

# ARTICLES OF ASSOCIATION

## OF

### MERCHANT BANK OF SRI LANKA & FINANCE PLC

(As adopted by Special Resolution passed on the 13th day of October 2014)

1. The Model Articles contained in the First Schedule to the Companies Act No. 7 of 2007 shall not apply to the Company, which shall be governed by the regulations contained in these Presents subject however to repeal, alteration or addition by Special Resolution and / or the Statutes. First Schedule not to apply

Notwithstanding anything to the contrary, in the event of there being any conflict in the provisions contained herein and the substantive provisions of the law as set out in the Statutes or in the event of these Articles being silent on any matter, the provisions if any, in the Statutes in relation thereto, shall apply to the Company.

#### INTERPRETATION

2. In these Presents, 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 Company:	MERCHANT BANK OF SRI LANKA & FINANCE PLC
The Act	The Companies Act No. 7 of 2007 and all amendments thereto including all regulations made thereunder
Registered Finance Company	Has the meaning assigned thereto by the Finance Business Act, No. 42 of 2011
The Statutes:	The Companies Act No. 7 of 2007 (as amended from time to time) including all regulations made thereunder and every other Act or Ordinance for the time being in force concerning companies and affecting the Company and all regulations, directions, orders and instructions made and/or given thereunder
The Listing Rules	The Listing Rules of the Colombo Stock Exchange and all amendments made thereto from time to time.
CDS Rules	The Rules of the Central Depository Systems (Private) Limited (CDS) and all amendments made thereto from time to time.
These Presents:	These Articles of Association, as herein adopted, or as from time to time altered by Special Resolution.

Special Resolution and Ordinary Resolution:	Have the meanings assigned thereto respectively by the Act.
Shareholder:	Has the meaning assigned thereto by the Act.
Interest Group:	Has the meaning assigned thereto by the Act.
Chairman:	Chairman of the Board of Directors.
Directors:	The Directors of the Company for the time being (including where the context so requires or admits Alternate Directors).
The Board:	The Directors of the Company acting collectively at meetings of the Directors that have been properly convened constituted and conducted.
The Registrar	The Registrar – General of Companies as defined in the Act.
Office:	The Registered Office of the Company for the time being.
Seal:	The Common Seal of the Company.
Month:	Calendar Month.
In writing:	Written or produced by any substitutes for writing, or partly one and partly another.
Dividend:	Has the meaning assigned thereto by the Act.
Distributions	Has the meaning assigned thereto by the Act and shall also include an issue of shares made by way of a capitalization of Reserves.
Paid up:	Paid up or credited as paid up.

The expressions "debenture" and "debenture-holder" shall include "debenture-stock" and "debenture-stockholder" and the expression "the Secretary" shall include an Individual appointed by the Board to perform any of the duties of the Secretary and shall include an Assistant Secretary.

Words importing the singular number only shall include the plural and vice versa, and words importing the masculine gender shall include the feminine gender, and words importing persons shall include Corporations and Companies.

Save as aforesaid any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meanings in these Presents.

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

## THE OBJECTS OF THE COMPANY

3. (i) To carry on finance business in conformity with the provisions of the Finance Business Act, No 42 of 2011 as amended from time to time and in conformity with the provisions of any other law relating to finance companies including all Regulations, Directions, Determinations, Rules, Orders or requirements made, given or imposed thereunder. Objects of the Company
- (ii) To carry on finance leasing business in conformity with the provisions of the Finance Leasing Act, No 56 of 2000 as amended from time to time and in conformity with the provisions of any other law relating to finance leasing establishments including all Regulations, Directions, Determinations, Rules, Orders or requirements made, given or imposed thereunder.
- (iii) To carry on the business of hire purchase in conformity with the provisions of the Consumer Credit Act No.29 of 1982 as amended from time to time and in conformity with the provisions of any other law relating thereto including all Regulations, Directions, Determinations, Rules, Orders or requirements made, given or imposed thereunder.
- (iv) To carry on both fund based and fee based merchant banking activities in conformity with the provisions of any law including any Regulations, Directions, Determinations, Rules, Orders or requirements made, given or imposed thereto.
- “Merchant Banking activities “shall mean and include fund based and fee based activities such as providing bills discounting and cheques discounting facilities, guarantees, project financing, term loans, personal loans, loan syndications, carrying on the business of real estate/property development, acting as Market Intermediaries under the Categories of Margin Providers, Underwriters and Investment Managers, acting as Managers and Registrars for Offer for Subscription and Offer for Sale of Shares, Stocks, bonds and / or Debentures of Companies and other corporate bodies, listing of Companies and other corporate bodies on the Colombo Stock Exchange, Management of Mandatory and Voluntary Offers, Rights Issues, Private Placement of Equity and Debt, providing Corporate Advisory/Consultancy services, project structuring and promotions, Corporate Restructuring, Company/Business Valuations, Independent Opinions, Feasibility Studies, preparation of Corporate and Business Plans,
- (v) To carry on the business as Pawn Brokers in conformity with the provisions of any law including any Regulations, Directions, Determinations, Rules, Orders or requirements made, given or imposed thereto.
- (vi) Guaranteeing loans and other payment obligations either in rupees or foreign currency for any public or private company, corporation, or association or for the Government or any local government authority or any other person.
- (vii) Promoting and assisting in the promotion, establishment, expansion and modernisation of any industrial, agricultural, commercial or other enterprise including participating in raising capital both internal and external for such enterprise.
- (viii) Participating in the equity of industrial, agricultural, commercial and other enterprises and subscribing to, or purchasing or underwriting the issue of stock, shares, bonds or debentures of any such enterprises, and selling and dealing in such stock, shares, bonds or debentures.
- (ix) Providing money brokerring and margin trading facilities.

- (x) Assisting in the development of capital and money markets;
- (xi) Undertaking trust functions including acting as managers of Unit Trusts;
- (xii) Acting as agents for and administering the funds of any statutory body, corporation or other institution;
- (xiii) Managing, supervising, controlling or participating in managing, supervising or controlling any industrial, agricultural, commercial or other undertaking of a customer for the purpose of protecting the interest of the Company in any loan granted by the Company;
- (xiv) Providing services such as technical, financial, management or administrative advice and assistance to industrial, agricultural, commercial and other enterprises;
- (xv) Undertaking portfolio management;
- (xvi) Undertaking development projects including pilot projects in industry, agriculture, commerce and other fields;
- (xvii) Buying, selling and dealing in bullion and engaging in operations in foreign exchange;
- (xviii) Setting up or assisting the setting up of the necessary organisation for selling or marketing any product of any agricultural or industrial undertaking subject to the Statutes;
- (xix) Conducting surveys, studies and seminars in the field of economics, finance, development, management and other related fields;
- (xx) Accepting a sum of money in any manner or form from any person or entity for a fixed period of time for investment in a business venture of the Company on the basis that the profits or losses of the venture will be shared with the person from whom such money is accepted in a manner determined at the time the money is accepted.
- (xxi) Engaging in any other business which the Monetary Board of the Central Bank of Sri Lanka may authorise a Registered Finance Company to engage in.

#### **SHARES**

4. (i) The Company shall have shares which, subject to the provisions of the Statutes, shall be allotted and issued or otherwise dealt with in the manner hereinafter provided. The shares may be divided in to several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividend, capital or voting or otherwise. Shares
- Except so far as otherwise provided by the conditions of issue or by these Presents, any new shares shall be regarded as if the same was subject to the provisions of these Presents with reference to the payment of calls, transfer, transmission, forfeiture, lien or otherwise.
- (ii) The shares of the Company shall not have a nominal or par value. No par value
- (iii) Subject to the provisions of the Statutes and Article 4(iv) of these Presents, the shares shall be under the control of the Board who may issue and allot, grant options over or otherwise deal with or dispose of the shares to such persons and generally on such terms and conditions from time to time, as they shall think fit. The Board at their entire and absolute discretion shall have the right to refuse to allot or issue or register a share in the name of any particular person without assigning a reason for such refusal subject to any provisions to the contrary New issue of shares

contained in the Listing Rules or the Statutes.

The Board shall in any issue of new shares ignore any fractions accruing thereto unless otherwise provided for in these Presents or in the terms of issue of any particular class of shares. Fractions

Subject to the Listing Rules, nothing herein contained shall preclude the Board from recognizing a renunciation of the allotment of any share by the allottee thereof in favour of some other person. Renunciation of allotment

(iv) Any new shares of a particular class to be issued by the Company shall, unless otherwise authorised by the Shareholders of that class by a Special Resolution, be offered to such Shareholders in proportion to the shares held by them of that class at the time of such offer (or as near thereto as may be, fractions being ignored). Such offer shall be made by a notice in writing specifying the number of shares to which the Shareholder is entitled and stipulating a time within which the offer if not accepted will be deemed to have been declined and also notify to Shareholders that any Shareholder who desires any allotment of shares in excess of his proportion should state in his reply how many excess shares he desires and if all shareholders do not claim their proportion the unclaimed shares shall be used for satisfying the claims in excess and any shares not required for satisfying such excess so claimed shall be at the disposal of the Board. Pre-emptive rights

(v) Where the Company proposes to take action which affects the rights attached to a share 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. Approval of Interests Groups

To every meeting of an Interest Group all the provisions of these Presents relating to General Meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply. Meetings of Interest Groups

5. (i) Unless otherwise determined by the terms of issue of such shares, the Company's shares shall confer on the holder thereof: Rights conferred by shares.

(a) The right to one (1) vote (for each share held) on a poll at a meeting of the Company on any resolution;

(b) The right to an equal share in dividends paid by the Company; and

(c) The right to an equal share in the distribution of the surplus assets of the Company on liquidation.

6. The Company may purchase or otherwise acquire any of its own shares in accordance with the provisions of Sections 64 or 67 of the Act or otherwise in accordance with the terms of an order of Court made pursuant to the provisions of the Act. Power to acquire own shares

7. Any issued share of the Company (unless otherwise provided for in the terms of issue) may be redeemed by the Company at the option of: Power to redeem shares

(a) the Company; or

(b) the holder of the share; or

(c) on a date specified in the terms of issue and included in these Presents;

and for a consideration to be determined in the manner set out in the Act.

