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E M L CONSULTANTS LIMITED

ARTICLES OF ASSOCIATION

A. SHARES

1. ISSUE OF SHARES

- (1) Subject to articles 1 (2) and 1 (3), of these articles, the board may issue such shares, Voting or Non-Voting to such persons as it thinks fit in accordance with section 51 of this Act. Where the shares confer rights other than those specified in subsection (2) of section 49 of this Act, or impose any obligation on the holder, the board must approve terms of issue which set out the rights and obligations attached to the shares as required by subsection (2) of section 51. (b)
- (2) Before it issues shares, the board must decide the consideration for which the shares will be issued. The consideration must be fair and reasonable to the company and to all existing shareholders.

- (3) Where the company issues shares which rank equally with or prior to existing shares, those shares must be offered to the holders of the existing shares in a manner which would, if accepted, maintain the relative voting and distribution rights of those shareholders. The offer must remain open for acceptance for a reasonable time.
- (4) The Company shall not register more than three persons as joint holders (including the principal holder) of any shares (except in the case of executors, administrators or heirs of a deceased member).

Redeemable Shares

- (5)
 - (a) The Company may issue shares which are redeemable;
 - (i) At the option of the Company;
 - (ii) At the option of the holder of the share;
 - (iii) On a date specified in these presents;
 - (b) The Company may exercise the option referred to in Article 1 (5) (a) (i) above, only after the Board has resolved that the redemption is in the interests of the Company.
 - (c) Where shares are redeemed in accordance with Article 1 (5) (a) (ii) and the holder of the share gives proper notice to the Company requiring the Company to redeem the share;
 - (i) the Company should redeem the share on the date specified in the notice or if no date is specified, on the date of the receipt of the notice;
 - (ii) the share should be cancelled on the date of redemption; and
 - (iii) from the date of redemption, the former shareholder will rank as an unsecured creditor of the Company for the sum payable on redemption.
 - (d) Where shares are redeemed in accordance with Article 1 (5) (a)(iii);
 - (i) the Company should redeem the shares on that date;
 - (ii) the share is deemed to be cancelled on that date; and
 - (iii) from the date specified in Article 1 (5) (a)(iii), the former shareholder ranks as an unsecured creditor of the Company for the sum payable on redemption.

2. CALLS ON SHARES

- (1) Where a share imposes any obligation on the holder to pay an amount of money
 - (a) on a fixed date, the holder must pay that amount on that date;
 - (b) when called on to do so by the board, the board may at any time give written notice to the holder requiring the payment to be made within a specified period of not less than twenty working days, and the payment must be made in accordance with that notice.

Any amount not paid by the due date shall carry interest at a rate fixed by the board not exceeding ten *per cent per annum*, accruing daily. The board may waive payment of interest.

- (2) Joint holders of a share are jointly and severally liable for any payments to be made under paragraph (1) of this article.
- (3) The company has a lien on every share to which paragraph (a) of article 1 applies, and on every distribution payable in respect of that share, for all amounts presently due and payable to the company in respect of that share.
- (4) The company may sell in such manner as the board thinks fit, any shares on which the company has a lien, if—
 - (a) the company has given written notice of its intention to do so to the shareholder; and
 - (b) the shareholder has failed to make the payment in respect of which the lien has arisen, within ten working days of the giving of that notice.

The transfer may be signed on behalf of the purchaser by any person appointed to do so by the board, and the purchaser shall be registered as the holder of the shares transferred and his title shall not be affected by any irregularity or invalidity in the sale.

- (5) The proceeds of a sale under paragraph (4) of this article shall be received by the company and applied first in payment of the costs of sale, and then in payment of the amount in respect of which the lien arose. The remainder shall be paid to the person entitled to the shares, at the time of the sale.
- (6) The Company may, subject to and in accordance with the provisions of the rules and regulations in force for the time being and from time to time, of a licensed Stock Exchange, if and to the extent applicable to the Company,

- (a) issue shares that may result in an increase or decrease of the number of shares issued by the Company pursuant to a decision of the Company to effect a sub division of existing shares into a greater number of or a consolidation and division of shares;
- (b) issue shares pursuant to a capitalization of the reserves of the Company or by way of dividends; or
- (c) issue shares to persons other than existing shareholders.

