

**Draft**

**THE COMPANIES ACT NO.07 OF 2007  
A PUBLIC QUOTED COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION  
OF  
LION BREWERY (CEYLON) PLC**

**A. PRELIMINARY**

1. The regulations contained in the First Schedule to the Companies Act No. 07 of 2007 shall not apply to the Company, but the following shall subject to repeal, addition and alteration as provided by the Act or these Articles be the regulations of the Company. Table
2. In these Articles, if not inconsistent with the subject or context, the words standing in the first column of the Table next hereinafter contained shall bear the meanings set opposite to them respectively in the second column thereof ; Interpretation

**WORDS**

**MEANINGS**

the "Act"

The Companies Act No.07 of 2007, or any statutory modification, amendment or re-enactment thereof for the time being in force or any and every other act for the time being in force concerning companies and affecting the Company and any reference to any provision of the Act is to that provision as so modified, amended or re-enacted or contained in any such subsequent Companies Act.

"Annual General Meeting"

has the meaning given in Article 35 of these Articles.

these "Articles"

These Articles of Association of the Company for the time being in force as may be amended from time to time.

the "Board"	The board of directors of the Company.
the "Company"	The abovenamed Company by whatever name from time to time called.
"Common Seal"	The Common Seal of the Company or in appropriate cases the official seal or duplicate Common Seal.
"Director" or Directors"	A director or directors (as the case maybe) for the time being of the Company, including any person acting as a Director of the Company and includes any person duly appointed and acting for the time being as an alternate director.
"electronic communication"	Communication transmitted (whether from one (1) person to another, from one (1) device to another, from a person to a device or from a device to a person):  (a)by means of a telecommunication system; or  (b)by other means but while in an electronic form,  such that it can (where particular conditions are met) be received in legible form or be made legible following receipt in non-legible form.
"Extra Ordinary General Meeting"	has the meaning given in Article 36 of these Articles.
"Office"	The Registered Office of the Company for the time being.
"Ordinary Resolution"	means, a resolution that is approved by a simple majority of votes of those Shareholders (in person or by proxy) entitled to vote and voting on the question.
"Register"	The Register of Shareholders.
"Registrar"	The Registrar-General of Companies or other officer performing under the Act, the duty of registration of companies.
"Secretary"	The Secretary or Secretaries appointed under these Articles.
"Sri Lanka"	The Democratic Socialist Republic of Sri Lanka.
"Special Resolution"	has the meaning given in section 143 of the Act.
"Shareholders"	shall have the same meaning as given in section 86 of the Act.
"Shares"	means shares in the stated capital of the Company and a "Share" means any of the Shares.
"Working day"	means a day other than Saturday, Sunday or a public holiday.
"Writing" and "Written"	includes printing, typewriting and any other mode of representing or reproducing words in a visible form.

This includes electronic communication except in the case of Articles 54 and 58.

“Year” Calendar Year.

Words denoting the singular number only shall include the plural and vice versa.

Words denoting the masculine gender only shall include the feminine gender.

Words denoting persons shall include corporate bodies/corporations.

Save as aforesaid, any word or expression used in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

The headnotes and marginal notes are inserted for convenience only and shall not affect the construction of these Articles.

3.

### **OBJECTS**

#### **PRIMARY OBJECT**

To carry on the business as brewers, distillers and manufacturers of and merchants and dealers in beer, wines, spirits, aerated and mineral waters and beverages of every description, whether alcoholic or not, and casks, bottles, cans and other receptacles for the same, and to deal in malt, hops, grains, meal, yeast and all other substances and things capable of being used in connection with any such businesses.

Business of the Company

#### **OTHER OBJECTS**

- (1) To carry on business as manufacturers and dealers in plant, machines, machinery, vessels, syphons, filters, bottles, apparatus appliances and containers of all kinds for manufacturing, treating, preserving, aerating, bottling and discharging any such liquids.
- (2) Generally to carry on any other businesses which may seem capable of being conveniently carried on within the powers aforesaid as may be calculated directly or indirectly to enhance or otherwise render profitable the business of the Company.

**B.**

### **SHARES** **Issue of Shares**

4.

(1) Subject to the provisions of the Act, paragraphs (2) and (3) of this Article and in accordance with the provisions of the rules and regulations of the Colombo Stock Exchange in force for the time being and from time to time, the Shares of the Company shall be issued with the approval of the Shareholders by Special Resolution as shall have been recommended by the Board. The Shares may be divided into several classes and there may be attached any preferential, deferred or other special rights, privileges, conditions or restrictions whether with regard to distributions, voting, return of capital or otherwise. The Company may also issue:-

Issue of Shares

(a) Shares that may result in an increase or decrease of the number of Shares issued by the Company pursuant to a decision of the Company to effect a sub division of existing Shares into a greater number of or a consolidation and division of Shares;

(b) Shares pursuant to a capitalization of the reserves of the Company or by way of dividends.

(c) redeemable Shares as decided by the Board at the time of such issue, which may be redeemed by the Company at the option of the Company or at the option of the holders of such Shares or on a date specified by the Board, for a consideration that is specified by the Board at the time of issue or at a sum to be calculated by reference to a formula or fixed by a suitably qualified person, who is not associated with or interested in the Company, as decided by the Board at the time of issue.

Redeemable Shares.

(2) Before the Board recommends an issue of Shares,

Consideration for issue of Shares and terms of issue

(a) the Board must decide the consideration for which the Shares will be issued and resolve that in its opinion the consideration is fair and reasonable to the Company and to all existing Shareholders.

(b) where the Shares confer rights other than those specified in subsection (2) of section 49 of the Act, or impose any obligation on the holder, the Board shall approve terms of issue which set out the rights and obligations attached to the Shares as required by subsection (2) of section 51.

(3) (a) Where the Company issues Shares of a particular class which rank equally with or above existing Shares of that class in relation to voting or distribution rights, those Shares shall unless the Company determines otherwise by Special Resolution be offered to the holders of the existing Shares of that class in a manner which would if the offer is accepted, maintain the relative voting and distribution rights of those Shareholders. The offer must remain open for acceptance for a reasonable time.

Pre-emptive rights to new issues

(b) The offer shall be made by notice specifying the number of Shares to which the Shareholder is entitled to. A time limit must be stated within which time the offer if not accepted will be deemed to have been declined. Any Shareholder who desires an allotment in excess of his entitlement must state in his reply how many excess Shares he desires to apply for. If Shareholders do not claim their entitlement, the unclaimed Shares shall be used for satisfying the excess Shares applied for in such numbers as the Directors decide or may be issued to such other persons as the Directors consider it appropriate. Any Shares not required for satisfying the excess Shares applied for shall be at the disposal of the Board.

(4) The Company shall issue preference Shares with the rights, privileges and conditions set out in the Annexure to these Articles, which Annexure shall form part of these Articles.

Preference Shares

5. All new Shares shall be subject to the provisions of these Articles with reference to payment of calls, lien, transfer, transmission or otherwise.

Rights & liabilities of new shares

6. Nothing contained in these Articles shall preclude the Board from recognizing and acting on a renunciation of the allotment of any Share by the allottee thereof in favour of any other person.

#### Variation of Rights

7. The special rights attached to any class of Shares shall not, unless otherwise expressly provided by the terms of issue of such Shares or by the Articles be deemed to be varied by the creation or issue of further shares ranking equally therewith.

Creation or issue of shares with special rights

#### Calls on Shares

8. (1) Where a Share imposes any obligation on the holder to pay an amount of money-

Calls on Shares

(a) on a fixed date, the holder shall pay that amount on that date and all provisions relating a call made shall be applicable as if such sum has become payable by virtue of a call duly made and notified; or

(b) when called on to do so by the Board, the Board may at any time give written notice to the holder requiring the payment to be made within a specified period of not less than (20)twenty Working days, and the payment must be made in accordance with that notice.

(2) Any amount not paid by the due date shall carry interest at a rate fixed by the Board not exceeding twenty (20%) *per cent per annum*, accruing daily. The Board may waive payment of interest.

(3) The Board may as they determine revoke or postpone a call made.

9. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing the call was passed and may be made payable by instalments.
10. Joint holders of a Share are jointly and severally liable for any payments to be made under Article 8 (1). Liability of joint holders
11. The Directors may on the issue of Shares differentiate between the holders as to the amount of calls to be paid and the times of payments. Power to differentiate
12. If it thinks fit the Board may receive from willing Shareholders sums uncalled and unpaid upon Shares held by them. The liability upon the Shares will reduce by the amount of such excess paid. The Company may pay interest at a rate agreed between the Board and the Shareholder paying such excess. Payment in advance of calls
- Lien**
13. The Company shall have a first and paramount lien and charge on every Share (not being a fully paid share) to which Articles 8 to 12 applies, and on every distribution payable in respect of that share, for all amounts presently due and payable to the Company in respect of that Share. Company's lien.
14. (a) If a Shareholder fails to pay in full any call or instalment of a call on the day appointed for payment thereof, the Board may at any time thereafter issue a notice in Writing giving a period of fourteen days from the notice where non compliance will make the Shares on which the call was made be liable for forfeiture. Such forfeiture shall include all distributions made or declared in respect of the forfeited Share. The Directors may accept a surrender of any Share liable to be forfeited hereunder. Forfeiture.
- (b) For the purpose of enforcing such lien, the Company may sell in such manner as the Board thinks fit, any Shares on which the Company has a lien, if :
- (i) the Company has given Written notice of its intention to do so to the Shareholder; and
- (ii) the Shareholder has failed to make the payment in respect of which the lien has arisen, within ten (10) Working days of the giving of such notice.
- (c) Upon any sale for enforcing a lien, the Board may appoint any person to execute an instrument of transfer of the Shares sold, whereupon the purchaser shall be registered as the holder of the Shares transferred and his title shall not be affected by any irregularity or invalidity in the sale. Title to Shares sold to satisfy a lien.

	(d) The proceeds of a sale under this Article shall be received by the Company and applied first in payment of the costs of sale, and then in payment of the amount in respect of which the lien arose. The remainder, if any, shall be paid to the person entitled to the Shares, at the time of the sale.	Application of proceeds of sale.
	(e) The Directors shall certify that the Shares have been surrendered or forfeited to satisfy the lien and such declaration shall serve as a conclusive proof for all purposes.	Declaration by Directors to be proof for forfeiture.
	<b>Consolidation and Sub-Division of Shares</b>	
15.	(1) The Company may consolidate Shares in the Company or the Shares in a particular class of shares in the Company into a lesser number of Shares, in proportion to those Shares, leaving unaffected the relative voting and distribution rights of the holders of those Shares, by following a procedure to effect such consolidation as the Board may consider appropriate.	Consolidation of Shares.
	(2) The Company may subdivide all of the Shares in the Company or all of the Shares in a particular class of shares in the Company into a greater number of Shares, in proportion to those Shares, leaving unaffected the relative voting and distribution rights of the holders of those Shares, it being deemed that all of the rights attached to all of the Shares that existed prior to the subdivision shall, <i>ipso facto</i> , vest by the subdivision on the Shares so subdivided. The Board may follow a procedure to effect such subdivision as the Board may consider appropriate.	Sub division of Shares.
	<b>Distributions to Shareholders</b>	
16.	(1) The Company may make distributions to Shareholders in accordance with section 56 and 60 of the Act. The Board must be satisfied that the Company will immediately after the distribution, satisfy the solvency test. The Directors who vote in favour of the distribution must sign a certificate of their opinion to that effect.	Distributions
	(2) The Board may from time to time approve the payment of an interim dividend to Shareholders, where that appears to be justified by the Company's profits, without the need for approval by an Ordinary Resolution of the Shareholders.	Interim Dividends
	(3) The Company is deemed to have satisfied the solvency test if :  (a) it is able to pay its debts as they fall due in the normal course of business; and  (b) the value of its assets is greater than the sum of the value of its liabilities and its stated capital.	Satisfaction of Solvency Test.
	(4) Any income derived from the investments of the Company or any part thereof may be treated as profits and dealt with and distributed by way of dividend, without obligation to make provision for any depreciation in the capital value of the investments.	Income from investments.
	(5) The profits of the Company shall be distributable and divisible among the Shareholders in proportion to the capital paid or credited as paid on the Shares held by them respectively, subject to:  (a) the rights of holders of Shares issued upon special conditions; and (b) any arrangements that may be made by the Company to the contrary; and (c) Shares not fully paid up; and	Apportionment of Dividends.

- (d) any special arrangement made as regards money paid in advance of calls; and
- (e) the provisions of these Articles as to reserve funds.

If any Share is issued on terms providing that it shall rank for dividend as from a particular date, such Share shall rank for dividend accordingly. A transfer of Shares shall not pass the rights to any dividends declared thereon before the registration of the transfer.

(6) If and so far as in the opinion of the Board the profits of the Company justify such payments, the Board may pay the fixed cumulative preferential dividends on any class of Shares carrying a fixed cumulative preferential dividend expressed to be payable on fixed dates prescribed for the payment thereof by these Articles or by the terms of issue of the Shares, and subject thereto may also from time to time pay to the holders of any other class of Shares interim dividends thereon of such amounts and on such dates as they think fit.

Preferential Dividends.

(7) No dividend or other moneys payable on or in respect of a Share shall bear interest as against the Company.

Dividend not to bear interest.

(8) The Board may deduct from any dividend or other moneys payable to any Shareholder on or in respect of a Share all sums of money (if any) authorised by these Articles to be deducted therefrom.

Deduction of debts due.

(9) The Board may retain any dividends or other moneys payable;

Retention of Dividends.

(a) on or in respect of a Share on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) to which any person becomes entitled under the provisions relating to transmission of Shares under these Articles, until such person has become a Shareholder or duly transfers the same in accordance with the said provisions.

(10) All dividends unclaimed for one (01) year after having been declared may be invested or otherwise be made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for six (06) years after having been declared shall be forfeited and shall revert to the Company.

Unclaimed Dividends.

(11) The Company in general meeting may upon the recommendation of the Board by Ordinary Resolution direct payment of any dividend in whole or in part by the distribution of specific assets and in particular of paid up Shares or debentures of the Company and the Board shall give effect to such resolution. Where any difficulty arises in regard to such distribution, the Board may settle the same as they think expedient and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payment shall be made to any Shareholders upon the footing of the value so fixed, in order to adjust the rights of all parties and may vest any such specific assets in trustees as may seem expedient to the Board.

Dividend in specie.

(12) Unless otherwise directed any dividend may be paid by cheque or warrant sent by post to the registered address of the Shareholder entitled thereto, or in the case of joint-holders, to the registered address of the joint holder whose name appears first in the Register in respect of the joint holding; but the Company shall not be responsible or liable for the loss of any such cheque or dividend warrant sent through by post.

Method of Payment of dividends.

(13) If several persons are registered as joint-holders of any Share, or are entitled jointly to a Share in consequence of the death or bankruptcy of the holder, any one of them may give effectual receipt for any dividend or other moneys payable on or in respect of the Share.

Dividends due to joint holders.

- (14) Before the Directors make any distributions, they may set aside, out of the profits of the Company, such sum as they think proper as a reserve fund or funds. Application of reserves.
- (15) The Directors may divide the reserve fund or funds into such special funds as they think fit, with full power to employ the assets constituting the reserve fund in the business of the Company for any purpose which they may from time to time deem expedient and without being bound to keep such assets separate from the other assets of the Company. The Directors may also carry forward any profits which they may deem it not prudent to divide. Dividing reserve funds.
- (16)The Board may decide to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve funds/accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly to set free such sum for distribution amongst the Shareholders who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any Shares held by such Shareholders respectively; or paying up in full Shares or debentures of the Company to be allotted, issued and distributed, credited as fully paid up to and amongst such Shareholders in the proportion aforesaid, or partly in the one way and partly in the other. Power to Capitalize reserves.
- (17)Whenever such a decision as aforesaid shall have been made, the Directors shall make all appropriations and applications of the undivided profits to be capitalised and all allotments and issues of fully paid Shares or debentures, if any, and generally shall do all acts and things required to give effect thereto. Directors powers when capitalizing.
- Repurchase of Shares**
17. The Company may agree to purchase or otherwise acquire its own Shares, from one or more of the Shareholders or from all of the Shareholders with the approval of the Board and in accordance with the provisions of the Act. Purchase of own shares.
- Financial Assistance in Connection with Purchase of Shares**
18. Except as is otherwise expressly permitted by the Act, the Company shall not give, whether directly or indirectly and whether by means of the making of a loan, the giving of a guarantee, the provision of security, the release of an obligation or the release of a debt or otherwise, any financial assistance for the purpose of, or in connection with, the acquisition or proposed acquisition of Shares in the Company. Prohibition of dealing in its own Shares.
- Share Register**
19. (1)The Company must maintain a Register, which complies with section 123 of the Act. The Register must be kept at the Office of the Company or at any other place in Sri Lanka, notice of which has been given to the Registrar in accordance with subsection (4) of section 124 of the Act. Share register.
- (2) The Register may be divided into two or more Registers kept in different places, as may be decided by the Board. Place of share register.
- Transfer of Shares**
20. Where Shares are to be transferred, a form of transfer signed by the holder or by his legal representative shall be delivered to the Company. The transfer must be signed by the transferee if the Share imposes any liability on its holder. Form of transfer.
21. Notwithstanding any provision in these Articles suggesting the contrary, Shares listed on the Colombo Stock Exchange shall be freely transferable and registration of the transfer of such listed Shares shall not be subject to any restriction, save and except to the extent required for compliance with the statutory requirements. Transfer of listed Shares.