8. (i) The Company may by Ordinary Resolution: Power to consolidate and subdivide shares

(a) Consolidate all or any of its shares issued at the time, with the objective of reducing the number of shares in issue;

(b) Subdivide (split) all or any of its shares issued at the time, with the objective of increasing the number of shares in issue.

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| (ii) | The Company may, by Special Resolution, reduce its capital in such manner as authorised by the Act.   | Reduction of capital                   |
| 9.   | The Company may, subject to the provisions of the Act, pay a commission to any person subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares in the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in the Company but so that if the commission shall be paid or be payable out of capital, the statutory conditions and requirements, if any, in relation thereto, shall be observed and complied with and the commission shall not exceed ten per centum (10%) of the value of the shares in each case subscribed or to be subscribed. Such commission may be satisfied in whole or in part by the allotment (if so agreed) of fully or partly paid shares. The Company may also, on any issue of shares, pay such brokerage as may be lawful.   | Power to pay commission and brokerage. |
| 10.  | If two or more persons are registered as joint holders of any share then (subject to and in default of any direction in writing given by them to the Company) any one of such persons may give effectual receipts for any dividends, bonuses or other moneys payable in respect of such shares.   | Receipts of joint holders              |
| 11.  | Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these Presents provided) any other rights in respect of any share, except an absolute right to the entirety thereof in the registered holder or in the case of a share warrant, in the bearer of the warrant for the time being.   | Exclusion of equities                  |
| 12.  | (i) The Company with respect to fully paid up shares, may issue warrants (herein called share warrants) stating that the bearer is entitled to the shares therein specified, and may provide by coupon or otherwise for the payment of future dividends on the shares included in such warrants.<br><br>The Board may determine, and from time to time vary, the conditions upon which share warrants shall be issued, and in particular, upon which a new share warrant or coupon will be issued in the place of one worn out, defaced, lost or destroyed, upon which the bearer of a share warrant shall be entitled to attend and vote at General Meetings and upon which a share warrant may be surrendered and the name of the holder entered in the register in respect of the shares therein specified. Subject to such conditions, and to the provisions of the Statutes and these Presents, the bearer of a share warrant shall be a Shareholder to the full extent. The holder of a share warrant shall be subject to the conditions for the time being in force whether made before or after the issue of such warrants. | Share Warrants                         |
| (ii) | The Company may also issue warrants which give the holder thereof the right to purchase any securities of the Company in such manner as is provided for in the Listing Rules of the Colombo Stock Exchange.   |  |

#### **CERTIFICATES**

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| 13. | (i) Every Shareholder and every debenture holder shall be entitled without payment to receive within two (2) months from the date of allotment of shares or debentures or debenture stock as the case may be or the lodgement of a valid transfer of shares or debentures or debenture stock (or within such other period as the terms of issue shall provide or in the case of shares or debentures quoted on the Colombo Stock Exchange within such period as may be stipulated by the Colombo Stock Exchange) one (1) certificate for all his shares of any one class or debentures or debenture stock and upon payment for every certificate after the first, of | Issue of certificates |
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such sum as the Directors shall from time to time determine, several certificates, each for one or more of his shares of any one class or debentures or debenture stock.

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| (ii)  | Where a Shareholder or debenture holder transfers only a part of the shares or debentures comprised in a certificate, the old certificate shall be cancelled and a new certificate for the balance of such shares or debentures shall be issued in lieu without charge unless the terms of issue of such shares or debentures provide otherwise.  | Transfer of a part of shares |
| (iii) | In the case of a share held jointly by several persons the Company shall not be bound to issue more than one (1) certificate therefor and delivery of a certificate to one (1) of such persons or his duly authorized representative shall be sufficient delivery to all.   | Joint holders of shares      |
| (iv)  | (a) Every certificate issued by the Company for shares, debentures or certificates representing any other form of security shall be executed by any one (1) Director and the Secretary and shall specify the shares or debentures (as the case may be) to which it relates.<br><br>(b) Where the Directors so resolve, one (1) of the aforesaid signatures upon share or debenture certificates issued by the Company according to the provision of these Presents, may, with the approval and subject to the control of the Auditors, transfer auditors or bankers of the Company, be in the form of an autographic signature stamped or printed or impressed thereon. | Execution of certificates    |
| (v)   | If a share or debenture certificate be defaced, lost or destroyed it may be renewed on payment of such fee (if any) as may be determined by the Directors from time to time and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in investigating evidence as the Board thinks fit unless the terms of issue of such shares or debentures otherwise provide.  | Renewal of certificates      |
| (vi)  | Notwithstanding anything to the contrary contained herein, the Company shall not, in compliance with the Circular No. 13/2010 dated 30 November 2010 issued by the Central Depository Systems (Pvt) Limited, issue any Certificates in respect of any shares or other securities of the Company that are listed or to be listed in the Colombo Stock Exchange and all such shares and other securities will be directly uploaded to the respective CDS Accounts of the holders of such shares and other securities.   |                              |

### **CALLS ON SHARES**

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| 14.     | The Board may from time to time make calls upon the Shareholders by written notice in respect of any moneys unpaid on their shares and not by the terms of issue thereof made payable at fixed times, provided that no call on any share shall exceed one-fourth (1/4 <sup>th</sup> ) of the consideration payable on the share or be payable at less than two (2) months from the date fixed for the payment of the last preceding call and each Shareholder shall, subject to at least thirty (30) days notice being given specifying the time or times and place of payment, pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine. A call may be payable in instalments if so determined by the Board. | Calls                      |
| 15.     | A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be made payable in instalments as communicated to the Shareholders in writing.   | Time when made             |
| 16.     | The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.  | Liability of joint holders |
| 17. (i) | If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due  | Interest on calls          |

shall pay interest on that sum, from the day appointed for payment thereof to the time of actual payment, at such rate [not exceeding nine per centum (09%) per annum] as the Board may determine at the time of issue of such shares, but the Board shall be at liberty to waive payment of such interest wholly or in part.

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| (ii)  | Any sum, which by the terms of issue of a share becomes payable upon allotment or on any fixed date, shall for the purposes of these Presents be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable. In case of non-payment, all the relevant provisions of these Presents as to payment of interest and expenses, forfeiture or otherwise shall apply, as if such sum had become payable by virtue of a call duly made and notified.  | Deemed calls/<br>application of<br>Articles of<br>Association                   |
| (iii) | The Board may, subject to the provisions of the Act and these Presents on any issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.   | Power to<br>differentiate   |
| (iv)  | The Board may, if it thinks fit, receive from any Shareholder willing to advance the same, all or any part of the moneys uncalled and unpaid upon the shares held by him, and such payment in advance of a call shall extinguish, so far as the same shall extend, the liability upon the shares in respect of which it is made. In respect of the money so received or so much thereof as from time to time exceeds the amount of the calls then made upon the shares concerned, the Company may pay interest at such rate as the Shareholder paying such sum in advance and the Board agree upon. | Calls in advance  |
| (v)   | No Shareholder shall be entitled to receive any dividend or to be present or vote at any meeting or upon a poll, or to exercise any privilege as a shareholder, until all calls for the time being due and payable on every share held by him, whether alone or jointly with any other person, together with interest and expenses (if any) have been paid.   | Loss of Rights<br>on non<br>payment of<br>calls                                 |
| (vi)  | The Board may retain out of the amount of any dividend declared on the shares such sum not exceeding ten per centum (10%) of such dividend and place such sum as may be retained in a special account to the credit of each shareholder until the reserve liability of the shareholder on the balances due on such shares is met, whereupon such retention shall cease.   | Retention of<br>amounts due<br>from dividends<br>for non<br>payment of<br>calls |

The Board shall on the amount retained as aforesaid, credit interest at a rate to be determined by the Board until the amount retained together with the interest credited as aforesaid reaches the Shareholder's reserve liability after which any interest accruing on the amount retained shall, unless otherwise agreed, be paid out to the Shareholder concerned.

Upon the sale, transfer or transmission of any shares the amount retained and credited to the Shareholder in such special account shall automatically pass to his successor in title to the shares.

#### **FORFEITURE AND LIEN**

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| 18. | (i)  | If a Shareholder fails to pay in full any call or instalment of a call on the day appointed for the payment thereof, the Board may at any time thereafter issue a notice in writing on him requiring payment of so much of the call or instalment as is unpaid, together with any interest and expenses which may have accrued.                     | Board to issue<br>notice on failure<br>to pay call |
|     | (ii) | The notice shall name a further day [not being less than twenty eight (28) days from the date of the notice] on or before which and the place where the payment required by the notice is to be made and shall state that in the event of non-payment in accordance therewith the shares on which the call was made will be liable to be forfeited. | Contents of the<br>notice                          |



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| 19. | <p>If the requirements of any such notice as aforesaid are not complied with, any share in respect of which such notice has been given may at any time after the lapse of the notice period, but before payment of all calls and interest and expenses due in respect thereof has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited share and not actually paid before forfeiture.</p> <p>The Board may accept a surrender of any share liable to be forfeited hereunder.</p>   | <p>Forfeiture on non compliance with notice</p> <p>Surrender In lieu of forfeiture</p>                  |
| 20. | <p>A share so forfeited or surrendered shall become the property of the Company and the Board may sell, re-allot or otherwise dispose of, either to the person who was before such forfeiture or surrender the holder thereof or entitled thereto or to any other person, upon such terms and in such manner as the Board shall think fit. At any time before a sale, re-allotment or disposal, the forfeiture or surrender may be cancelled on such terms as the Board thinks fit. The Board may, if necessary authorize some person to transfer a forfeited or surrendered share to any such other person as aforesaid.</p>   | <p>Sale of shares forfeited or surrendered</p>  |
| 21. | <p>A Shareholder whose shares have been forfeited or surrendered shall cease to be a holder in respect of the shares, but shall notwithstanding the forfeiture or surrender remain liable to pay to the Company all moneys which at the date of forfeiture or surrender were presently payable by him to the Company in respect of the shares, with interest thereon at ten per centum (10%) per annum (or such lower rate as the Board may approve) from the date of forfeiture or surrender until payment but the Board may waive payment of such interest either wholly or in part.</p>  | <p>Liabilities of a Shareholder whose shares are forfeited or surrendered</p>                           |
| 22. | <p>(i) The Company shall have a first and paramount lien on every share (not being a fully paid share) for all moneys, whether presently payable or not, called or payable at a fixed time in respect of such share; and the Company shall also have a first and paramount lien and charge on all shares (other than fully paid shares) standing registered in the name of any Shareholder either alone or jointly for all the debts and liabilities of such Shareholder or his estate to the Company and that whether the same shall have been incurred before or after notice to the Company of any equitable or other interest in any person other than such Shareholder, and whether the period for the payment or discharge of the same shall have actually arrived or not, and notwithstanding that the same are joint debts or liabilities of such Shareholder or his estate and any other person, whether a Shareholder of the Company or not. The Company's lien (if any) on a share shall extend to all dividends payable thereon. The Board may resolve that any share shall for some specified period be exempt from the provisions of this Article.</p> <p>(ii) The Company may sell, in such manner as the Board thinks fit, any share on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable nor until the expiration of fourteen (14) days after notice in writing, stating and demanding payment of the sum presently payable and giving notice of intention to sell in default, shall have been given to the holder for the time being of the share or the person entitled thereto by reason of his death or bankruptcy.</p> <p>(iii) The net proceeds of such sale after payment of the costs of such sale shall be applied in or towards payment or satisfaction of the debt or liability in respect whereof the lien exists, so far as the same is presently payable, and any residue shall (subject to a like lien for debts or liabilities not presently payable as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the time of the sale. To give effect to any such sale the Board may authorize some person to transfer the shares sold to the purchaser.</p> | <p>Company's lien</p> <p>Sale of shares subject to lien</p> <p>Application of proceeds of such sale</p> |