3. DISTRIBUTIONS

- (1) The company may make distributions to shareholders in accordance with section 56 of this Act. Subject to paragraph (2) of this Article, every dividend must be approved by the board and by an ordinary resolution of the shareholders. The board must be satisfied that the company will immediately after the distribution, satisfy the solvency test. The directors who vote in favor of the distribution must sign a certificate of their opinion to that effect.
- (2) The board may from time to time approve the payment of an interim dividend to shareholders, where that appears to be justified by the company's profits, without the need for approval by an ordinary resolution of the shareholders. The board must be satisfied that the company will immediately after the interim dividend is paid, satisfy the solvency test. The directors who vote in favour of the interim dividend must sign a certificate of their opinion to that effect.
- (3) The company is deemed to have satisfied the solvency test if—
 - (a) it is able to pay its debts as they fall due in the normal course of business; and
 - (b) the value of its assets is greater than the sum of the value of its liabilities and its stated capital.

4 . CAPITALIZATION OF PROFITS AND RESERVES

The Company in general meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts 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 members who would have been entitled thereto if distributed by way of dividend and in the same proportions on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such members respectively or paying up in full un-issued shares or debentures of the Company to be allotted and distributed credited as fully paid up to an amongst such members in the proportion aforesaid, or partly in the one way and partly in the other, and the Directors shall give effect to such resolution.

3 (A) REPURCHASE OF OWN SHARES

REPURCHASE OF SHARES

(1) The Company may purchase or otherwise acquire its own shares if the Board resolves that: -

- (a) the acquisition is in the interests of the Company;
- (b) the terms of the offer or agreement and the consideration to be paid for the shares is a fair value in the opinion of the Company Auditors;
- (c) it is not aware of any information that has not been disclosed to shareholders which is material to an assessment of the value of the shares and as a result of which the terms of an offer or the consideration offered for the shares are unfair to shareholders accepting the offer.

4. SHARE REGISTER, SHARE CERTIFICATES AND TRANSFER AND TRANSMISSION OF SHARES

- (1) The company must maintain a share register, which complies with section 123 of this Act. The share register must be kept at the registered office of the company or at any other place in Sri Lanka, notice of which has been given to the Registrar in accordance with subsection (4) of section 124 of this Act.
- (2) Where shares are to be transferred, a form of transfer signed by the holder or by his legal representative shall be delivered to the company. The transfer must be signed by the transferee if the share imposes any liability on its holder.
- (3) The board may resolve to refuse to register a transfer of a share within six weeks of receipt of the transfer, if any amount payable to the company in respect of the share is due but unpaid. If the board resolves to refuse to register a transfer for this reason, it must give notice of the refusal to the shareholder within two weeks of the date of the resolution.
- (4) Where a joint holder of a share dies, the remaining holders shall be treated by the company as the holders of that share. Where the sole holder of a share dies, that shareholder's legal representative shall be the only person recognised by the company as having any title to or interest in the share.
- (5) Any person who becomes entitled to a share as a consequence of the death, bankruptcy or insolvency or incapacity of a shareholder may be registered as the holder of that shareholder's shares upon making a request in writing to the company to be so registered, accompanied by proof satisfactory to the board of that entitlement. The board may refuse to register a transfer under this article in the circumstances set out in paragraph (3) of this article.

(6) Where the company issues shares or the transfer of any shares is entered on the share register, the company must within two months complete and have ready for delivery a share certificate in respect of the shares.

TRANSFER AND REGISTRATION OF SHARES

(7) The instrument of transfer of a share shall be signed by or on behalf of the transferor and 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.

(8) Notwithstanding any provision in these Articles suggesting the contrary, shares listed on the Colombo Stock Exchange shall be freely transferable and registration of the transfer of such listed shares shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.

(9) Subject to such restrictions of these rules as may be applicable, any shareholder may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the Directors may approve.

(10) The Directors may decline to register the transfer of a share which is not fully paid up and they may also decline to register the transfer of a share on which the Company has a lien.

(11) The Board may also decline to recognize any instrument of transfer unless:

- (a) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence the board may reasonably require to show the right of transferor to make the transfer and
- (b) the instrument of transfer is in respect of one class of shares.

(12) The Directors may by such means as they shall deem expedient authorize the registration of the transferees as members without the necessary of any meeting of the Directors for that purpose.