22. The Board may decline to register any transfer of Shares if any amount payable to the Company in respect of the Share is due but unpaid. If the Board resolves to refuse to register a transfer they shall within two (02) months after the date on which the transfer was lodged with the Company, send to the transferee notice of such refusal.  
The Directors may also decline to register a transfer of a Share on which the Company has a lien.
- Boards' power to refuse registration.
23. In no case shall the Directors be bound to inquire into the validity, legal effect or genuineness of any instrument of transfer produced by a person claiming a transfer of any Share in accordance with these Articles. Whether they abstain from so inquiring or do so inquire and are misled, the transferor or transferee shall have no claim whatsoever upon the Company or the Directors, in respect of such Share.
- No obligation to inquire into validity.
24. The Board may also decline to recognize any instrument of transfer unless :
- (i) such fee if any, as the Board may from time to time require is paid to the Company in respect thereof; and
- (ii) the instrument of transfer properly stamped is deposited at the Office or such other place as the Board may appoint accompanied by the certificate of the Shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).
- Fee payable.
- Deposit of transfer instrument.
- All instruments of transfer which have been registered shall be retained by the Company.
25. The Company shall not register more than three persons as joint holders (including the principal holder) of any Shares (except in the case of executors, administrators or heirs of a deceased Shareholder).
- Maximum no of joint holders.
26. The Board may by such means as they shall deem expedient authorize the registration of transfers or transmission of Shares without the necessity of any meeting of the Board for that purpose.
- Registration without meeting.
27. Upon such notice as may be required by the Act the registration of transfers may be suspended and the Register closed at such time and for such period as the Board may from time to time determine, provided always that such registration shall not be suspended or the Register closed for more than thirty (30) Working days in any Year.
- Suspension of registration.
28. Provisions relating to transfer of Shares in Articles 20 to 27 shall *mutatis mutandis* shall apply to debentures.
- Application to Debentures.
- Transmission of Shares**
29. In case of the death of a Shareholder, the survivor or survivors where the deceased was a joint holder, and the legal representatives of the deceased or a person nominated by that Shareholder in terms of section 544 of the Civil Procedure Code, where he was a sole or only surviving holder, shall be the only persons recognised by the Company as having any title to his interest in the Shares, but nothing herein shall release the estate of a deceased Shareholder (whether sole or joint) from any liability in respect of any Share held by him.
- Transmission on death.
30. Any person becoming entitled to a Share in consequence of the death, bankruptcy, insolvency or incapacity of any Shareholder may, upon producing such evidence of title as the Directors shall require, be registered himself as the holder of the Share upon giving to the Company notice in Writing of his desire or
- Persons becoming entitled on death or bankruptcy of Shareholder may be registered.

transfer such Share to some other person by executing a transfer.

31. Save as otherwise provided by or in accordance with these Articles a person becoming entitled to a Share in consequence of the death or bankruptcy of a Shareholder shall be entitled to the same distributions and other advantages to which he would be entitled if he were the registered holder of the Share except that he shall not be entitled in respect thereof to exercise any right conferred by Shareholdership in relation to meetings of the Company until he shall have been registered as a Shareholder in respect of the Share. Rights of unregistered executors and trustees.
32. There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Shares, such fee as the Directors may from time to time require or prescribe. Fee for registration of probate etc.
- Share Certificates**
33. (1) The Company shall within two (02) months from the date of allotment of any Shares or debentures and within two (02) months from the date on which a transfer of any such Shares or debentures is lodged with the Company, complete and have ready for delivery the certification of all Shares and debentures allotted or transferred, unless the conditions of issue of the Shares or debentures provide otherwise. Duties of Company with respect to issue of share certificates.
- The expression "transfer" means a transfer duly stamped and otherwise valid and does not include a transfer which the Company for any reason refuses to register and does not register.
- (2) Where a Shareholder transfers only a part of the Shares comprised in a certificate or where a Shareholder requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such Shares issued in lieu thereof and the Shareholder shall pay a fee prescribed by the Directors for each such new certificate.
- (3) If a share certificate be worn out, defaced, lost or destroyed the Directors may order the same to be cancelled and a new certificate issued in lieu thereof on payment of such fee as the Directors may determine together with any statutory dues under any laws from the time being, and on such terms (if any) as to evidence and indemnity and the payment of all expenses of the Company in investigating the matter, and generally as the Directors may think fit.
34. A certificate signed under the name of the Company in accordance with Article 102 specifying any Shares held by any Shareholder, shall be *prima facie* evidence of the title of the Shareholder to the Shares. Certificates to be evidence of title.
- C. MEETINGS OF SHAREHOLDERS**
35. (1) Subject to the provisions of the Act and paragraph (2) of this Article, the Board shall call a general meeting as its Annual General Meeting of Shareholders to be held once in each Year :- Annual General Meeting.
- (a) not later than six (06) months after the balance sheet date of the Company; and
- (b) not later than fifteen (15) months after the previous Annual General Meeting.
- (2) The Company shall not be required to hold an Annual General Meeting of Shareholders as per paragraph (1) of this Article, if everything required to be done at that meeting (by resolution or otherwise) is done by resolution in accordance with Article 58 hereof.
36. All general meetings other than Annual General Meetings shall be called Extraordinary General Meetings. Extraordinary General Meetings.

37. The time and place of any general meeting shall be determined by the Directors. Time and place.
38. The Directors may, whenever they think fit, convene an Extraordinary General Meeting. Calling Extraordinary General Meetings.
39. Subject to section 134 of the Act, an Extraordinary General Meeting of Shareholders must be called by the Board on the Written request of Shareholders holding Shares at the date of the deposit of the requisition, carrying not less than ten *per centum* of votes which may be cast on that issue. The meeting shall be convened not later than fifteen (15) Working days after the deposit of the requisition and held not later than thirty (30) Working days after the date of deposit of the requisition. Convening of Extraordinary General meeting on requisition.

**Notice of General Meetings**

40. Subject to the provisions of the Act as to special notice, a meeting of the Company (other than an adjourned meeting) may be called :- Length of notice for calling meetings.
- (a) in the case of the Annual General Meeting or a meeting to pass a Special Resolution, by fifteen (15) Working days' notice in Writing at the least ; and
  - (b) in the case of an Extraordinary General Meeting by ten (10) Working days notice in Writing at the least.

The Working days shall be counted exclusive in each case of the day on which it is served or deemed to be served and of the day for which it is given.

Such Written notice of the time and place of a meeting of Shareholders (including a meeting where it is intended to propose a resolution as a Special Resolution) shall be given to every Shareholder entitled to receive notice of the meeting and to every Director and the auditor of the Company.

Provided that a general meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed : Short notice.

- (a) in the case of an Annual General Meeting by all the Shareholders entitled to attend and vote thereat; and
- (b) in the case of an Extraordinary General Meeting, by the Shareholders having a right to attend and vote at the meeting, being Shareholders together holding Shares which carry not less than ninety five (95) *per centum* of the right to attend and vote thereat as is required by the Act.

41. (a) Every notice calling a general meeting shall specify the place and the day and hour of the meeting, the nature of business to be transacted at the meeting in sufficient detail to enable a Shareholder to form a reasoned judgment in relation to it, and the text of any resolution to be submitted to the meeting. There shall appear with reasonable prominence in every such notice a statement that a Shareholder entitled to attend and vote is entitled to appoint a proxy to attend and to vote instead of him and that a proxy need not be a Shareholder of the Company. Notices.

Provided however, the business of declaring a dividend, consideration of the annual report, the financial statements and the group financial statements, the election of Directors in place of those retiring or the appointment and the fixing

of the remuneration of the auditors, which may be proposed at such meeting shall not be required to be specifically or separately set out in or referred to in such notice.

(b) If any resolution is to be proposed as a Special Resolution or requiring special notice, the notice shall contain a statement to that effect.

(c) An irregularity in a notice of a meeting is waived if all the Shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such Shareholders agree to the waiver.

(d) The accidental omission to give such notice to, or the non receipt of such notice, annual report or other document by any person shall not invalidate the proceedings or any resolution passed at any general meeting.