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| 23. | A declaration in writing under oath or affirmation that the declarant is a Director of the Company and that a share has been duly forfeited or surrendered or sold to satisfy a lien of the Company on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share, and such declaration and the receipt issued by the Company for the consideration (if any) given for the share on the sale, re-allotment or disposal thereof, together with the certificate of proprietorship of the share duly signed and delivered to a purchaser or allottee thereof shall (subject to the execution of a transfer if the same be required) constitute a good title to the share, and the person to whom the share is sold, re-allotted or disposed of shall be registered as the holder of the share and shall not be bound to see to the application of the purchase money, (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, surrender, sale, re-allotment or disposal of the share. | Title to shares forfeited or surrendered or sold to satisfy a lien        |
| 24. | The provisions of these Presents as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, as if the same had been payable by virtue of a call duly made and notified.  | Provisions on forfeiture to apply where sums are payable at a fixed time. |
| 25. | Where any person, being entitled to a share by transmission, and not having made good his title according to these Presents, by failing to either register himself as the holder thereof or by failing to register his nominee, within a period of three (03) months, after being required by the Board by due notice to make good his title, such share may at any time after the expiration of the said period be forfeited by a resolution of the Board to that effect. Such forfeiture of shares shall include all dividends declared in respect of the forfeited shares and not actually paid before forfeiture.  | Forfeiture in case of title by transmission.                              |
| 26. | The forfeiture of a share shall involve the extinction at the time of forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights and liabilities incidental to the share as between the Shareholder whose share is forfeited and the Company, except only such of those rights and liabilities as are by these Presents expressly saved.  | Effect of forfeiture  |

#### **TRANSFER OF SHARES**

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| 27. | Subject to such restrictions in these Presents as may be applicable, any Shareholder may transfer all or any of his shares by an instrument in writing in any usual or common form or in any other form which the Board may approve and such transfer form shall be signed by both the transferor and the transferee and shall be left at the Office accompanied by the certificate of the shares to be transferred and such other evidence (if any) as the Board may require to prove the title of the transferor or his right to transfer the shares. The instrument of transfer must be in respect of only one class of shares. When registered the instrument of transfer shall be retained by the Company. | Form of Transfer  |
| 28. | The instrument of transfer of a share shall be signed by or on behalf of the transferor and the transferee and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register of Shareholders in respect thereof.   | Execution   |
| 29. | Notwithstanding anything to the contrary contained in these Presents and subject to provisions contained in Article 1, so long as the Company is listed on the Colombo Stock Exchange, the Company shall comply with the Listing Rules and the CDS Rules, which shall be in force from time to time.  | Rules of the Colombo Stock Exchange and Central Depository Systems shall apply to the Company |

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| 30. | Notwithstanding any provision in these Presents 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 statutory requirements.  | Listed shares to be freely transferable                       |
| 31. | The Board may in their absolute discretion and without assigning any reason therefor, decline to register any transfer of shares (not being fully paid shares) to a person of whom the Board shall not approve and it may also decline to register any transfer of shares (not being fully paid shares) on which the Company has a lien. If the Board refuses to register a transfer the Board shall within two (2) months from the date on which the transfer was lodged with the Company send to the transferee notice of the refusal or where such shares are listed on the Colombo Stock Exchange the Board shall within such period as may be stipulated by the Colombo Stock Exchange, send the notice of refusal to such persons as stipulated by the Listing Rules. | Board's power to refuse registration<br><br>Notice of refusal |

### **REGISTRATION OF TRANSFERS**

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| 32. | The Board may (without prejudice to the powers conferred on it by these Presents) by such means as the Board shall deem expedient authorize the registration of transfers or transmissions of shares without the necessity of any meeting of the Board for that purpose.   | Registration without meeting                               |
| 33. | (i) The Company may, subject to the provisions of the Act, suspend the registration of transfers and close the Register of Shareholders at such times and for such periods as the Board may from time to time determine; Provided always that such registration shall neither be suspended nor the Register of Shareholders be closed for any time or times exceeding in the whole thirty (30) working days in each calendar year. | Suspension of registration & closure of the Share Register |
|     | (ii) 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 or for making any entry in the Register of Shareholders affecting the title to any share, such fee as the Board may from time to time require or prescribe.                              | Fee for registration of probate and other documents        |
|     | (iii) The Company shall not register more than three (3) persons as joint holders (including the principal holder) of any shares (except in the case of executors, administrators, or the heirs of a deceased Shareholder).  | Registration of joint holdings                             |

### **TRANSMISSION OF SHARES**

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| 34. | In the case of the death of a Shareholder, the survivor or survivors where the deceased was a joint-holder, and the executors or administrators of the deceased where he was the sole or only surviving holder, shall be the only persons recognized by the Company as having any title to his shares but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability in respect of any share solely or jointly held by him.  | Transmission on death   |
| 35. | Any person becoming entitled to shares in consequence of the death or bankruptcy of any Shareholder, upon producing proper evidence of the grant of probate or letters of administration or such other evidence that he sustains the character in respect of which he proposes to act under these Presents or of his title as the Board thinks sufficient, may upon making a request in writing to the Company and with the consent of the Board be registered as a Shareholder in respect of such shares, or may, subject to the regulations as to transfers hereinbefore contained, transfer such shares. The Board shall have the same right to refuse to register a person entitled to any shares by transmission in terms of these Presents or his nominee, as if he were the transferee named in an ordinary transfer presented for registration. | Registration of executors, etc.<br><br>Board's power of refusal to register |

36. The Board may, where it thinks fit, pay a person becoming entitled to a share in consequence of the death or bankruptcy of a Shareholder any dividend, bonuses or other money payable in respect of the share and his receipt shall be a sufficient discharge of the same, but such person shall not be entitled in respect thereof to exercise any right conferred by being a Shareholder in relation to meetings of the Company or, save as otherwise provided by or in accordance with these Presents, to any of the rights or privileges of a Shareholder until he shall have become a Shareholder in respect of the share. Rights of un-registered executors etc.

### **GENERAL MEETINGS**

37. (i) The Company shall in each calendar year hold a General Meeting as its Annual General Meeting in addition to any other Meetings in that year. Subject to the Listing Rules the Annual General Meeting shall be held not later than six (6) months after the balance sheet date of the Company and not more than fifteen (15) months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held at such time and place as the Board shall appoint. Annual General Meetings
- (ii) The Company need not hold an Annual General Meeting in a given calendar year if everything required to be done at the meeting (by resolution or otherwise) is done by a resolution in writing as provided for in Article 40(i) of these Presents. Resolutions in writing
38. All General Meetings other than the Annual General Meetings shall be called Extraordinary General Meetings. The Board may whenever it thinks fit convene an Extraordinary General Meeting. Extraordinary General Meetings
39. The Board shall, on the requisition of Shareholders holding (at the date of the deposit of the requisition) shares which carry not less than ten per centum (10%) of the votes which may be cast on an issue, and upon which all calls or other sums then due have been paid, forthwith proceed to convene an Extraordinary General Meeting of the Company to consider and vote on that issue in accordance with the requirements of the Act. Requisition of meetings
40. (i) A resolution in writing signed by Shareholders who together hold not less than eighty-five per centum (85%) 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. Such a resolution may be constituted of several documents in the like form inclusive of facsimile or electronically generated copies thereof signed by one or more of the Shareholders, which together shall be deemed to constitute one document for the purposes hereof. Resolutions in writing of Shareholders
- (ii) The Company shall within five (5) working days of a resolution in writing being passed under this Article send a copy thereof to every Shareholder who did not sign such resolution. Rights of Shareholders who did not sign

### **NOTICE OF GENERAL MEETINGS**

41. An Annual General Meeting and any General Meeting at which it is proposed to pass a Special Resolution or (save as otherwise provided by the Act) a resolution of which Special Notice is required by these Presents to be given by the Company shall be called by fifteen (15) working days' notice in writing at the least, and any other General Meeting by ten (10) working days notice in writing at the least, (exclusive in each case of the day on which notice is served or deemed to be served and of the day for which it is given) given in the manner hereinafter mentioned to such Shareholders as are under the provisions of these Presents entitled to receive such notice from the Company, to every Director and to the Auditors: Notice
- Provided that, a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have Short Notice

been duly called if it is so agreed:

- (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 any other General Meeting, by the Shareholders having the right to attend and vote at the meeting being Shareholders together holding shares which carry not less than ninety five per centum (95%) of the voting rights, on each issue to be considered and voted on at that meeting.