(13) The registration of transfers may be suspended at such time and for such periods as the Board may from time to time may determine, provided always that such registration shall not be suspended for more than thirty days in any year.

B. MEETINGS OF SHAREHOLDERS

5. RULES RELATING TO MEETINGS OF SHAREHOLDERS

(1) A meeting of shareholders may determine its own procedure, to the extent that it is not governed by these articles.

6. NOTICE OF MEETINGS

- (1) Written notice of the time and place of a meeting of shareholders must be given to every shareholder entitled to receive notice of the meeting and to every director and the auditor of the company—
 - (a) not less than fifteen working days before the meeting,
 - (b) -and it is intended to propose a resolution as a special resolution at the meeting;
 - (b) not less than ten working days before the meeting, in any other case
- (2) The notice must set out—
 - (a) the nature of the business to be transacted at the meeting in sufficient detail to enable a shareholder to form a reasoned judgment in relation to it; and
 - (b) the text of any resolution to be submitted to the meeting.
- (3) An irregularity in a notice of a meeting is waived if all the shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such shareholders agree to the waiver.
- (4) If a meeting of shareholders is adjourned for less than thirty days, it is not necessary to give notice of the time and place of the adjourned meeting, other than by announcement at the meeting, which is adjourned.

7. METHODS OF HOLDING MEETINGS

A meeting of shareholders may be held either—

- (a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.

8. QUORUM

- (1) Subject to paragraph (3) of this article, no business may be transacted at a meeting of shareholders if a quorum is not present.
- (2) A quorum for a meeting of shareholders is present if at least three (3) shareholders together holding not less than Fifty One *per centum* (51%) of the issued shares in the Company, are present in person or by proxy or otherwise, at such meeting.

(3) If a quorum is not present within thirty minutes after the time appointed for the meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the directors may appoint. If at the adjourned meeting, a quorum is not present within thirty minutes after the time appointed for the meeting, the shareholders present or their proxies shall be deemed to form a quorum.

9. CHAIRPERSON

The Chairman or Deputy-Chairman (if any) of the Directors 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 five 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 or, if no Director be present or if all the Directors present decline to take the Chair, the Shareholders present shall choose one of their number present to be Chairman of the Meeting.

10. VOTING

(1) In the case of a meeting of shareholders held under paragraph (a) of Article 7, unless a poll is demanded, voting at the meeting shall be by whichever of the following methods as determined by the chairperson of the meeting—
(a) voting by voice; or
(b) voting by show of hands.

(2) In the case of a meeting of shareholders held under paragraph (b) of Article 7, unless a poll is demanded, voting at the meeting shall be by shareholders signifying individually their assent or dissent by voice.

(3) A declaration by the chairperson of the meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact, unless a poll is demanded in accordance with paragraph (4) of this article.

(4) At a meeting of shareholders, a poll may be demanded by—
(a) not less than five shareholders having the right to vote at the meeting; or
(b) a shareholder or shareholders representing not less than *ten per centum (10%)* of the total voting rights of all shareholders having the right to vote at the meeting.

(5) A poll may be demanded either before or after the vote is taken on a resolution.

(6) If a poll is taken, votes must be counted according to the votes attached to the shares of each shareholder present and voting.

(7) The chairperson of a shareholders' meeting is not entitled to a casting vote.

11. PROXIES

- (1) A shareholder may exercise the right to vote either by being present in person or by proxy.
- (2) A proxy for a shareholder is entitled to attend and be heard at a meeting of shareholders as if the proxy were the shareholder.
- (3) A proxy must be appointed by notice in writing signed by the shareholder. The notice must state whether the appointment is for a particular meeting, or for a specified term.
- (4) No proxy is effective in relation to a meeting, unless a copy of the notice of appointment is given to the company not less than twenty-four hours before the start of the meeting.

12. MINUTES

- (1) The board must ensure that minutes are kept of all proceedings at meetings of shareholders.
- (2) Minutes which have been signed correct by the chairperson of the meeting are *prima facie* evidence of the proceedings.

13. SHAREHOLDERS PROPOSALS

Shareholders entitled to do so may give notice of the resolution to the company in accordance with section 142 of this Act and it shall be the duty of the company to give notice of the resolution or circulate the statement, or both, as the case may be, in accordance with section 142.