42. No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. A quorum for a meeting of Shareholders is deemed to be present if five (05) Shareholders entitled to attend and vote or their proxies are present. Quorum.
43. A meeting of Shareholders may be held either : Methods of holding meetings.
- (a) by a number of Shareholders who constitute a quorum, being assembled together at the place, and time appointed for the meeting; or
- (b) by means of audio, or audio visual communication by which all Shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.
44. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting if convened on the requisition of Shareholders, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the chairman of the meeting may determine. A quorum shall be required for such adjourned meeting as well. Adjournment if quorum not present.
45. The chairman for the time being of the Board shall be the chairman of the Company and in his absence the deputy chairman (if any) of the Board shall preside as chairman at every general meeting. If neither chairman nor deputy chairman (if any) be present within fifteen (15) minutes after the time appointed for the holding of the meeting or be unwilling to act, the Directors present shall choose one of their number to be chairman at the meeting or if no Directors be present or if all the Directors present decline to take the chair, the Shareholders present shall elect one of their number present to be chairman of the meeting. Chairman.
46. The chairman of the meeting may with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place. When a meeting is adjourned for thirty (30) days or more notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting. Adjournment if quorum is present.
- Votes of Shareholders**
47. (1) In the case of a meeting of Shareholders held under paragraph (a) of Article 43, unless a poll is demanded, voting at the meeting shall be by show of hands. Method of voting.
- (2) In the case of a meeting of Shareholders held under paragraph (b) of Article 43, unless a poll is demanded, voting at the meeting shall be by Shareholders signifying individually their assent or dissent by voice.
- (3) A declaration by the chairman of the meeting that a resolution is carried by the

requisite majority is conclusive evidence of that fact, unless a poll is demanded in accordance with paragraph (4) of this Article.

- (4) At a meeting of Shareholders, a poll may be demanded by :
- (i) not less than five (05) Shareholders (present in person or by proxy) having the right to vote at that meeting; or
  - (ii) by a Shareholder or Shareholders representing not less than one-tenth (1/10<sup>th</sup>) of the total voting rights of all the Shareholders having the right to vote at the meeting.
- (5) In the case of equality of votes the chairman of a Shareholders' meeting is entitled to a casting vote.
- (6) A poll may be demanded either before or after the vote is taken on a resolution. A poll so demanded may be taken either immediately or at such subsequent time (not being more than thirty days from the date of the meeting) and place as the chairman of the meeting may direct. No notice need be given of a poll not taken immediately.
- (7) If a poll be duly demanded (and the demand be not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the chairman of the meeting may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The chairman of the meeting may, and if so requested shall, appoint scrutineers and may adjourn the meeting to some place and time fixed by him for the purpose of declaring the result of the poll.
- (8) If any votes be counted which ought not to have been counted or might have been rejected, the error shall not vitiate the result of the voting unless it be pointed out at the same meeting or at any adjournment thereof and not in any other case unless it shall in the opinion of the chairman of the meeting be of sufficient magnitude.
48. Subject to these Articles and to any special rights or restrictions as to voting attached to any class of Shares on a show of hands every Shareholder who is present in person or by proxy shall have one (01) vote and on a poll every such Shareholder shall have one vote for every Share of which he is the holder.
49. On a poll votes may be given either personally or by proxy. A person entitled to more than one (01) vote need not use all his votes or cast all the votes he uses in the same way.
50. Where there are joint registered holders of any Share any one (01) of such persons may vote and be reckoned in a quorum at any meeting either personally or by proxy as if he were solely entitled thereto and if more than one (01) of such joint holders be so present at any meeting one (01) of such persons so present whose name stands first in the Register in respect of such Share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Shareholder in whose name any Share stands shall for the purpose of this Article be deemed joint holders thereof.
51. A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in cases relating to persons of unsound mind, may vote, whether on a show of hands or on a poll, by his manager, or guardian appointed by that court, and any such manager or guardian or other person may vote by proxy.
52. If a sum due to the Company in respect of a Share has not been paid, no vote shall be cast in relation to that Share at a Shareholders' meeting other than at a meeting of an interest group as defined in the Act.

53. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting whose decision shall be final and conclusive. Objections.
54. (1) Any Shareholder entitled to attend and vote at a meeting shall be entitled to appoint another person (whether a Shareholder or not) as his proxy to attend and vote instead of him. A proxy so appointed shall have the same right as the Shareholder to vote on a show of hands or on a poll and to speak at the meeting. Proxies.
- (2) An instrument appointing a proxy shall be in Writing and:
- (a) in the case of an individual shall be signed by the appointor or by his attorney; and Appointment of proxies.
- (b) in the case of a corporation shall be either under the common seal or signed by its attorney or by an authorized officer on behalf of the corporation.
- The Directors may, but shall not be bound to, require evidence of the authority of any such attorney or authorized officer.
- (3) An instrument appointing a proxy or the power of attorney or other authority, if any, must be left or received at the Office or such other place (if any) as is specified for the purpose in the notice convening the meeting not less than forty eight (48) hours before the time appointed for the holding of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which it is to be used and in default shall not be treated as valid unless the Directors otherwise determine. Deposit of proxies.
- (4) An instrument appointing a proxy shall be in a form as the Directors may accept, need not be witnessed and shall be deemed to include the right to demand or join in demanding a poll. Form of proxies.
- An instrument appointing a proxy shall, unless the contrary is stated thereon, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
- (5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Shareholder or revocation of the proxy, or of the authority under which the proxy was executed or the transfer of the Share in respect of which the proxy is given. Provided that no intimation in Writing of same shall have been received by the Company at the Office (or such other place as may be specified for the deposit of proxies) before the commencement of the meeting or adjourned meeting (or in the case of a poll before the time appointed for the taking of the poll) at which the proxy is used. The chairman of any meeting shall be entitled to require evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked. Intervening death or insanity of principal not to revoke proxy.
55. Any corporation which is a Shareholder may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Shareholders and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual Shareholder. Corporations acting by representatives.
56. Where the Company proposes to take action which affects the rights attached to Shares within the meaning of section 99 of the Act, the action may not be taken unless it is approved by a Special Resolution of each interest group, as defined in the Act. Meetings of an interest group shall be convened and conducted under the same rules as a general meeting of Shareholders, subject to the requirement for a quorum decided by a special resolution of each interest group. Voting in interest group.

### Resolutions

- |     |  |   |
|-----|--|---|
| 57. | Shareholders entitled to do so may give notice of the resolution to the Company in accordance with section 142 of the Act and it shall be the duty of the Company to give notice of the resolution or circulate the statement, or both, as the case may be, in accordance with section 142. The Company is not required to give notice of a resolution or circulate a statement in the circumstances set out in subsections (4) or (5) of section 142.   | Circulation of shareholders' resolution on requisition.                   |
| 58. | A resolution in Writing signed by not less than eighty five (85) <i>per centum</i> of the Shareholders who would be entitled to vote on that resolution at a meeting of Shareholders, who together hold not less than eighty five (85) <i>per centum</i> of the votes entitled to be cast on that resolution, shall be as valid as if it had been passed at a meeting of those Shareholders. A resolution under this Article may be passed without any prior notice being given to Shareholders. Provided that within five (05) Working days of the resolution being passed the Company must send a copy of the resolution to every Shareholder who did not sign it. | Resolution in lieu of meeting.  |
|     | Notwithstanding anything in these Articles, where there is only one (01) Shareholder of the Company, a resolution passed by Written means may be passed by the Shareholder recording the resolution and signing the record.  |   |
|     | <b>D. DIRECTORS</b>  |   |
| 59. | Subject to the provisions of section 201 of the Act and unless otherwise determined by a Special Resolution of Shareholders, the Board shall consist of a minimum of five (05) and a maximum of eleven (11) members.   | Number of Directors.  |
| 60. | Any person who is not disqualified under subsection (2) of section 202 of the Act, may be appointed as a Director of the Company. A Director need not be a Shareholder and shall not be required to hold any share qualification unless and until otherwise determined by the Company in general meeting.  | Qualification.  |
| 61. | A Director shall be entitled to receive notice and attend and speak at all general meetings of the Company and at all separate general meetings of the holders of any class of Shares of the Company.  | Directors may attend all general meetings                                 |
| 62. | Subject to section 216 of the Act, the Board may approve the following if the Board is satisfied that it is fair by the Company :-<br><br><div style="margin-left: 20px;">                     (a) the payment of any remuneration or the provision of any other benefit by the Company to a Director for services as a Director or for services rendered in any other capacity;<br/>                     (b) the payment by the Company to a Director or former Director, for compensation for loss of office; or<br/>                     (c) the entering into of a contract to carry out any of the above.                 </div>                                | Remuneration of Directors.  |
| 63. | The Directors shall be entitled to be reimbursed all traveling or such reasonable expenses as may be incurred in attending and returning from meetings of the Directors or general meetings or otherwise howsoever in or about the business of the Company in the course of the performance of their duties as Directors.  | Traveling expenses.   |
| 64. | Any Director who is appointed to any executive office or serves on any committee or who otherwise performs or renders services, which in the opinion of the Directors are outside his ordinary duties as a Director, may be paid such extra remuneration as the Board may determine.   | Extra remuneration.   |
| 65. | A Director may hold any other office or place of profit under the Company (other than the office of auditor) and he or any firm of which he is a member or any company or corporation of which he is a shareholder or director may act in any capacity for the Company (other than as auditor) in conjunction with his office of Director, for such period and on such terms (as to remuneration and otherwise)  | Power of Directors to hold office of profit and to contract with Company. |

as the Board may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any such other office or place of profit as vendor, purchaser or otherwise, nor shall any Director so contracting or being so interested be liable to account to the Company for any fees, remuneration, benefits and/or profits realized by any such contract or arrangement by reason of such Director holding that office or the fiduciary relation thereby established.