42. Notice of meetings shall be served in the manner provided for in these Presents and shall be served on:
- Persons entitled to receive Notice of Meetings
- (a) every Shareholder of the Company entitled to receive such notices from the Company;
  - (b) every person upon whom the ownership of a share devolves by reason of his being a legal representative or trustee in bankruptcy or insolvency of a Shareholder where the Shareholder but for his death or bankruptcy would be entitled to receive notice of the meeting;
  - (c) the Directors; and
  - (d) the Auditors for the time being of the Company,
- in the manner provided for in these Presents. No other person shall be entitled to receive notices of General Meetings.
43. The accidental omission to give notice to, or the non-receipt of notice by any Shareholder entitled thereto shall not invalidate the proceedings of any General Meeting.
- Omission or non-receipt of notice
44. Every notice calling a General Meeting shall specify the place, the day and hour of the meeting, and there shall appear with reasonable prominence in every such notice a statement that a Shareholder entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him and that a proxy need not be a Shareholder of the Company.
- Contents of notice
- (a) In the case of an Annual General Meeting, the notice shall also specify the meeting as such.
  - (b) The notice shall set out:
    - (i) the nature of the business to be transacted at the meeting in (other than routine business) sufficient detail to enable a Shareholder to form a reasoned judgment in relation thereto; and
    - (ii) the text of any resolution to be submitted to the meeting and if any resolution is to be proposed as a Special Resolution, the notice shall contain a statement to that effect.
45. Routine business shall mean and include only business transacted at any Annual General Meeting of the following classes, that is to say:
- Routine business.
- (a) the declaration of dividends;
  - (b) the consideration of the balance sheet, the report of the Directors and Auditors, and other accounts and documents that may be required to be annexed to the balance sheet;
  - (c) the appointment of Auditors and the fixing of the remuneration of the Auditors or determining the manner in which such remuneration is to be fixed; and,

(d) the election of Directors in the place of those retiring by rotation or otherwise;

46. Any irregularity in a notice of meeting is waived if: Waiver of any irregularity in the notice
- (a) all the Shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity; or
- (b) all such Shareholders agree to the waiver.

### PROCEEDINGS AT GENERAL MEETINGS

47. A General Meeting of the Company may determine its own procedure to the extent that it is not governed by these Presents. General Meeting to determine procedure
48. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. Three (3) Shareholders one of whom shall be the Bank of Ceylon (for so long as its ordinary (voting) shareholding in the Company is not less than fifty one percent [51%]), present in person or by proxy or attorney or (in the case of a corporation) by an authorized representative shall be a quorum for all purposes. If the Bank of Ceylon ceases to hold less than fifty one percent [51%] of the ordinary (voting) shares of the Company the quorum shall be three (3) Shareholders who together hold not less than fifty one percent [51%] of the ordinary (voting) shares of the Company present in person or by proxy or attorney or (in the case of a corporation) by an authorized representative. Quorum
49. If within fifteen (15) minutes 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, and if at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the Shareholders present [if more than one (1)] shall be a quorum for all purposes. Adjournment/dissolution if quorum not present
50. A resolution passed at an adjourned General Meeting of the Company shall for all purposes be treated as having been passed on the date on which it was in fact passed, and shall not be deemed to have been passed on any earlier date. Resolution of adjourned Meeting
51. The Chairman or in his absence the Deputy Chairman of the Board shall preside as Chairman at every General Meeting. If there be no such Chairman or Deputy Chairman or if at any meeting he be not present within fifteen (15) minutes after the time appointed for holding the meeting or be unwilling to act, the Directors present shall choose one of their number to be Chairman of the meeting. Chairman / Deputy Chairman
- If no Directors be present or if all the Directors present decline to take the chair or if there be an equality of votes of the Directors, the Shareholders present shall elect, by a poll, one of their number present to be Chairman of the meeting. If there be an equality of votes of the Shareholders with regard to the election of the Chairman of the meeting, the meeting 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 Directors may determine and if at such adjourned meeting a Chairman is not elected the meeting shall be dissolved. Adjournment
52. 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. Notice of adjournment

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.

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| 53. | At any General Meeting, a resolution put to the vote of the meeting shall be decided by whichever of the following methods as determined by the Chairman of the meeting:<br><br>(a) voting by voice; or<br>(b) voting by show of hands,  | Method of Voting   |
|     | Unless a poll is (before or on the declaration of the result on a vote by voice or on a show of hands) demanded by:  | Demand for a Poll  |
|     | (i) the Chairman of the meeting; or  |  |
|     | (ii) not less than five (5) Shareholders present in person or by proxy or attorney or authorized representative and entitled to vote at the meeting; or  | Who may demand a Poll  |
|     | (iii) a Shareholder or Shareholders present in person or by proxy or attorney or authorized representative and representing not less than ten per centum (10%) of the total voting rights of all Shareholders having the right to vote at the meeting.   |  |
| 54. | A demand for a poll may be withdrawn.  | Withdrawal of demand   |
| 55. | (i) Unless a poll be demanded (and the demand be not withdrawn) a declaration by the Chairman of the meeting that a resolution has been carried, or carried unanimously or by the requisite majority, or lost, and an entry to that effect in the Minute Book, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against such resolution.  | Declaration by Chairman  |
|     | (ii) The declaration of the Chairman on a vote on a show of hands, shall reflect the votes received on such vote on a show of hands as well as of the votes of the proxies that have been received in respect of the particular resolution.  | Proxy votes to be counted in declaring the result on a vote on a show of hands |
| 56. | If a poll is 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 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 taking and declaring the result of the poll. | How a poll is to be taken  |
| 57. | In the case of an equality of votes, whether on a vote by voice or by a show of hands or on a poll, the Chairman of the meeting at which the vote by voice or by a show of hands takes place or at which the poll is taken shall be entitled to a second or casting vote.  | Chairman's casting vote  |
| 58. | A poll demanded on the election of a Chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either immediately or at such subsequent time (not being more than thirty (30) days from the date of the meeting) and place as the Chairman may direct. No notice need be given of a poll not taken immediately.   | Time for taking a poll   |
| 59. | The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.  | Continuance of business after demand for poll                                  |

## VOTES OF SHAREHOLDERS

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| 60. | <p>Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands or on a vote by voice every Shareholder who being an individual is present in person, by proxy, by attorney or by authorised representative; or being a corporation is present by an authorized representative or by proxy or attorney, shall have one (1) vote.</p> <p>Subject as aforesaid upon a poll every Shareholder who is present in person or by proxy or by attorney or by an authorized representative shall be entitled to one (1) vote for each share held by him.</p>  | <p>Votes of Shareholders</p> <p>Voting rights on a poll</p> |
| 61. | <p>In the case of joint-holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy or by attorney or by an authorized representative shall be accepted to the exclusion of the votes of the other joint holders and for this purpose, seniority shall be determined by the order in which the name stands in the Register of Shareholders in respect of the joint holding.</p>  | <p>Voting rights of joint holders</p>                       |
| 62. | <p>A Shareholder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a vote by voice, show of hands or on a poll, by his committee, curator bonis or other person in the nature of a committee or curator bonis appointed by such Court, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the office not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which such person claims to vote, or in the case of a poll not less than twenty-four (24) hours before the time appointed for the taking of the poll.</p> | <p>Voting rights of lunatic Shareholders</p>                |
| 63. | <p>No objection shall be raised as 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.</p>  | <p>Qualification of voter</p>                               |
| 64. | <p>On a poll, votes may be given either personally or by proxy or by attorney or by authorized representative. A person entitled to more than one (1) vote need not use all his votes or cast all the votes he uses in the same way.</p>  | <p>Votes on a poll</p>                                      |
| 65. | <p>The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney; and in the case of a corporation shall be signed in such manner as is stipulated by its Articles of Association or other constitutional documents.</p>   | <p>Execution of proxies</p>                                 |
| 66. | <p>A proxy need not be a Shareholder of the Company. A Shareholder shall not be entitled to appoint more than one (1) proxy to attend on the same occasion.</p>   | <p>A proxy holder need not be a Shareholder</p>             |
| 67. | <p>The instrument appointing a proxy or a facsimile or other similarly obtained copy thereof shall be lodged, and the power of attorney (if any) under which it is signed or a notarially certified copy thereof shall if required be deposited for inspection, at the Office, in each case not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting or in the case of a poll not less than twenty-four (24) hours before the time appointed for the taking of the poll at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be treated as valid.</p>  | <p>Deposit of proxies</p> <p>Time</p>                       |



68. An instrument appointing a proxy shall be in the following form or in a form as near thereto as circumstances permit: Form of proxy

**MERCHANT BANK OF SRI LANKA & FINANCE PLC**

I/We,..... of  
 .....  
 being a Shareholder/Shareholders of the above named Company, hereby  
 appoint ..... of  
 ..... failing him  
 ..... of  
 ..... as  
 my/our proxy to represent me/us and to speak and to vote on my/our  
 behalf at the Annual/Extraordinary, (as the case may be) General  
 meeting of the Company to be held on the ..... day of ..... 20...,  
 and at any adjournment thereof and at every poll which may be taken in  
 consequence thereof.

Signed this ..... day of .....20.....

69. (i) Any form of proxy issued by the Company may be so worded that a Shareholder may direct his proxy to vote either for or against any of the resolutions to be proposed. Directions to a proxyholder
- (ii) A duly appointed proxy shall have the same right as his appoint or to vote on a show of hands or voice and to speak at the Meeting. Rights of a proxyholder
- (iii) The proxy holder shall have the right to demand or join in demanding a poll. Right to demand a poll
- (iv) An instrument appointing a proxy, whether in the usual common form or not, shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the Meeting to which it relates and need not be witnessed. Form of Proxy to be valid for adjourned meetings
70. (a) A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed or the transfer of the shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the Company at the Office 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. Intervening death or insanity of principal not to revoke proxy
- (b) Notwithstanding anything to the contrary, in the event of the appointor of the proxy (the principal) attending the meeting in person, the authority of the proxy to attend, vote and/or in anyway participate at the meeting shall stand automatically cancelled and revoked. Revocation of proxy

**REQUISITIONED RESOLUTIONS BY SHAREHOLDERS**

71. Shareholders, constituted as set out below, shall be entitled to requisition in writing a resolution to be taken up at a general meeting of the Company in the manner and to the extent provided for in section 142 of the Companies Act No.7 of 2007:
- (a) Shareholders who represent not less than one-twentieth of the total voting rights of all the Shareholders having as at the date of the requisition a right to vote at the meeting to which the requisition relates; or
- (b) Shareholders who in number are not less than fifty.