The company is not required to give notice of a resolution or circulate a statement in the circumstances set out in subsections (4) or (5) of section 142.

14. CORPORATIONS MAY ACT BY REPRESENTATIVES

A body corporate which is a shareholder may appoint a representative to attend a meeting of shareholders on its behalf in the same manner as it could appoint a proxy.

15. VOTES OF JOINT HOLDERS

Where two or more persons are registered as the holder of a share, the vote of the person named first in the share register and voting on a matter, shall be accepted to the exclusion of the votes of the other joint holders.

16. LOSS OF VOTING RIGHT IF CALLS UNPAID

If a sum due to a company in respect of a share has not been paid, that share may not be voted at a shareholders' meeting other than a meeting of an interest group

17. ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS

- (1) Subject to paragraph (4) of this article, the board must call an annual meeting of the company to be held —
 - (a) Once in each calendar year;
 - (b) not later than six months after the balance sheet date of the company; and
 - (c) not later than fifteen months after the previous annual meeting.

The meeting must be held on the date on which it is called to be held.

- (2) An extraordinary meeting of shareholders entitled to vote on an issue may be called at any time by the board, and must be called by the board on the written request of shareholders holding shares, carrying not less than ten *per centum* of votes which may be cast on that issue.
- (3) A resolution in writing signed by not less than eighty-five *per centum* of the shareholders entitled to vote on the resolution at a meeting of shareholders, who together hold not less than eighty-five *per centum* of the votes entitled to be cast on that resolution, is as valid as if it had been passed at meeting of those shareholders. The company need not hold an annual meeting if every thing required to be done at the meeting (by resolution of otherwise) is done by resolution and is in accordance with this clause.
- (4) Within five working days of a resolution being passed under paragraph (3) of this article, the company must send a copy of the resolution to every shareholder who did not sign it.
- (5) A resolution may be passed under paragraph (3) of this article without any prior notice being given to shareholders.

18. VOTING IN INTEREST GROUPS

Where the company proposes to take action which affects the rights attached to shares within the meaning of section 99 of this Act, the action may not be taken unless it is approved by a special resolution of each interest group, as defined in this Act.

19. SHAREHOLDERS ENTITLED TO RECEIVE DISTRIBUTIONS, EXERCISE PREEMPTIVE RIGHTS, AND ATTEND AND VOTE AT MEETINGS

- (1) The shareholders who are entitled to receive notice of a meeting of shareholders for any purpose shall be—
 - (a) if the board fixes a date for the purpose, those shareholders whose names are registered in the share register on that date;
 - (b) if the board does not fix a date for the purpose, those shareholders whose names are registered in the share register at the close of business on the day immediately preceding the day on which the notice is given.
- (2) A date fixed under paragraph (1) of this article should not precede by more than thirty working days, the date on which the meeting is to be held.
- (3) Before a meeting of shareholders, the company may prepare a list of shareholders entitled to receive notice of the meeting arranged in alphabetical order, and showing the number of shares held by each shareholder—
 - (a) if a date has been fixed under paragraph (1) of this article, not later than ten working days after that date; or
 - (b) if no such date has been fixed, at the close of business on the day immediately preceding the date on which the notice is given.
- (4) A person named in a list prepared under paragraph (3) of this article is entitled to attend the meeting and vote in respect of the shares shown opposite his name in person or by proxy, except to the extent that—
 - (a) that person has, since the date on which the shareholders entitled to receive notice of the meeting were determined, transferred any of his shares to some other person; and
 - (b) the transferee of those shares has been registered as the holder of those shares, and has requested before the commencement of the meeting that his or her name be entered on the list prepared under paragraph (3) of this article.
- (5) A shareholder may examine a list prepared under paragraph (3) of this article during normal business hours, at the registered office of the company.

C. DIRECTORS AND SECRETARY

20. DIRECTORS

(1) The Board of Directors shall consist of not less than 2 (two) or not more than 12 (Twelve) in number. So long as the shares of the Company are listed on the Colombo Stock Exchange, the Company shall in compliance with the Listing Rules of such Exchange ensure that –

(i) one third or two (whichever is greater) of the total number of Directors on the Board of Directors of the Company at any time and from time to time are Non-Executive Directors, and

(ii) of such one third or two as the case may be of such Non-Executive Directors as aforesaid a further one third or two (whether is greater) shall also be “Independent Directors” of the Company.