66. The Directors may exercise the voting power conferred by the shares in any company held or owned by the Company in such manner and in all respects as the Directors think fit in the interests of the Company (including the exercise thereof in favour of any resolution appointing the directors or any of them to be directors of such company or voting or providing for the payment of remuneration to the directors of such company) and any such Director of the Company may vote in favour of the exercise of such voting powers in the manner aforesaid notwithstanding that he may be or be about to be appointed a director of such other company.
- Directors may exercise voting power conferred by Company's shares in another company.
- Transactions in which a Director is interested**
67. (1) A Director who is interested in a transaction to which the Company is a party must disclose that interest in accordance with section 192 of the Act.
- Disclosure of interests.
- (2) Subject to paragraph (3) of this Article, a Director shall be deemed to be interested in a transaction to which the Company is a party, if and only if, the Director :-
- Director deemed to be interested.
- (a) is a party to or will or may derive a material financial benefit from the transaction;
  - (b) has a material financial interest in another party to the transaction;
  - (c) is a director, officer or trustee of another party, or person who will or may derive a material financial benefit from the transaction, not being a party or person that is -
    - (i) the Company's holding company, being a holding company of which the Company is a wholly-owned subsidiary;
    - (ii) a wholly-owned subsidiary of the Company; or
    - (iii) a wholly-owned subsidiary of a holding company of which the Company is also a wholly-owned subsidiary;
  - (d) is the parent, child or spouse of another party or person who will or may derive a material financial benefit from the transaction ; or
  - (e) is otherwise directly or indirectly materially interested in the transaction.
- (3) A Director shall not deemed to be interested in a transaction to which the Company is a party, if the transaction comprises only of the giving by the Company of security to a third party which has no connection with the Director, at the request of the third party, in respect of a debt or obligation of the Company for which the Director or another person has personally assumed responsibility in whole or in part, under a guarantee, indemnity or by the deposit of a security.
- Director deemed to be interested.
- (4) Paragraph (2) of this Article does not apply to any remuneration or other benefit given to a Director in accordance with section 216 of the Act and these Articles or, to any insurance or indemnity provided in accordance with section 218 of the Act and Article 107.
- Exceptions.
- (5) A Director who is interested in a transaction entered into or to be entered into by the Company, may :-
- Interested Director may vote.

- (a) vote on a matter relating to the transaction ;
  - (b) attend a meeting of Directors at which a matter relating to the transaction arises and be included among the Directors present at the meeting for the purpose of a quorum;
  - (c) sign a document relating to the transaction on behalf of the Company; and
  - (d) do any other thing in his capacity as a Director in relation to the transaction,
- as if he were not interested in the transaction.

(6) A Director who has information in his capacity as a Director or employee of the Company which would not otherwise be available to him, must not disclose that information to any person or make use of or act on the information, except :-

Use of Company information.

- (a) for the purposes of the Company;
- (b) as required by law ; or
- (c) in accordance with paragraph (7) of this Article.

(7) A Director may disclose, make use of or act on information if –

- (a) the Director is first authorized to do so by the Board under paragraph (8) of this Article ; and
- (b) particulars of the authorization are entered in the interests register.

(8) The Board may authorize a Director to disclose, make use of or act on information, if it is satisfied that to do so will not/or be likely to prejudice the Company.

(9) A Director must disclose all dealings in Shares of the Company in which he has a relevant interest, in accordance with sections 198, 199 and 200 of the Act.

Directors dealings in Shares.

### **Appointment and Removal of Directors**

- |     |   |                                     |
|-----|---|-------------------------------------|
| 68. | The Board shall have power at any time and from time to time to appoint any person to be a Director either to fill a casual vacancy or as an additional Director, but so that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles. Any Director so appointed shall hold office only until the next following Annual General Meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. | Board's power to appoint Directors. |
| 69. | A Director may be removed from office by Ordinary Resolution passed at a meeting called for the purpose or for purposes that include the removal of the Director.   | Removal of Directors.               |
| 70. | A Director may resign by delivering a signed Written notice of resignation to the Office. Subject to section 208 of the Act, the notice is effective when it is received at the Office or at any later time specified in the notice.  | Resignation of Directors.           |
| 71. | A Director vacates office if :-<br>(a) he resigns in accordance with Article 70 above;<br>(b) he is removed from office in accordance with the provisions of this Act or these Articles;<br>(c) he becomes disqualified from being a Director pursuant to section 202 of the Act;<br>(d) he dies;<br>(e) he vacates office pursuant to subsection (2) of section 210 of the Act, on the ground of his age;<br>(f) he retires pursuant to Article 72 and is not re-elected; or   | Vacation of office.                 |

(g) all the other Directors request the Director in Writing to resign from office.

**Retirement by rotation and re-election**

72. Until otherwise determined by an Ordinary Resolution one-third of the Directors elected by the Company, or, if the number is not a multiple of three, the number nearest to (but not greater than) one-third shall retire from office at every Annual General Meeting. Selection of Directors to retire.
73. (1)The Directors to retire in every year shall be those who have been longest in office since the last election, but as between persons who became Directors on the same day the Directors to retire shall (unless they otherwise agree among themselves) be determined by lot. The length of time a Director has been in office shall be computed from his last election or appointment where he has previously vacated office. Who shall retire.
- (2) The Company in general meeting may at any time or times alter the rotation in which the Directors are to go out of office.
74. Every retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires. Eligible for re-election.
75. The Company at the meeting at which Directors retire in the manner aforesaid may fill each vacated office by electing a person thereto, and in default each retiring Director shall if offering himself for re-election be deemed to have been re-elected unless :- Vacated office may be filled.
- (i)at such meeting it is expressly resolved not to fill any such vacated office; or  
(ii)a resolution for re-election for any such Director shall have been put to the meeting and lost; or  
(iii) such Director has given notice to the Company that he is unwilling to be re-elected.
76. The Company may by Ordinary Resolution of which notice shall have been given to the Company, appoint another person in place of a Director who has been removed from office under Article 69 hereof and any person so appointed shall be subject to retirement by rotation at the same time as if he has become a Director on the day on which the Director in whose place he is appointed was last elected a Director. In default of such appointment the vacancy so arising may be filled by the Board as a casual vacancy. Appointment to fill vacancy caused by removal of a Director.
77. The continuing Directors may act notwithstanding any vacancies but, if and so long as the number of Directors are reduced below the minimum number fixed by these Articles, the continuing Directors may act for the purpose of filling up such vacancies or for summoning general meetings of the Company but not for any other purpose. If there be no Directors able or willing to act, then any two Shareholders or if the Company only has a sole Shareholder, then that sole Shareholder, may summon a general meeting for the purpose of appointing one (01) or more Directors. Proceedings in case of vacancies.
- Executive Directors**
78. The Board may from time to time appoint one or more of their number to be the holder or holders of the office of executive director or managing or joint managing director, with such powers and duties on such terms and for such period as they may determine. A Director so appointed shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of Directors. Appointment of executive director.
79. The appointment of a Director to the office of executive director or managing director or joint managing director shall terminate (unless the Board shall otherwise decide) if he ceases from any cause to be a Director, but without prejudice to any claim he may have for damages for breach of any contract of services between him and the Company. The tenure by a Director of any other Automatic termination by reason of ceasing to be a Director.

executive office or appointment shall not terminate on his ceasing to be Director unless the terms of his appointment expressly otherwise provide.

80. An executive director or managing director or joint managing director shall receive such remuneration (whether by way of salary, commission or participation in profits or partly in one way and partly in another) as the Board may determine. Remuneration of executive director.

#### **Nominee Directors**

81. In the event of the Board appointing a managing agent to manage the affairs of the Company such managing agent shall so long as its appointment as managing agent is in force be entitled to appoint any four (04) persons approved by the Board to be nominee directors of the Company (in these Articles called "Nominee Directors"). The following provisions shall apply to any Nominee Director so appointed:-

- (i) The appointor shall be entitled at any time to revoke the appointment of any person as Nominee Director and to appoint any other person approved by the Board in place of such person.
- (ii) Appointments and revocation of appointments of Nominee Directors, shall be made by notice in Writing left at the office.
- (iii) The provisions in these Articles relating to any share qualification that may be determined by the Company (Article 60), retirement and re-election of Directors (Articles 72 to 77) shall not apply to the Nominee Directors.
- (iv) The Nominee Directors shall be deemed to be members of the Board but shall not be considered as constituting the quorum necessary for the transaction of business at Board meetings or have the right or power to vote as members of the Board at any meeting of the Board or to sign or consent or dissent to any resolution of the Board.
- (v) The Nominee Directors shall *ipso facto* cease to be Nominee Directors in any of the instances (as applicable) specified in, Article 71 or in any of the following instances:
  - (a) If the appointment is revoked by his appointor by notice in Writing left at the Office.
  - (b) If his appointor ceases for any reason to be the managing agent of the Company.