**CORPORATIONS ACTING BY REPRESENTATIVES**

72. Any corporation which is a Shareholder of the Company, may by resolution of its Directors or other governing body authorize such person as it thinks fit to act as its representative at any meeting of the Company or of any class of Shareholders of the Company and the person so authorized shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Shareholder of the Company. Authorised representative

**DIRECTORS**

73. (a) The Directors shall not be less than five (05) nor more than nine (09) in number. Subject to the Statutes, the Company may from time to time, by Special Resolution, increase or reduce the number of Directors. Number of Directors
- The Board shall have at least three (03) independent non-executive Directors or one third (1/3<sup>rd</sup>) of the total number of Directors, whichever is higher, shall be independent non-executive Directors. Independent non-executive Directors
- (b) The election of Directors who retire by rotation under and in terms of Articles 86 and 87 of these Presents, shall be by the shareholders of the Company: Election of Directors retiring by rotation
- (c) The office of Director, Chairman, Managing Director and/or Chief Executive Officer of the Company shall be constituted of persons who satisfy, inter alia, the criteria stipulated in the Directions issued from time to time under the Finance Business Act , No. 42 of 2011(as amended) Eligibility Criteria
74. The shareholding qualification for Directors may be fixed by the Company at a General Meeting and until and unless so fixed no qualification shall be required. Share qualification

**DUTIES OF DIRECTORS**

75. The Directors have duties as set out in the Act and in particular– Duties
- a) each Director has a duty to act in good faith and in what he believes to be in the best interests of the Company.
- b) no Director shall act or agree to the Company acting in a manner that contravenes any provisions of the Act or of these Presents.
76. The Board may determine and approve the remuneration of the Directors (excluding any remuneration payable under any other provision of these Presents) and such remuneration shall be divided among the Directors in such manner as they shall from time to time determine and shall accrue *de die in diem*. The Company may by Ordinary Resolution also vote extra remuneration for the Directors or for any Director and either for one (1) year or for any longer or shorter period. Board’s power to determine remuneration
77. The Company may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Board or of committees of the Directors or General Meetings, or which he may otherwise incur in or about the businesses of the Company or may pay to any Director such allowances as the Board thinks proper in respect of such expenses. Expenses

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| 78. | Any Director, who serves on any committee or who otherwise performs any service which in the opinion of the Board are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.  | Extra remuneration  |
| 79. | Subject to the Statutes, 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 corporation of which he is a Shareholder or Director may act in any professional 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) as the Board may determine.   | Holding of concurrent office.   |
| 80. | <p>(a) A Director may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as a Shareholder or otherwise.</p> <p>(b) Such a Director shall not be accountable for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company (as the case may be) subject to the provisions of the Act.</p> <p>(c) The Board may utilize the voting power on any shares or securities in any such company as aforesaid for the purpose of fixing the remuneration of such Directors in such capacity as set out in Article 80 (a) above.</p>   | Board to utilize voting power   |
|     | Subject to the provisions of the Statutes and save as to the manner provided thereunder, no Director shall be disqualified by his office from contracting with the Company, whether as vendor, purchaser or otherwise.  | Contracts with the Company  |
| 81. | Subject to the provisions of the Statutes, a Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any office or place of profit under the Company; or the Board resolves to exercise any of the rights of the Company (whether by the exercise of voting rights or otherwise) to appoint or concur in the appointment of him or any other Director to hold any office or place of profit under any other company; or the Board resolves to enter into or make any arrangements with him or on his behalf pursuant to these Presents or in respect of any other Director; or the terms of any such appointment or arrangements as herein before mentioned are considered, and he may vote on any such matter other than in respect of the appointment of or arrangements with himself or the fixing of the terms thereof. | Directors' powers to act or participate at meetings irrespective of any interest. |

### **DIRECTORS' INTERESTS**

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| 82. | The Board shall abide by the provisions governing Related Party transactions as set out in the Statutes.  | Related Party transactions                |
|     | A Director of the Company who is interested in a transaction entered into or to be entered into by the Company may:   | Attendance at board meetings, voting etc. |
|     | (a) attend the meeting of Directors at which a matter relating to the transaction arises but shall not be included among the Directors present at the meeting for the purpose of the quorum for the relevant agenda item; |   |
|     | (b) not vote on a matter relating to the transaction;   |   |
|     | (c) do any other thing in his capacity as a Director in relation to the transaction   |   |

## EXECUTIVE DIRECTORS

83. (i) The Board may from time to time appoint one or more of their body to be an Executive Director including the Managing Director or Managing Directors, for such period and at such remuneration and upon such terms as to the duties to be performed, the powers to be exercised and all other matters as the Board may think fit either collaterally with or to the exclusion of their own powers, but so that no such Executive Director or Managing Director/s shall be vested with any powers or entrusted with any duties which the Board itself could not have exercised or performed. The Board may from time to time revoke, withdraw, alter or vary all or any of such powers. The remuneration of such Executive Director or Managing Director/s may be by way of salary, commission, participation in profits, pension or retiring allowance, or by any or all of such modes as the Board may determine but such remuneration shall not under any circumstances be by a commission on a percentage of turnover. Appointment of Executive Directors
- (ii) An Executive Director including the Managing Director shall not, while he continues to hold that office, be subject to retirement by rotation, and he shall not be taken into account in determining the rotation of retirement of Directors. Such Director however shall, subject to the provisions of any contract between him and the Company, be subject to the same provisions as to resignation and removal as the other Directors of the Company and notwithstanding any contract between him and the Company, he shall be liable to be removed under the provisions of Article 84 (e) and (g) and Article 91 but without prejudice to any claim for damages by him under such contract Retirement by rotation and cessation of holding executive office

### APPOINTMENT, RETIREMENT, REMOVAL AND VACATION OF OFFICE OF DIRECTORS

84. A Director shall vacate office *ipso facto* on the happening of any of the following events : Vacation of office of Director
- (a) Subject to the Statutes, if he resigns from his office by signing a written notice of resignation which is delivered to the Office of the Company. Such a notice shall be effective when it is received at the Office of the Company or at a later time as may be specified in the notice;
  - (b) if he becomes disqualified or prohibited by law or under any direction and/or regulation issued under the Statutes from acting as a Director;
  - (c) if he becomes bankrupt or if a receiving order is made against him or if he makes any arrangement or if he compounds with his creditors or is adjudicated an insolvent;
  - (d) if he be found or declared under any written law in force in Sri Lanka, to be a lunatic or of unsound mind;
  - (e) if he be absent for three (3) consecutive meetings of the Board or if he be absent for at least two-thirds (2/3<sup>rd</sup>s) of the meetings in the period of twelve (12) months immediately preceding: except if and unless his alternate director had participated at such meetings;
  - (f) if being required to hold any share qualification, he does not obtain his share qualification after his appointment within such period as shall be determined by the Shareholders, or if at any time thereafter ceases to hold his share qualification, and so that a Director vacating office under this provision shall be incapable of being re-appointed a Director until he shall have obtained his qualification;

- (g) if he (including an Executive Director) be requested to resign from office by a notice in writing signed by a majority of his co-Directors (without prejudice to any claim by the Director for damages under any contract);
- (h) If he (including an Executive Director) be removed from office by a resolution passed by a majority of his co-directors; or
- (i) if he (including an Executive Director) be removed from office before the expiration of his period of office (without prejudice to any claim by the Director for damages under any contract) under the provisions of these Presents, by an Ordinary Resolution of the Shareholders at a General Meeting.
85. The continuing Directors may act notwithstanding any vacancies, but if and so long as the number of Directors is reduced below the minimum number fixed by these Presents, the continuing Directors or Director may act for the purpose of filling up such vacancies or of summoning General Meetings of the Company but not for any other purpose. If there be no Directors or Director able or willing to act, then any Shareholder may summon a General Meeting for the purpose of appointing Directors. Continuing Directors
86. At each Annual General Meeting one-third (1/3<sup>rd</sup>) of the Directors for the time being shall retire from office or, if their number is not a multiple of three (3), the number nearest to (but not greater than) one-third (1/3<sup>rd</sup>) shall retire from office; Provided that the Chairman, Deputy Chairman, and Managing Director shall not be subject to retirement by rotation or be taken into account in determining the Directors to retire in each year. Selection of Directors to retire
- A Director retiring at a Meeting shall retain office until the close of the meeting including any adjournment thereof. Retiring Director
87. The Directors to retire at each Annual General Meeting shall be those who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected Directors on the same day, the Directors to retire shall (unless the Board otherwise agree among themselves) be determined by lot. A retiring Director shall be eligible for re-election. Retirement of Directors by rotation
88. The Company may, at the meeting at which a Director retires in manner aforesaid, fill the vacated office by electing such retiring Director thereto and in default the retiring Director shall be deemed to have been re-elected unless: Filling of vacated office
- (a) at such meeting it is expressly resolved not to fill such vacated office; or
- (b) the resolution for the re-election of such Director is put to the meeting and lost; or
- (c) such Director has given notice in writing to the Company that he is unwilling to be re-elected or is over the age of 70; or
- (d) the default is due to the contravention of the next following Article.
89. Except as otherwise provided for by the Act, a motion for the appointment of two or more persons as Directors by a single resolution shall not be made at any General Meeting unless a resolution that it shall be so made has first been agreed to at the meeting without any vote being given against it. Any resolution moved in contravention of this provision shall be void. Appointment of Directors to be voted on individually

90. Without prejudice to the powers of the Directors under Article 93 of these Presents the Shareholders at the Annual General Meeting may by Ordinary Resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director, provided that:
- (a) a notice in writing addressed to the Company signed by a Shareholder duly qualified to attend and vote at the meeting (for which such notice is given) of his intention to propose a resolution for the appointment of such person, has been received by the Company not less than twenty-eight (28) days before the day appointed for the meeting;
- (b) the Company has received an intimation in writing signed by the person to be proposed of his willingness to be so appointed; and
- (c) such person has been recommended by the Board for appointment.

Appointment of Directors by the Company at a General Meeting

Notice of intention to appoint Director

Director to retire by rotation

A Director so appointed shall be subject to retirement by rotation in accordance with the provisions of these Presents.

91. The Company may by an Ordinary Resolution and subject to Section 206 of the Act, remove any Director before the expiration of his period of office.

Removal of Directors

92. The Company may, by Ordinary Resolution appoint another person in place of a Director removed from office under the last preceding Article, and any person so appointed hereunder shall be subject to retirement by rotation at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director and in default of such appointment the vacancy so arising may be filled by the Board as a casual vacancy.