The number of Non-Executive Directors required to be on the Board of Directors of the Company at any time, and from time to time, shall be determined with reference to the number of Directors on the Board of the Company at the immediately preceding, Annual General Meeting of the Company.

For the purpose of this Article, the term ‘Independent Directors’ shall be as defined and set out in the Listing Rules of the Colombo Stock Exchange above referred to.

Notwithstanding anything to the contrary the requisition for a place in the Board of Directors (other than in respect of the Directors at the time of adopting these Articles of Association and the Non-Executive Directors or Independent Director appointed in terms of the rules of the Colombo Stock Exchange / Securities and Exchange Commission) shall be a shareholder having 40% or more shares in the Company, in which event such shareholder shall automatically be entitled to have a Board seat.

- (2) The shareholding qualification for a Director may be fixed by the Company in General Meeting and unless and until so fixed, no qualification shall be required.
- (3) The remuneration of the Directors (excluding any remuneration payable under any other provision of these presents) shall be such sum as the Board shall determine, and such remuneration shall be divided amongst the Directors in such manner as they shall from time to time determine and shall accrue de die in diem.
- (4) The Board may repay to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors, or of committees of the Directors, or General Meetings, or which he may otherwise incur in or about the business of the Company, 19 or may pay to any Director such allowances as the Board thinks proper in respect of such expenses.

- (5) Any Director who serves on any committee or who otherwise performs services which in the opinion of the Directors 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 Directors may determine.
- (6) 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 shareholder or otherwise, and no such Director shall 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. The Directors may utilize the voting power on any shares or securities in any such company as aforesaid for the purpose of fixing the remuneration of the directors of such company or any of them.
- (7) The Directors may entrust to and confer upon an Executive Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.
- (8) An Executive Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Directors may determine.

21. APPOINTMENT, RETIREMENT, REMOVAL AND VACATION OF OFFICE OF DIRECTORS

- (1) The office of a Director shall be vacated in any of the following events, namely –
 - (i) If he becomes prohibited by law from acting as a Director including
 - a) If he is convicted of any offense under the statutes punishable by imprisonment; or
 - b) If he is convicted of any offense involving dishonest or fraudulent acts whether in Sri Lanka or elsewhere;
 - (ii) If he resigns by writing under his hand left at the Office;
 - (iii) If he ceases to hold office in terms of Section 207 of the Act;
 - (iv) If he becomes disqualified from being a Director in terms of Section 202 of the Act;
 - (v) Except the Directors nominated by the Major Shareholders, if he be absent from Meetings of the Directors for three months without leave, and the Directors resolve that his office be vacated;
 - (vi) Except the Directors nominated by the Major Shareholders, if he be requested in writing by all his co-Directors to resign;
 - (vii) If he be removed from office by a Resolution of the Company under the provisions of the Act or these presents;

- (viii) If he is over seventy (70) years of age when being considered for appointment or otherwise reaches the age of seventy (70) whilst serving as a Director of the Company and has not been appointed to hold office or otherwise continue in office in accordance with the provisions of the Statutes in relation thereto.
- (2) The Directors 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 in accordance with these presents. Any Director so appointed shall hold office only until the next Annual General Meeting and shall then be eligible for re-election.

(3) Alternate Directors

- (i) Any director who is abroad or about to go abroad may by notice in writing left at the Office, appoint any person to be an Alternate Director of the Company -to act in his place during his absence abroad and the following provisions of this Article shall apply to any person so appointed. Or Any Director may appoint an Alternate Director at the time of his appointment, to act on his behalf at any time when he is abroad.

A person appointed to be an Alternate Director, shall not in respect of such appointment be entitled to receive any remuneration from the Company but the directors may repay the Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the directors which he is entitled to attend or which he may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses.