#### **Alternate Directors**

82. (1) Any Director may at any time by notice in Writing left at the Office appoint any person approved by the Board to be an alternate director of the Company to act in his place and the following provisions of this Article shall apply to any person so appointed; Appointment and removal of alternate Directors.
- (2) A Director appointed by another Director to be his alternate director shall thereupon be entitled to exercise (in addition to his own right of voting as a Director) such appointer's rights at meetings of the Board. A person may act as an alternate director for more than one Director. Another Director acting as alternate.
- (3) A person appointed to be an alternate director shall not in respect of such appointment be entitled to receive any remuneration from the Company nor be required to hold any share qualification but the Board may repay an alternate director such reasonable expenses as he may incur in attending and returning from meetings of the Board which he is entitled to attend or as he may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses. Alternate Director not entitled to remuneration.

(4) An alternate director shall (on his giving an address for such notice to be served upon him) be entitled to receive notices of all meetings of the Board and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and generally to perform all the functions of his appointor as Director in the absence of such appointor.

Notice to alternate Director.

(5) An alternate director may be appointed for a specified period or until the happening of a specified event but he shall *ipso facto* cease to be an alternate director in any of the following events, that is to say:-

Ceasing to be alternate Director.

(a) upon the return to Sri Lanka of his appointor if the appointment was for the purpose of acting as Director during the appointor's absence from Sri Lanka or upon the resumption of his duties as a Director by his appointor if the appointment was for some other reason;

(b) if his appointor ceases for any reason to be a Director; Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;

(c) if the alternate director shall have a receiving order made against him or compounds with his creditors or is adjudicated an insolvent;

(d) if the alternate director be lunatic or become of unsound mind;

(e) if the appointment of the alternate director is revoked by his appointor by a notice in Writing left at the Office; or

(f) if the Board resolves that the appointment of the alternate director be terminated.

(6) A Director shall not vote on the question of the approval of an alternate director to act for him or on the question of the termination of the appointment of such an alternate director under sub-paragraph (f) of the last foregoing sub-clause of this Article and if he does so his vote shall not be counted. He shall not be counted in the quorum present at the meeting for either of the above purposes.

Restrictions on voting.

(7) No person holding office as an executive director or managing or joint managing director shall be entitled to appoint an alternate director.

#### **Proceedings of Directors**

83. (1) A meeting of the Board may be held at a time appointed by notice in Writing setting out a detailed agenda of the business to be transacted at the meeting accompanied by all documents relevant to that business either :-

Methods of holding meetings.

(a) by a number of the Directors who constitute a quorum being assembled together at the place, date and time appointed for the meeting ; or

(b) by means of audio or audio visual communication by which all Directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

(2) Minutes of the proceedings at a meeting by audio or audio visual communication upon being reduced to Writing and signed by the chairman of the meeting shall be conclusive evidence of such proceedings and of the observance of all necessary formalities.

84. (1) A Director or the Secretary if requested by a Director to do so, may convene a meeting of the Board by giving notice in a form approved by the Directors for such

Notice of meeting.

purposes from time to time. Provided that any Director may waive the requirement for notice or accept shorter notice of any meeting of the Director.

(2) An irregularity in the notice of a meeting is waived if all Directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.

85. The quorum necessary for the transaction of the business of the Board may from time to time be determined by the Board and, unless so determined the number shall be five (05). A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all powers and discretion for the time being exercisable by the Board. Quorum.
86. (1) The Directors shall elect one of their number to be the chairman and may elect one of their number to be deputy chairman of the Board and may determine the period for which the chairman and the deputy chairman are to hold office. Chairman and Deputy Chairman.
- (2) If no chairman or deputy chairman is elected or if at a meeting of the Board the chairman or in his absence the deputy chairman is not present within fifteen minutes after the time appointed for the commencement of the meeting, the Directors present may choose one of their number to be chairman of the meeting.
87. (1) Every Director has one vote. Voting of Directors.
- (2) The chairperson has a casting vote in the case of an equality of votes.
- (3) A resolution of the Board is passed if it is agreed by all Directors present without dissent or if a majority of the votes cast on it are in favour of it.
- (4) A Director present at a meeting of the Board is presumed to have agreed to and to have voted in favour of a resolution of the Board, unless he or she expressly dissents from or votes against the resolution at the meeting.
- General Powers of the Directors**
88. (1) The business and affairs of the Company shall be managed by or under the direction or supervision of the Board. The Board shall have all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company. Management of the business and general powers of the Board.

**Provided that** the Directors shall not without the previous sanction of a Special Resolution :-

- (i) sell, exchange or otherwise dispose of the immovable assets/property of the Company other than a sale or disposal of fixed assets or any part thereof in the ordinary course of business;
- (ii) lease or sub-lease any land belonging to or held by the Company or any part thereof for a period exceeding twenty one (21) years;
- (iii) alter any provisions of these Articles;
- (iv) issue shares as per Article 4;
- (v) alter the maximum and minimum number of Directors set out in Article 59;
- (vi) approve major transactions as set out in section 185 of the Act;
- (vii) approve an amalgamation of the Company under section 241 of the Act;

- (viii) reduce the Company's stated Capital;
- (ix) exceed the borrowing powers set out in Article 95;
- (x) resolve that the Company be wound up voluntarily;
- (xi) change the name of the Company;
- (xii) change the status of the Company;

(2) The Board may delegate to a committee of Directors or to a Director or employee any of its powers which it is permitted to delegate under section 186 of the Act. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on them by the Board.

(3) The Directors shall have the duties set out in the Act, and in particular :-

(a) each Director must act in good faith and in what he believes to be the best interest of the Company;

(b) no Director shall act or agree to the Company to act, in a manner that contravenes any provisions of this Act or these Articles.

- |     |  |  |
|-----|--|--|
| 89. | The meetings and proceedings of any such committee consisting of two or more persons shall be governed by the provisions of these Articles regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by any regulations made by the Board under the last preceding Article.   | Proceedings at committee meetings.                           |
| 90. | A resolution in writing signed by all Directors shall be as effective as a resolution passed at a meeting of the Directors duly convened and held, and may consist of several documents in the like form each signed by one (01) or more of the Directors. Provided that, where a Director has appointed an alternate director but is not himself in Sri Lanka the signature of such alternate director (if in Sri Lanka) shall be required. The expressions "in writing" and "signed" include approval by such Director by facsimile transmission or any other form of electronic communication approved by the Directors for such purpose from time to time incorporating, if the Directors deem necessary, the use of security and/or identification procedures and devices approved by the Directors. A copy of such resolution must be entered in the minute book of Board proceedings. | Board Resolutions in writing.                                |
| 91. | All acts done by any meeting of the Board or of a committee of Directors or by any person acting as a Director shall, as regards all persons dealing in good faith with the Company, notwithstanding that there was some defect in the appointment of any such Director or person acting as aforesaid or that they or any of them were disqualified or had vacated office or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and continued to be a Director and had been entitled to vote.  | Validity of act of Directors in spite of some formal defect. |
| 92. | The Board may from time to time and at any time by power of attorney under the Common Seal appoint any company, firm or persons, whether nominated directly or indirectly by the Board to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretion, (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorneys as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretion vested in him.  | Power to appoint attorneys.                                  |
| 93. | All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for moneys paid to the Company, shall be signed,  | Signing of cheques etc.                                      |

drawn, accepted, endorsed or otherwise executed as the case may be, in such manner as the Board shall from time to time by resolution determine.

94. (1) The Board may establish and make contributions or concur or join with any other companies in establishing or making contributions out of the Company's moneys to any provident funds, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following sub-paragraph shall include any Director) of the Company and their widows and dependents.

Provident and pension funds.

(2) The Board may (either subject or not subject to any terms or conditions) pay, or enter into agreements to pay, or make grants of revocable or irrevocable pensions or other benefits to employees and their widows and dependants including pensions or benefits additional to those (if any) to which they are or may become entitled under any such scheme or fund as is mentioned in the last preceding sub-paragraph. Any such pension or benefit may as the Board consider desirable be granted to an employee either before and in anticipation of or upon or at any time after his actual retirement.

