) Mr. P.A.W. Perera (Non-Independent Non-Executive Director) Mr. H.M.H. Bandara (Independent Non-Executive Director)

A member of **PRIME GROUP**

03-020-2018-000-00




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(e) To enable the Company to comply with the Minimum Public Holding requirements in terms of Rule 7.13.1 (b) of the Listing Rule of the Colombo Stock Exchange, the majority shareholder, Prime Lands (Private) Limited have agreed to divest their holding as per the time lines specified in Rule 7.13.2 (c) in order to maintain the Minimum Public Holding requirements.

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

Thanking you,

Yours faithfully,
PRIME FINANCE PLC


RASIKA KALUARACHCHI
CHIEF EXECUTIVE OFFICER


MAHADEVAN SUTHAKAR
HEAD OF RISK & COMPLIANCE