Appointment of Director to fill a vacancy caused by removal from office

Board's power to fill a vacancy

93. 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 or under these Presents. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

Board's power to appoint Directors

### PROCEEDINGS OF DIRECTORS

94. The Board may meet together at any place in or outside Sri Lanka for the dispatch of business, adjourn and otherwise regulate their meetings as the Board thinks fit; provided that the Board shall meet at least twelve (12) times in a financial year at monthly intervals.

Meetings of the Board

A Director may and on the request of a Director, the Secretary shall at any time summon a meeting of the Board by giving notice to each Director.

Power to summon Meetings

95. The notice of the meeting of the Board shall be given whether by facsimile or otherwise to all Directors in Sri Lanka at least seven (7) working days (or such lesser period if agreed to by all the Directors) before the date of the meeting. The notice shall be accompanied by an agenda of the meeting (unless the agenda be incorporated in the notice itself) and may also include all documents or copies thereof as may be relevant to the meeting. It shall not be necessary to give notice of the meeting of the Board to a Director who is for the time being outside Sri Lanka.

Notice and Agenda

Any irregularity in the notice of a meeting shall be waived if all the Directors attend the meeting without protest as to the irregularity or if they agree to the waiver.

Waiver of irregularity in notice

96. The Board may concurrently participate either in person or by telephone, radio, conference television or similar equivalent communication or any other form of audio or audiovisual instantaneous communication by which all persons participating in the conference are able to hear and be heard by all other participants for the dispatch of business and adjourn and otherwise regulate the conference as the Board thinks fit. All provisions relating to the convening of a meeting of the Board, including the giving of notice thereof and agenda, the quorum for such conference meeting and the votes to be cast shall be the same as is applicable under these Presents in relation to such meetings.
- Meetings by audio or audio visual means  
Procedure
97. A resolution passed at such conference meeting shall notwithstanding that the Directors are not present together at one place at the time of the conference, be deemed to have been passed at a meeting of the Directors held on the day and at the time at which the conference was held and shall be deemed to have been held at the Office of the Company unless otherwise agreed, and all Directors and other persons including the Secretary participating at that conference shall be deemed for all purposes to be present at the meeting.
- Resolutions of conference meetings
98. Subject to the Statutes the quorum necessary for the transaction of business of the Board may from time to time be determined by the Board and unless and until so determined at any other number the quorum shall be a three Directors.
- Quorum
- Provided however that in the event of a quorum not being present within fifteen (15) minutes of the time appointed for the meeting, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and time and place as the Chairman of such meeting shall determine and, if at such adjourned meeting a quorum is not present within fifteen (15) minutes from the time appointed for holding the meeting, the adjourned meeting shall stand cancelled.
- Adjournment of an inquorate meeting
99. A resolution passed at an adjourned meeting of the Board shall for all purposes be treated as having been passed on the date on which it was in fact passed, and shall not be deemed to have been passed on any earlier date.
- Resolutions of adjourned meetings
100. The Board shall appoint, from and amongst the independent non-executive Directors, the Chairman of the Board and may also remove a Chairman so appointed. The Board may also appoint from and amongst the independent non-executive Directors a Deputy Chairman of the Board and may determine the period for which he is to hold office and may also remove such Deputy Chairman so appointed. The Chairman or in his absence the Deputy Chairman so appointed shall preside as Chairman at meetings of the Board. If no Chairman or Deputy Chairman shall have been appointed, or if at any meeting the Chairman or Deputy Chairman be not present within fifteen (15) minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the Meeting.
- Appointment of Chairman/Deputy Chairman
101. The Chairman and/or Deputy Chairman may at any time vacate such office by giving notice in writing of his resignation from such office as applicable.
- Vacation of office
- If the Chairman and/or Deputy Chairman is also a Director of the Company, he shall upon the happening of any event specified in Article 84 of these Presents immediately vacate the office of Chairman and/or Deputy Chairman as applicable unless the Board shall otherwise resolve.

102.	Questions arising at any Meeting shall be determined by a majority of votes. Every Director shall have one (1) vote and in case of an equality of votes the Chairman shall have a second or casting vote.	Votes / Casting vote of the Chairman
103.	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.	Presumption in favour of a resolution
104.	A resolution in writing signed by all the Directors for the time being in Sri Lanka, provided that such Directors shall not be less than the number required to form a quorum of the meeting of the Directors, shall be as valid and effectual as if it were a resolution passed at a meeting of the Board duly convened and held and may consist of several documents in the like form, each signed by one or more of the Directors, provided always that a resolution faxed under their respective signatures shall be deemed to have been signed by them for the purposes hereof.	Resolutions in writing
105.	<p>(a) The Company shall have Board Committees including an Audit Committee, Human Resources and Remuneration Committee, a Nomination Committee and an Integrated Risk Management Committee which shall report directly to the Board. The functions and all other matters of such Committees shall be carried out in the manner set out in the directions issued from time to time under the Finance Business Act No. 42 of 2011(as amended) and/or all regulations, directions, orders and instructions made and/or given thereunder.</p> <p>(b) The Board may additionally, subject to the provisions of the Sixth (6<sup>th</sup> ) Schedule to the Act, delegate any of their powers to committees consisting of such member or members of their body as the Board thinks fit and 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; Provided that the Board shall not delegate any matters to a board committee, chief executive officer, executive directors or key management personnel, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.</p>	<p>Audit Committee &amp; an Integrated Risk Management Committee</p> <p>Powers of delegation</p>
106.	The meetings and proceedings of any such committee referred to in Article 105 (b) and consisting of two (2) or more members shall be governed by the provisions of these Presents 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
107.	All acts done at 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 acts of Directors in spite of some formal defect

**ALTERNATE DIRECTORS**

108.	Any Director may at any time and subject to the Statutes, by notice in writing left at the Office, appoint any person to be his Alternate to act in his place for such period as the appointor may stipulate and such appointment shall become effective upon approval thereof by the Board.	Appointment of Alternate Directors
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The following provisions of this Article shall apply to an Alternate Director appointed hereunder:

Provisions  
applicable to  
Alternate  
Directors

- (a) an Alternate Director shall not in respect of such appointment:
  - (i) be entitled to receive any remuneration from the Company; nor
  - (ii) be required to hold any share qualification.
- (b) The Board may repay the 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 the Board may think proper in respect of these expenses.
- (c) An Alternate Director shall be entitled to receive notices (on his giving an address for such notices to be served upon him) 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 at such meeting to perform all the functions of his appointor as a Director in the absence of such appointor. If an Alternate Director is also a Director in his own right he shall have at any Board meeting two (2) votes, one (1) vote in his own right and one (1) vote in his capacity as an Alternate Director.
- (d) 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 on the happening of any of the following events, that is to say:
  - (i) if the appointment of the Alternate Director is revoked by his appointor;
  - (ii) 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;
  - (iii) if the Alternate Director resigns by a notice in writing given under his hand to the Company;
  - (iv) if the Alternate Director shall become a bankrupt or makes any arrangement or compounds with his creditors or is adjudicated an insolvent;
  - (v) if the Alternate Director be lunatic or becomes of unsound mind; or
  - (vi) if the Board resolves that the appointment of the Alternate Director be terminated; provided that such termination shall not take effect until the expiration of thirty (30) days after the date of the resolution of the Board.
- (e) An Alternate Director appointed to act in the place of any Executive Director of the Company shall not by virtue of such appointment assume the functions of his appointor as an executive of the Company unless the Board shall otherwise determine.
- (f) 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 and if he does so his vote shall not be counted; nor for the purpose of any resolution for either of these purposes shall he be counted in the quorum for that meeting.

## BORROWING POWERS

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| 109. | (i)   | The Board may exercise all the powers of the Company to borrow money, and may mortgage or charge its undertaking, property and any part thereof but not its uncalled or unpaid capital, and may issue debentures, debenture stock, convertible loan stock and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company, or of any third party:   | Power to borrow money and give security                |
|      |       | Provided that so long as the Company is a Registered Finance Company it shall in the exercise of the powers hereof be subject to the provisions of the Finance Business Act No. 42 of 2011 and/or all regulations, directions, orders and instructions made and/or given thereunder.  |  |
|      | (ii)  | Any bonds, debentures, debenture stock, convertible loan stock or other securities issued or to be issued by the Company shall be under the control of the Board, who may issue them upon such terms and conditions including as redeemable or irredeemable, as well as subordinated to all other creditors of the Company, as the Board may think fit and in such other manner and for such consideration as it shall consider to be for the benefit of the Company. | Bonds, debentures etc. subject to control of the Board |
|      | (iii) | Bonds, debentures, debenture stock, convertible loan stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.  | Assignment free of equities                            |
| 110. |       | All certificates for debentures, debenture stock, loan stock or other securities (other than shares) issued in terms of these Presents shall be issued under the Seal of the Company.   | Certificates to be issued under Seal                   |

## GENERAL POWERS OF DIRECTORS

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| 111. | The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do on behalf of the Company all such acts as may be exercised and done by the Company and as are not by the Statutes or by these Presents required to be exercised or done by the Company at a General Meeting and provided however that the Board shall not without the authority of a Special Resolution of the Company:   | Board to manage Company's business  |
|      | <ul style="list-style-type: none"> <li>(i) alter the Company's Articles;</li> <li>(ii) approve a major transaction as defined in section 185 of the Act;</li> <li>(iii) approve an amalgamation of the Company under section 241 of the Act;</li> <li>(iv) reduce the company's stated capital;</li> <li>(v) resolve to voluntarily wind up the Company;</li> <li>(vi) change the name of the Company;</li> </ul>  | General powers of the Board         |
|      | In managing the business of the Company the Board shall be subject to the provisions of these Presents, the Statutes and to any regulations as may be made by the Shareholders whether by Ordinary or Special Resolution (to the extent that such regulations are not inconsistent with the provisions of these Presents or of the Statutes) and no regulation so made by the Company shall invalidate any prior act of the Board which would have been valid if such regulations had not been made: |                                     |
|      | Provided that so long as the Company is a registered Finance Company the exercise of the powers hereof be subject to the provisions of the Finance Business Act No. 42 of 2011 and all regulations, directions, orders and instructions made and/or given thereunder.  |                                     |
| 112. | The Board shall have power to make and may make such rules and regulations for the management of the business and property of the Company as the Board shall from time to time think proper and shall carry on the business of the Company in such a manner as the Board may think most expedient.   | Power to make rules and regulations |

113. (i) The Board may establish and make contributions or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's moneys to any provident funds, schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees and ex-employees of the Company and their widows and dependants or any class or classes of such persons. Provident and Pension funds

(ii) The Board may pay, enter into agreements to pay or make grants recoverable or irrecoverable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their widows and dependants or to any of such persons including pensions or benefits additional to those (if any) which such employees or ex-employees or their dependants are or may become entitled under any such scheme or funds as mentioned in the last preceding Article. Any such pensions or benefit may, as the Board considers desirable, be granted to any employee either before and in anticipation of or upon or at any time after his actual retirement.