#### **Borrowing Powers**

95. The Board may exercise all the powers of the Company to borrow money, and may mortgage or charge its undertakings, property and uncalled capital and issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party: Provided that the aggregate amount at any one time outstanding of moneys borrowed by the Company, exclusive of :-

Borrowing powers.

- (i) any temporary borrowing secured or unsecured from bankers or others in the ordinary course of business to meet temporary requirements, and
- (ii) moneys borrowed with or without security for the purpose of conversion, redemption, renewal or payment off of previously existing debentures or other loan capital;

shall not without the previous sanction of a Special Resolution of the Company exceed ten (10) times the total of the amount for the time being standing to the credit of the stated capital and all other reserves in the books of the Company;

Nevertheless no person dealing with the Company shall be concerned to see or inquire whether these limits are observed, and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security given, express notice that the limits hereby imposed had been or would thereby be exceeded.

#### **Secretary**

96. (1) The Company must at all times have a Secretary.
- (2) The Board may appoint the Secretary for such term and on such conditions as it thinks fit. The remuneration of the Secretary shall be decided by the Board.
- (3) The Board may remove the Secretary.
- (4) Where the Act or these Articles require something to be done by a Director and the Secretary, it is not satisfied by the same person doing that thing acting in both capacities.

Secretary.

**E.**

**ACCOUNTS AND AUDIT**

**Accounting records, financial statements, audit etc.**

97. (1) The Board must ensure that the Company keeps accounting records which :-
- (a) correctly record and explain the Company's transactions;
  - (b) will at any time enable the financial position of the Company to be determined with reasonable accuracy;
  - (c) will enable the Board to prepare financial statements in accordance with the Act; and
  - (d) will enable the financial statements of the Company to be readily and properly audited.
- (2) The accounting records must comply with subsection (2) of section 148 of the Act.
- (3) The Board shall ensure that within six (06) months after the balance sheet date of the Company, financial statements which comply with section 151 of the Act (and if applicable, group financial statements which comply with section 153 of the Act) are completed in relation to that balance sheet date and are dated and signed on behalf of the Board by two (02) Directors or if the Company has only one Director, by that Director.
- (4) The Board must within six (06) months after the balance sheet date of the Company, prepare an annual report on the affairs of the Company during the accounting period ending on that date which complies with section 166 of the Act. The Board must send a copy of the annual report to every Shareholder not less than fifteen (15) Working days before the date fixed for holding the Annual General Meeting.
- Auditor**
98. (1) At every Annual General Meeting, the Company must appoint an auditor for the following year in accordance with section 154 of the Act. An auditor who is appointed at an Annual General Meeting is deemed to be reappointed at the following Annual General Meeting, unless :-
- (a) he is not qualified for re-appointment ;
  - (b) the Company resolves at that meeting to appoint another person in his place; or
  - (c) the auditor has given notice to the Company that he does not wish to be re-appointed.
- (2) The Board shall have power to fill a casual vacancy in the office of auditor by appointing some person or firm to hold such office until the conclusion of the next Annual General Meeting but while any such casual vacancy continues the surviving or continuing auditor (if any) may act.
- (3) Subject to the provisions of the Act, all acts done by any person acting as auditor shall, as regards all persons dealing in good faith with the Company, be valid notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment.

**F.**

**LIQUIDATION**

99. (1) The Shareholders may resolve to wind up the Company voluntarily by Special Resolution.
- (2) During winding up, a meeting of Shareholders may be convened by any contributory or by the continuing liquidators, as the case maybe, in terms of the Act by giving notice in the manner set out herein for convening an Extraordinary General Meeting.

100. (1)The surplus assets of the Company available for distribution to Shareholders after all creditors of the Company have been paid, shall be distributed in proportion to the number of Shares held by each Shareholder, subject to the terms of issue of any Shares. Distribution of surplus assets

(2) The liquidator may with the approval of a Special Resolution, divide the surplus assets of the Company among the Shareholders in kind. For this purpose he may set such value as he considers fair on any property to be divided, and may determine how the division will be carried out as between the shareholders or different classes of Shareholders.

**G. MISCELLANEOUS**  
**Method of contracting and Seal**

101. The Company may enter into contracts or other enforceable obligations in accordance with the provisions set out in section 19 of the Act. Method of contracting.

102. (1) Such contracts or other enforceable obligations, may be entered into on behalf of the Company by affixing of its Common Seal by the authority of the Board, in the presence of two or more Directors, or of one Director with the Secretary or some other person specifically authorised by the Board for the purpose as the second signatory, who shall attest the sealing thereof. Such attestation on the part of the Secretary, in the event of a firm or registered company being the Secretary being signified by a partner or duly authorised manager, director, secretary, attorney or agent of the said firm or company as such Secretaries. The sealing shall not be attested by one person in the dual capacity of Director and Secretary or representative of the Secretaries. The Common Seal of the Company shall not be affixed other than in the manner set out herein. Seal.

(2) The Company may have an official seal for use abroad, and such powers shall be vested in the Directors.

**Authentication of Documents**

103. A document or record of proceedings requiring authentication by a Company shall be signed by a Director, Secretary, or other authorised officer of the Company. Authentication of documents.

**Minutes**

104. (1)The Directors shall cause minutes to be made in English in books to be provided for the purpose:- Minutes.

- (a) of all appointments of officers made by the Directors;
- (b) of the names of the Directors present at each meeting of Directors and of any committee of Directors;
- (c) of all resolutions and proceedings at all meetings of the Company and of any class of Shareholders, of the Directors and of committees of Directors; and
- (d) of all resolutions passed by written means with the indication of Director's or each Shareholder's agreement as the case may be (or agreement on his behalf) to the resolutions.

(2) Minutes which have been signed by the chairman of the meeting at which the proceedings were held, or by the chairman of the next succeeding meeting, shall be *prima facie* evidence of the proceedings.

(3) A resolution assented to by a majority of the Directors entitled to receive notice of a Board meeting, at a meeting held in accordance with Article 83(1) above shall, upon being reduced to Writing by the person appointed to do so at

such meeting, be as valid and effectual as if the same had been passed at a meeting of Directors held on the day on which and at the time at which the meeting was held and at the place where the chairman was located during the course of that meeting.

**Documents to be kept by Company**

105. (1) The Company must keep at its Office or at some other place notice of which has been given to the Registrar in accordance with subsection (4) of section 116 of the Act, the following documents :—

- (a) the certificate of incorporation and the Articles of the Company;
- (b) minutes of all meetings and resolutions of Shareholders within the last ten (10) years;
- (c) minutes of all meetings and resolutions of Directors and Directors' committees within the last ten years;
- (d) certificates given by Directors under this Act within the last ten (10) years;
- (e) the register of Directors and Secretaries required to be kept under section 223 of the Act;
- (f) copies of all Written communication to all Shareholders or all holders of the same class of Shares during the last ten years, including annual reports prepared under Article 97 (4);
- (g) copies of all financial statements and group financial statements required to be completed under the Act for the last ten (10) completed accounting periods of the Company;
- (h) the copies of instruments creating or evidencing charges and the register of charges required to be kept under sections 109 and 110 of the Act;
- (i) the share register required to be kept under section 123 of the Act;
- (j) the accounting records required by section 148 of the Act for the current accounting period and for the last ten (10) completed accounting periods of the Company; and
- (k) an interests register.

(2) The references in paragraph (1) of this Article to "ten years" and to "ten completed accounting periods" shall include such lesser periods as the Registrar may approve, by notice in writing to the Company.

**Rights of Directors and Shareholders to documents etc.**

106. (1) The Directors of the Company are entitled to have access to the Company's records in accordance with section 118 of the Act.

Rights of  
Directors and  
Shareholders to  
documents etc.

(2) A Shareholder of the Company is entitled :-

- (a) to inspect the documents referred to in section 119 of the Act, in the manner specified in section 121 of the Act; and
- (b) to require copies of or extracts from any document which he may inspect, within five (05) Working days of making a request in Writing for the copy or extract, on payment of any reasonable copying and administration fee determined by the Company. The fee may be determined by any Director or by the Secretary, subject to any directions from the Board.