- (ii) An Alternate Director shall (on his giving an address for such notices to be served upon him) be entitled to receive notices of all meetings of the directors 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 (except where otherwise specifically provided in these presents) to perform all the functions of his appointer as a director in the absence of such appointer.
- (iii) An Alternate Director may be appointed for a specified period or until the happening of a specified event but he shall ipso facto cease to be an Alternate Director in any of the following events that is to say:
 - (a) upon the arrival or return to the island of his appointer;
 - (b) if his, appointer ceases for any reason to be a director; Provided that if any director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;

- (c) if the Alternate Director shall have a receiving order made against him or compound with his creditors or is adjudicated an insolvent.
- (d) if the Alternate Director be a lunatic or become of unsound mind.
- (e) if the appointment of the Alternate Director is revoked by notice in writing left at the office by his appointer and received at the office.

22. POWER AND DUTIES OF DIRECTORS

- (1) Subject to section 185 of the Act, which relates to major transactions, the business and affairs of the company shall be managed by or under the direction or supervision of the board. The board shall have all the powers necessary for managing and for directing and supervising the management of the business and affairs of the company, including the powers to borrow, obtain guarantees, make pledges etc as considered necessary
- (2) The board may delegate to a committee of directors or to a director or employee any of its' powers which it is permitted to delegate under section 186 of this Act.
- (3) The directors have the duties set out in the Act, and in particular -
 - a) each director must act in good faith and in what he believes to be the best interest of the company;
 - b) no director shall act or agree to the company to Act, in a manner that contravenes any provisions of this Act or these articles.

23. INTERESTED DIRECTORS

- (1) A director who is interested in a transaction to which the company is a party must disclose that interest in accordance with section 192 of this Act.
- (2) Subject to paragraph (3) of this article, a director of a company is interested in a transaction to which the company is a party, if, and only if, the director-
 - (a) is a party to or will or may derive a material financial benefit from the transaction;
 - (b) has a material financial interest in another party to the transaction;
 - (c) is a director, officer or trustee of another party to, or person who will or may derive a material financial benefit from the transaction, not being a party or person that is-
 - (i) the company's holding company, being a holding company of which the company is a wholly-owned subsidiary;

- (ii) a wholly-owned subsidiary of the company; or
- (iii) a wholly-owned subsidiary of a holding company of which the company is also a wholly-owned subsidiary;

(d) is the parent, child or spouse of another party to or person who will or may derive a material financial benefit from the transaction; or

(e) is otherwise directly or indirectly materially interested in the transaction.

(3) A director of a company is not interested in a transaction to which the company is a party, if the transaction comprises only the giving by the company of security to a third party which has no connection with the director, at the request of the third party, in respect of a debt or obligation of the company for which the director or another person has personally assumed responsibility in whole or in part, under a guarantee, indemnity or by the deposit of a security.

(4) Paragraph (2) of this article does not apply to any remuneration or other benefit given to a director in accordance with section 216 of the Act, or, to any insurance or indemnity provided in accordance with section 218 of the Act.

(5) A director of a company who is interested in a transaction entered into or to be entered into by the company, may—

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

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

- (a) for the purposes of the company;
- (b) as required by law; or
- (d) in accordance with paragraph (7) of this article.

(7) A director of a company may disclose, make use of or act on information if—

- (a) the director is first authorized to do so by the board under paragraph (8) of this article; and
- (c) particulars of the authorization are entered in the interests register.

- (8) The board may authorize a director to disclose, make use of or act on information, if it is satisfied that to do so will not be likely to prejudice the company.
- (9) A director must disclose all dealings in shares of the company in which he has a relevant interest, in accordance with sections 198, 199 and 200 of the Act.

23. PROCEDURE AT MEETINGS OF DIRECTORS

- (1) Articles 24 to 30 sets out the procedure to be followed at meetings of directors.
- (2) A meeting of directors may determine its own procedure, to the extent that it is not governed by these articles.

24. CHAIRMAN

The Directors may appoint and remove a Chairman and Deputy Chairman of their meetings and may determine the period for which they are to hold office. If no Chairman or Deputy Chairman shall have been appointed, or if at any meeting the Chairman or Deputy Chairman be not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be Chairman of the Meeting

25. NOTICE OF MEETING

- (1) A director, the secretary or if requested by a director to do so, an employee of the company, may convene a meeting of the board by giving notice in accordance with this article.
- (2) Not less than twenty-four hours notice of a meeting of the board must be given to every director who is in Sri Lanka.
- (3) An irregularity in the notice of a meeting is waived if all directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or if all directors entitled to receive notice of the meeting agree to the waiver.