114. The Board may appoint any person or persons to be the attorney or attorneys of the Company either generally or in relation to a specified matter and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Presents) and for such period and subject to such conditions as the Board may think fit, and any such Power of Attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney or attorneys as the Board may think fit and the Board may also authorize any such attorney or attorneys to sub-delegate all or any of the powers, authorities and discretions vested in him/them. Power to appoint attorneys

#### **MINUTES**

115 The Board shall cause proper minutes to be entered in books kept for that purpose: Minutes to be kept.

- (a) of all appointments of officers made by the Board;
- (b) of the names of the Directors present at each meeting of the Board and of any committee of the Directors; and
- (c) of all resolutions and proceedings at all General Meetings of the Company and of the Board, and of committees of Directors.

Any such minutes of any meeting, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting of the Company or Board or Committee as the case may be, shall be sufficient evidence without any further proof of the facts therein stated. Directors to sign attendance register

Every Director present at any meeting of the Board or committee of Directors shall sign his name in a book to be kept for that purpose.

#### **SECRETARY**

116 (i) The Company shall at all times have a Secretary. Secretary

Subject to the provisions of the Act, the Board may from time to time appoint and employ, and at its discretion remove, any individual, qualified in terms of the Statutes and / or the Regulations or directions issued thereunder to hold office as Secretary, as the Secretary of the Company (in these Presents called "the Secretary"). The remuneration of the Secretary shall be agreed to by the Board and the Secretary. Appointment and removal

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|-------|---|---------------------------------------|
| (ii)  | The duties of the Secretary shall, unless otherwise determined by the Board or required by the Statutes include:  | Duties                                |
|       | (a) keeping all records and registers required by the Statutes to be kept by the Company;   |                                       |
|       | (b) recording and maintaining the minutes of meetings of the Company, the Board or Committees as the case may be; and   |                                       |
|       | (c) performing any other functions which by these Presents, are to be performed by the Secretary, and generally to execute all other duties which may from time to time be assigned by the Board to the Secretary.  |                                       |
| (iii) | The Board may also (where it appoints an individual as the Secretary) appoint and employ any other person as Assistant Secretary.   | Appointment of an Assistant Secretary |
|       | Subject to the provisions of the Statutes the Board may at any time appoint and employ a temporary substitute (qualified in terms of the Statutes or the regulations issued thereunder to act as Secretary) for the Secretary or Assistant Secretary. A person so appointed shall for the purpose of these Presents be deemed, in the former case, to be the Secretary. | Temporary substitutes                 |

**AUTHENTICATION AND CERTIFICATION OF DOCUMENTS**

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| 117 | Any Director or the Secretary or the Assistant Secretary (if any) or any person appointed by the Board for the purpose shall have power to:   | Power to authenticate and certify documents |
|     | (a) authenticate any documents affecting the constitution of the Company (including these Presents) and any resolution passed by the Company or by the Board, and any books, records, documents and accounts relating to the business of the Company, and |   |
|     | (b) to certify copies of any of the above stated or extracts therefrom as true copies or extracts.  |   |

**CONTRACTS**

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| 118 | Any contract or other enforceable obligation to be executed in terms of Section 19 of the Act may be entered into on behalf of the Company in writing and signed under the name of the Company by: | Persons authorized to sign contracts which are notarially attested |
|     | (a) any two Directors of the Company;  |  |
|     | (b) Company Secretary or any other person or class of persons duly authorized by the Board; or   |  |
|     | (c) one or more attorneys appointed by the Company.  |  |

**DIVIDENDS**

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|-----|---|--|
| 119 | (i) (a) Subject to Article 119 (i) (b) and (c), the Company may make distributions to Shareholders in accordance with section 56 of the Act.  | Distributions  |
|     | (b) Subject to the terms of any issue of shares to the contrary and of the Statutes, the Board may (i) re-purchase any of the issued shares where such re-purchase is to be effected on a pro-rata basis applicable to all Shareholders or (ii) redeem any of the Company's issued shares, without the need for the approval of the Shareholders thereon. The Board may also from time to time approve and declare the payment of any interim dividend to Shareholders where it appears to be so justified by the Company's profits, without the need for the approval of the Shareholders thereon. | Re-purchase and redemption of shares & the declaration of interim dividends requiring Board approval |

	(c) Every final dividend shall be recommended by the Board and be declared by the Company at a General Meeting by way of an Ordinary Resolution of the Shareholders and no dividend shall be payable in excess of the amount recommended by the Board or otherwise than out of profits	Dividends to be declared by the Company at a General Meeting
	(ii) 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 investment.	Income from Investment
	(iii) Subject to the rights of persons (if any) entitled to shares with special rights or such other special terms as to dividend, all dividends shall be declared and paid equally on all fully paid shares in respect of which the dividend is paid (without reference to the consideration paid per share).	Manner of payment of dividends
	(iv) 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.	Dividends in respect of new shares
	(v) A transfer of a share shall not pass the right to any dividend declared in respect thereof before the transfer has been registered.	Dividends entitlement on a share transfer
	(vi) The Board may, with the sanction of a General Meeting, simultaneously with the declaration of a dividend, make a call on the Shareholders in respect of their shares and may thereupon set off the whole or part of the dividend so becoming payable in respect of any share, against the call so becoming due in respect of the same.	Dividends to be set off against calls that have been made
120	If and so far as in the opinion of the Board the profits of the Company justify such payments and subject to the provisions of the Act, 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 on the half yearly or other dates (if any) prescribed for the payment thereof by these Presents or by the terms of issue of the shares.	Board's power to pay a fixed cumulative dividend
121	No dividend or other moneys payable on or in respect of a share shall bear interest as against the Company.	Dividends not to bear interest.
122	The Board may deduct from any dividend or other moneys payable to any Shareholder on or in respect of a share held individually or jointly with any other Shareholder all sums of money (if any) as may be due and payable by him either alone or jointly with any other person to the Company on account of calls or otherwise.	Deduction of debts due to Company
123	The Board may retain any dividend or other moneys payable 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.	Retention of dividends where the Company has a lien on the shares.
124	The Board may retain any dividend or other moneys payable upon shares in respect of which any person is, under the provisions as to the transmission of shares hereinbefore contained, entitled to become a Shareholder, or which any person under those provisions is entitled to transfer, until such person has become a Shareholder in respect of such shares or shall duly transfer the same.	Retention of dividends on a transmission or transfer of shares
125	(i) The payment by the Board of any unclaimed dividend or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof and any dividend unclaimed after a period of six (6) years from the date of declaration of such dividend may be forfeited and if so forfeited shall then revert to the	Unclaimed/forfeited dividends

Company. All unclaimed dividends may be invested or otherwise made use of by the Board for the benefit of the Company until claimed.

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| (ii)    | Subject to the provisions of the Act and upon the recommendation of the Board the Company may at General Meeting by Ordinary Resolution direct the 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 or of any other company or in any one or more of such ways; and the Board shall give effect to such resolution.  | Payment of dividends in specie/Script dividend |
| (iii)   | Where any difficulty arises in regard to such distribution, the Board may settle the same as the Board thinks 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 members 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.                          | Fractions                                      |
| 126 (i) | Any dividend or other money payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address of the Shareholder or person entitled thereto, or as otherwise directed in writing by such Shareholder or person, or if several persons are registered as joint holders of the shares or are entitled thereto in consequence of the death or bankruptcy of the holder, to any of such persons or to such person and such address as such person may by writing direct. | Dividends payable by cheque                    |
|         | Where the Directors so resolve, a cheque issued by the Company for purposes of payment of a dividend, may, with the approval of the bankers of the Company, be in the form of an autographic signature stamped or printed or impressed thereon.   | Signing of Dividend cheques                    |
|         | Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or the person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct, and payment of the cheque or warrant if purporting to be endorsed shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.                                | Dividends due to joint holders                 |
| (ii)    | 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 receipts for any dividend or other moneys payable on or in respect of the share.  | Receipts by joint holders                      |
| 127     | A transfer of a share shall not, subject to the Listing Rules, pass the right to any dividend declared in respect thereof before the transfer has been registered.  | Dividend declared before transfer              |

#### **CORPORATE DOCUMENTS AND REGISTERS**

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|---------|---|----------------------------|
| 128 (i) | The Company shall keep at its office or at some other place (notice of which has been given to the Registrar in accordance with Section 116(4) of the Act) the documents stated in Section 116 of the Act.  | Registers                  |
| (ii)    | The Company's Share Register may, if so determined by the Board, be divided into two (2) or more Registers and be kept in different places and shall in such an event be maintained in accordance with the provisions of the Act and subject thereto as the Board may direct. The Board may make and vary (subject to the provisions of the Act) such regulations as the Board may think fit regarding the keeping of any such registers. | Division of Share Register |

## ACCOUNTS AND ANNUAL REPORT

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| 129 | (i)  | <p>The Board shall ensure that the Company keeps accounting records which:</p> <p>(a) correctly record and explain the Company's transactions;</p> <p>(b) enable the financial position of the Company to be determined at any time with reasonable accuracy;</p> <p>(c) enable the Board to prepare Financial Statements in accordance with the Act; and</p> <p>(d) enable the Financial Statements of the Company to be readily and properly audited.</p> | <p>Maintenance and preparation of accounting records</p> |
|     | (ii) | <p>The Board shall in accordance with the provisions of the Listing Rules cause to be prepared within <b>Five (05)</b> months after the Balance Sheet date of the Company, an Annual Report on the affairs of the Company during the accounting period ending on such Balance Sheet date and such Report shall be prepared and be signed in the manner stated in the Act and in the Listing Rules as applicable.</p>  | <p>Preparation of the Annual Report.</p>                 |