	<b>Insurance and Indemnity</b>	
107.	<p>(1)The Company may indemnify every Director, Secretary or employee of the Company for the time being against any costs incurred in the course of defending any proceedings that relates to any act or omission in his capacity as Director, Secretary or employee, in which judgment is given in his favour or in which, he is acquitted or which is discontinued or in which he is granted relief under section 526 of the Act.</p> <p>(2) The Company may indemnify a Director, Secretary or employee in circumstances where paragraph (1) above does not apply, to the extent permitted by subsection (3) of section 218 of the Act, if the Board considers it appropriate to do so.</p> <p>(3) The Company may with the prior approval of the Board, effect insurance for a Director, Secretary or employee of the Company or related Company for the time being in respect of :-</p> <p>(a) liability not being criminal liability, for any act or omission in his capacity as a Director, Secretary or employee;</p> <p>(b)costs incurred by that Director, Secretary or employee in defending or settling any claim or proceeding relating to any such liability in (a) above; or</p> <p>(c ) costs incurred by that Director, Secretary or employee in defending any criminal proceedings in which he is acquitted.</p> <p>(4) The Board shall ensure that particulars of any indemnity given to or insurance effected for any Director, Secretary or employee or a related company, are forthwith entered in the interests register.</p>	<p>Indemnity.</p> <p>Insurance.</p> <p>Indemnity and insurance to be entered into in the Interests Register.</p>
	<b>Change of Name of the Company</b>	
108.	The Company may change its name by Special Resolution in accordance with section 8 of the Act.	Change of Company name.
	<b>Change of Registered Address of the Company</b>	
109.	The Board may change the Office of the Company at any time subject to section 114 of the Act.	Change of Registered Address.
	<b>Notices</b>	
110.	<p>(1) Where the Company is required to send any document to a Shareholder or to give notice of any matter to a Shareholder, it shall be sufficient for the Company to send the document or notice to the registered address of the Shareholder by ordinary post. Any document or notice so sent is deemed to have been received by the Shareholder within three (03) Working days of the posting of a properly addressed and prepaid letter containing the document or notice.</p> <p>(2) A Shareholder whose registered address is outside Sri Lanka may give notice to the Company of an address in Sri Lanka to which all documents and notices are to be sent, and the Company shall treat that address as the registered address of the Shareholder for all purposes. If such Shareholder has not supplied to the Company an address within Sri Lanka as aforesaid, a notice displayed in the Office of the Company shall be deemed to be duly given to him at the expiration of twenty four (24) hours from the time when it is so displayed.</p> <p>(3) (a) Any notice required to be given by the Company to the Shareholders or any of them and not expressly provided for by these Articles shall be sufficiently given if given by newspaper advertisement.</p> <p>(b) Any notice required to be or which may be given by advertisement shall unless otherwise required by the Act be advertised once in any leading Sinhala, English and Tamil national daily newspapers.</p> <p>(4) A document may be sent or notice given by the Company to the joint holders</p>	<p>Service of notice.</p> <p>Notice to Shareholders whose registered address is outside Sri Lanka.</p> <p>Notice by advertisement.</p> <p>Notice to joint</p>

of a Share, by giving the notice to the holder first named in the Register in respect of the Share.

holders of a Share.

(5) Where a Shareholder has died or had become bankrupt or insolvent, the Company may continue to send all notices and documents in respect of his Shares addressed to him at his registered address, notwithstanding that some other person has by reason of the death, bankruptcy or insolvency, become entitled to those Shares, or may send any notice or document to an address to which that other person requests the Company to send such notices.

Where a Shareholder has died or become bankrupt or insolvent.

(6) Copy of every notice or document sent to all Shareholders must be sent to the auditor of the Company.

Copy of every notice to Shareholders to be sent to the Auditors.

(7) Notwithstanding anything in these Articles contained, the Board may if they so determine and at the cost and expense of the Company cause any notice or circular to Shareholders to be sent by air mail to the address outside Sri Lanka of all such Shareholders whose address outside Sri Lanka the Company or the Secretary shall be aware, whether or not the Shareholder shall have registered an address in Sri Lanka or shall have been sent such notice or circular to his address in Sri Lanka. A notice so sent by air mail shall be deemed to have been served at the expiration of seven (07) days after the posting of the same. Nothing in this paragraph (7) contained shall entitle a Shareholder who has not registered or supplied an address in Sri Lanka to have notices sent to him of a general meeting.

Notices may be sent to address outside Sri Lanka.

#### **Compliance with the Listing Rules and CDS Rules of the Colombo Stock Exchange**

111. Notwithstanding anything to the contrary contained in these Articles, so long as the Company is listed on the Colombo Stock Exchange, the Company shall comply with the Rules of the Colombo Stock Exchange and the Central Depository System, which shall be in force from time to time.

## ANNEXURE

### In accordance with Article 4 (4)

#### Preference Shares

(i) There shall be Thirty Five Million (35,000,000) redeemable cumulative preference Shares (hereinafter referred to as "the Preference Shares");

(ii) the Preference Shares shall confer the right to a fixed cumulative preferential dividend, (if and so far as in the opinion of the Directors the profits of the Company justify) at the rate to be stipulated by the Directors on the issue of the Preference Shares on the capital for the time being paid up thereon and in a winding up to payment off of such capital and all areas of such fixed dividend accrued up to the commencement of the winding up (whether earned or declared or not) in priority to any payment to the holders of the Ordinary Shares, but the Preference Shares shall not entitle the holders thereof to any further or other participation in the profits or assets of the Company;

(iii) the holders of the Preference Shares shall not be entitled to receive notice of or to attend or vote either in person or by proxy or by attorney or by representative at any general meeting of the Company;

(iv) subject as hereinafter provided and subject to the relevant provisions of the Act, the Company shall be entitled, out of any profits or moneys of the Company which may lawfully be applied for that purpose, to redeem the Preference Shares at Ten Rupees (Rs.10/=) together with a sum equal to the fixed dividend thereon down to the due date for redemption thereof (less any income tax and other forms of taxation thereon which the Company may be entitled to deduct) as per the provisions of section 69 of the Companies Act in the manner set out below or on any date prior to such Redemption Date at the option of the Company in terms of section 67 of the Companies Act;

Year	Redemption Date	Number of Shares redeemed	Redemption Value (Rs)
1	31 <sup>st</sup> March 2010	7,000,000	70,000,000
2	31 <sup>st</sup> March 2011	7,000,000	70,000,000
3	31 <sup>st</sup> March 2012	7,000,000	70,000,000
4	31 <sup>st</sup> March 2013	7,000,000	70,000,000
5	31 <sup>st</sup> March 2014	7,000,000	70,000,000

(v) the Company shall not be entitled to apply any of its profits or moneys aforesaid for the purpose of any such redemption unless at the time when such redemption is effected the preferential dividend on such of the Preference Shares as shall not then have been redeemed shall have been paid down to the last financial year.

(vi) if the Company should at any time determine to redeem a part only of the Preference Shares for the time being outstanding, the particular Preference Shares to be redeemed shall be selected by a drawing which the Company shall cause to be made at such time and place as the Company may decide, in the presence of at least one Director and a representative of the auditors for the time being of the Company. Every such drawing shall be made in such a manner as the Board shall (with the approval of the auditors) determine as convenient for selecting the Preference Shares to be redeemed;

(vii) Whenever any of the Preference Shares are to be redeemed under the preceding provisions of this Article, the Company shall give to the respective holders thereof not less than three (03) months notice in writing, of the intention to redeem. Every such notice shall specify the Preference Shares to be redeemed, the amount payable to the holder thereof as at the date for redemption, and the date and place appointed for such redemption by payment of the amount so payable, and shall also require the holder of such Preference Shares to deliver to the Company on or before a date fixed by such notice (not being later than the date for redemption) the certificate relating to the Preference Shares to be redeemed, together with a receipt for the amount payable on such redemption, duly signed and authenticated as the Company may reasonably require. Each holder of the Preference Shares which are to be redeemed shall be bound, on or before the date fixed by such notice, to deliver to the Company for cancellation the certificate relating to such of his preference Shares as are to be redeemed together with such receipt as aforesaid and, upon his so doing, the Company shall be entitled and be bound to redeem such Preference Shares by paying the said amount to the Shareholders at the time and place appointed for the payment thereof. If any certificate so delivered to the Company shall include any of the Preference Shares which are not to be

redeemed on that occasion, a fresh certificate for such last mentioned Preference Shares shall be issued to the holder thereof free of charge;

(viii) the dividend on any of the Preference Shares which become liable for redemption under the foregoing provisions shall cease to accrue as from the due date for redemption thereof, unless (upon the holder thereof demanding on or after the date and at the place fixed for redemption payment of the amount payable on such redemption and tendering the certificate for such Preference Shares and a receipt for the said amount duly signed and authenticated in such manner as the Company may reasonably require) payment of the said amount shall be refused;

(ix) the Company further reserves the right at any time, out of any profits or moneys as aforesaid, to redeem any part of the Preference Shares by purchase, in the market or by tender or by private treaty; at a cost (not being more than Rupees Ten (Rs.10/= each) equivalent to the market price for the Preference Shares at the date of the contract to purchase the same plus the cost of stamp duty, brokerage or commission, and other expenses of such purchase payable by a purchaser. The Company shall not however be entitled to exercise the foregoing right if the preferential dividend on any of the Preference Shares not then redeemed shall not have been paid down to the last financial year; and

(x) any of the Preference Shares redeemed as aforesaid shall be cancelled.

(Ends)