## AUDITORS

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| 130 | (i)  | <p>At every Annual General Meeting the Company must appoint an Auditor for the following year in accordance with Section 154 of the Act and other applicable Statutes. An Auditor who is appointed at an Annual General meeting shall be deemed to be reappointed at the following Annual General Meeting, unless:</p> <p>(a) the Auditor is not qualified for re-appointment; or</p> <p>(b) the Company resolves at that meeting to appoint another person in his place; or</p> <p>(c) the Auditor has given written notice to the Company of the Auditor's unwillingness to be re-appointed.</p> <p>In any such case the Company shall at such meeting appoint some other person in lieu.</p> | <p>Appointment of auditor</p> |
|     | (ii) | <p>The Auditor shall be entitled to attend any General Meeting and to receive all notices of and other communications relating to any General Meeting which any Shareholder is entitled to receive and to be heard at any General Meeting on any part of the business of the meeting which concerns him as Auditor.</p>   | <p>Right of Auditors</p>      |

## SEAL

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| 131 | (i)   | <p>The Board shall provide for the safe custody of the Seal and the Seal shall only be used by the authority of the Board or of a committee of Directors authorized by the Board in that behalf.</p>   | <p>Use of the Seal</p>                              |
|     | (ii)  | <p>Every instrument to which the Seal of the Company shall be affixed shall be signed by a Director and shall be counter signed by the Secretary or by a second Director or by some other person appointed by the Board for the purpose.</p> <p>The sealing shall not be attested by one person in the dual capacity of Director and Secretary or representative of the Secretaries.</p> | <p>The affixation of the Seal &amp; attestation</p> |
|     | (iii) | <p>Any document sealed in accordance with the foregoing provisions of this Article shall be presumed to have been executed by the Company.</p>   | <p>Presumption of execution by Company</p>          |

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| (iv) | The Company may have an official Seal for use abroad, and such Seal shall be used in the manner and for the purposes authorised and approved by the Board. | Power to have a seal for use abroad |
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**RESERVES**

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| 132 | (i) Subject to the provisions of the Statutes, the Board may, before recommending any dividend, set aside out of the profits of the Company such sums as the Board thinks proper to one or more reserve funds to meet contingencies or for equalizing dividends or for special dividends, or for repairing, improving and maintaining any of the property of the Company, or for such other purpose as the Board shall in their absolute discretion think conducive to the interests of the Company. | Power to set aside profits to reserve funds.                                |
|     | (ii) The Board may invest the sums so set aside (other than shares of the Company) as it may think fit, and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company.   | The application of the Reserves   |
|     | (iii) The Board may divide the reserve fund into special funds, as it may think fit, and may employ the reserve funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets. The Board may also, without placing the same to reserve, carry forward any profits which the Board may think it inconvenient or not prudent to divide.  | Division of Reserves into special funds.<br>Power to carry forward profits. |

**CAPITALIZATION OF PROFITS AND RESERVES**

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| 133 | <p>The Company may, upon the recommendation of the Board, in General Meeting resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of all or any of the Company's reserve accounts (including any surplus moneys arising from the realization of any capital assets of the Company or from any investments representing the same) or to the credit of the profit and loss account or otherwise available for distribution and accordingly that such sum be set free 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:</p> <p>(a) paying up any amounts for the time being unpaid on any shares held by such Shareholders respectively, or</p> <p>(b) paying up in full unissued shares or debentures or securities of the Company to be allotted and distributed and 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,</p> <p>and the Board shall give effect to such resolution of the Shareholders.</p> | Power to capitalize profits. |
| 134 | Whenever a resolution as aforesaid shall have been passed, the Board shall make all appropriations and applications of the amount resolved to be capitalized thereby, and all allotments and issues of fully paid shares, debentures or securities, as the case may be, and generally shall do all acts and things required to give effect thereto.  | Capitalization of profits    |
| 135 | Where shares, become distributable in fractions, the Board shall have full power to make provision to issue fractional certificates; make payment in cash or otherwise as the Board think fit; sell all or any of such fractions; or authorize any person, to enter on behalf of all the Shareholders interested, into an agreement with the Company providing for the allotment to them respectively of, any shares to which they may be entitled to upon such capitalization and credited as fully paid up; or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the amount resolved to be capitalized; or any part of the amounts remaining unpaid  | Fractions                    |



on their existing shares or the appointment of any person to sign transfers of shares to avoid fractional certificates. Any agreement made under such authority shall be effective and binding on all such Shareholders.

### NOTICES

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| 136 | <p>Every Shareholder, whether resident in Sri Lanka or not, shall furnish the Company with an address to which any communication intended for him may be sent by the Company and which address shall be deemed to be his registered address for the purpose of these Presents.</p> <p>Any shareholder whose registered address is not within Sri Lanka may name an address within Sri Lanka which for the purpose of notice, shall be considered as his registered address.</p>  | <p>Shareholders to furnish an address</p> <p>A non- resident shareholder may also furnish an address in Sri Lanka</p> |
| 137 | <p>(i) Any notice or document (including a share certificate) may be served by the Company on or sent to any Shareholder either personally or through the post in a prepaid envelope addressed to such Shareholder at his registered address.</p> <p>Where a notice or other document is served by post, service shall be deemed to be effective at the expiration of three (3) working days after the letter containing the same is posted. In proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted. A certificate in writing signed by any manager, secretary or other officer of the company that the letter containing the notice was so addressed and posted will be conclusive evidence thereof.</p> <p>(ii) Any notice or document may also be served by the Company on any Shareholder by facsimile, electronic mail or any other print or electronic system of communication.</p>   | <p>Service of Notice</p> <p>Deemed served</p> <p>Notice by Facsimile or by electronic means</p>                       |
| 138 | <p>In respect of joint holdings, any notice and/or documents shall be given to that one of the joint holders whose name stands first in the Register of Shareholders and shall be sufficient service of such notice and/or documents to all the joint holders unless such joint holders in writing direct otherwise.</p>   | <p>Service of notice on joint holders.</p>  |
| 139 | <p>A person entitled to a share in consequence of the death, bankruptcy or insolvency of a Shareholder, upon supplying to the Company such evidence as the Board may reasonably require to show his title to the share and upon supplying also an address within Sri Lanka for the service of notices, shall be entitled to have served upon him at such address any notice or document to which the Shareholder but for his death, bankruptcy or insolvency would have been entitled. Such service shall for all purposes be deemed to be a sufficient service of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.</p> <p>Save as aforesaid any notice or document delivered or sent by post to or left at the registered address of any Shareholder in pursuance of these Presents shall notwithstanding that such Shareholder be then dead, bankrupt or insolvent and whether or not the Company have had notice of his death, bankruptcy or insolvency, be deemed to have been duly served in respect of any share registered in the name of such Shareholder as sole or joint-holder.</p> | <p>Service of notice after death, bankruptcy or insolvency</p>  |
| 140 | <p>Any notice required to be given by the Company to the Shareholders or any of them and not expressly provided for by these Presents shall be sufficiently given if given by advertisement.</p>   | <p>Notice by advertisement</p>  |

Where notice is given by an advertisement, such advertisement shall be published in the Sinhala, Tamil and English national daily newspapers.

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| 141 | A copy of every notice and/or document sent to all Shareholders relating to a meeting of Shareholders shall be sent to the Company's Auditors. | Notice to be served on Auditors |
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#### **INSURANCE AND INDEMNITY**

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| 142 | <p>(i) Where the Board considers it appropriate to do so the Company may effect insurance for any Director and/or any employee of the Company in respect of:</p> <p>(a) liability (not being criminal liability) for any act or omission in his capacity as a Director or of employee;</p> <p>(b) costs incurred by such Director or employee in defending or settling any claim or proceeding relating to any such liability; or</p> <p>(c) costs incurred by that Director or employee in defending any criminal proceedings in which he is acquitted.</p> <p>(ii) The Company shall indemnify every Director and/or employee of the Company (including a former Director or former employee of the Company) against any costs incurred in the course of defending any proceeding that relates to any act or omission in his capacity of Director or other official capacity in the Company, 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>(iii) The Company may also indemnify a Director or employee of the Company (including a former Director or former employee of the Company) in circumstances where Article 142 (ii) does not apply to the extent permitted by Section 218(3) of the Act, if the Board considers it appropriate to do so.</p> | <p>Power to effect insurance</p> <p>Power to indemnify</p> |
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#### **DECLARATION OF SECRECY**

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| 143 | Every Director, manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall if so required by the Board before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting of the Shareholders or by a court of law and except so far as may be necessary in order to comply with any of the provisions in these Presents mentioned or with the provisions of the Act. | Secrecy   |
| 144 | No Shareholder shall be entitled except to the extent permitted by the Act or by these Presents, to enter upon the property of the Company or to require, discover, or obtain any information in respect of any detail of the Company's business or any matter which pertains to the nature and conduct of the Company's business and which in the opinion of the Board cannot be communicated to the Public.   | Restrictions on Shareholders to obtain confidential information |

#### **ADMINISTRATORS**

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| 145 | The Board may in accordance with the provisions of the Act appoint an Administrator of the Company where the Board considers that the Company is or is likely to become unable to pay its debts as they fall due and the appointment of such Administrator will likely achieve one or more of the purposes as set out in Section 401(2) of the Act. | Appointment of an Administrator |
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## **WINDING UP**

- 146            The Company may be wound up in the manner set out in the Statutes.    Winding up
- Subject to any applicable provisions in the terms of issue of shares and    Surplus assets  
                 the Act, any surplus assets of the Company shall be distributed  
                 amongst the Shareholders in proportion to the number of shares held  
                 by each such Shareholder, after all creditors of the Company have  
                 been paid, all costs, charges and expenses of winding up including the  
                 remuneration of the liquidators have been met and all preferred and  
                 other debts satisfied.
- Subject to the approval of the Shareholders by a Special Resolution,    Special  
                 the Liquidator may divide the surplus assets of the Company amongst    Resolution  
                 the Shareholders in kind. For this purpose he may set such value as he  
                 considers fair on any property to be so divided, and may determine  
                 how the division will be carried out as between the Shareholders or  
                 different classes of Shareholders.

## **LIABILITY OF SHAREHOLDERS**

- 147            The liability of the Shareholders to contribute to the assets of the    Liability  
                 Company shall be limited to the amount unpaid on their shares.