26. METHODS OF HOLDING MEETINGS

A meeting of the board may be held either—

- (a) by a number of the directors who constitute a quorum being assembled together at the place, date and time appointed for the meeting; or
- (b) by means of audio or audio and visual communication by which all directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

27. QUORUM

- (1) The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed at any other number shall be two. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all powers and discretions for the time being exercisable by the Directors.
- (2) No business may be transacted at a meeting of directors if a quorum is not present.

28. VOTING

- (1) Every director has one vote.
- (2) The chairperson has a casting vote.
- (3) A resolution of the board is passed if it is agreed to by all directors present without dissent or if a majority of the votes cast on it are in favour of it.
- (4) A director present at a meeting of the board is presumed to have agreed to and to have voted in favour of a resolution of the board, unless he or she expressly dissents from or votes against the resolution at the meeting.

29. MINUTES

The board must ensure that minutes are kept of all proceedings at meetings of the board.

30. UNANIMOUS RESOLUTION

- (1) A resolution in writing signed or assented to by all directors entitled to receive notice of a board meeting, is as valid and effective as if it had been passed at a meeting of the board duly convened and held.
- (2) Any such resolution may consist of several documents (including facsimile or other similar means of communication) in like form, each signed or assented to by one or more directors.
- (3) A copy of any such resolution must be entered in the minute book of board proceedings.

31. MANAGING DIRECTOR AND OTHER EXECUTIVE DIRECTORS

- (1) The Board may from time to time appoint one or more employees as Executive Directors including the office of Managing Director for such period and on such terms as it thinks fit.

- (2) Subject to the terms of a managing director's appointment, the board may at any time cancel an appointment of a director as managing director.
- (3) A director who holds office as managing director ceases to hold office as managing director, if he ceases to be a director of the company.
- (4) The managing director shall be paid such remuneration as may be agreed between him and the board. His remuneration may be by way of salary, commission, participation in profits or any combination of these methods or any other method of fixing remuneration.
- (5) The board may delegate to the managing director, subject to any conditions or restrictions which they consider appropriate, any of their powers which can be lawfully delegated. Any such delegation may at any time be withdrawn or varied by the board. The delegation of a power of the board to the managing director does not prevent the exercise of the power by the board, unless the terms of the delegation expressly provide otherwise.
- (6) A director other than the managing director who is employed by the company shall be paid such remuneration as may be agreed to between him and the board. His remuneration may be by way of salary, commission, participation in profits or any combination of these methods or any other method of fixing remuneration.

32. SECRETARY

- (1) The company must at all times have a secretary.
- (2) The board may appoint the secretary for such term and on such conditions as it thinks fit. The remuneration of the secretary shall be agreed to by the board and the secretary.
- (3) The board may remove the secretary.
- (3) The secretary may not be —
 - (a) the sole director of the company; or
 - (b) a corporation, the sole director of which is the sole director of the company.
- (5) Where the Act or these articles require something to be done by a director and the secretary, it is not satisfied by the same person doing that thing acting in both capacities.

D. ACCOUNTS AND AUDIT

33. ACCOUNTING RECORDS, FINANCIAL STATEMENTS, AUDIT ETC.

- (1) The board must ensure that the company keeps accounting records which —
 - (a) correctly record and explain the company's transactions;
 - (b) will at any time enable the financial position of the company to be determined with reasonable accuracy;
 - (c) will enable the board to prepare financial statements in accordance with this Act; and
 - (d) will enable the financial statements of the company to be readily and properly audited.
- (2) The accounting records must comply with subsection (2) of section 148 of this Act.
- (3) The board shall ensure that within five months after the balance sheet date of the company, financial statements which comply with section 151 of the Act (and if applicable, group financial statements which comply with section 153 of the Act) are completed in relation to that balance sheet date and are dated and signed on behalf of the board by two directors or if the company has only one director, by that director.
- (4) At every annual meeting, the company must appoint an auditor for the following year in accordance with section 154 of the Act. An auditor who is appointed at an annual meeting is deemed to be reappointed at the following annual meeting, unless—
 - (a) he is not qualified for re-appointment;
 - (b) the company resolves at that meeting to appoint another person in his place; or
 - (c) the auditor has given notice to the company that he does not wish to be re-appointed.
- (5) The board must within five months after the balance sheet date of the company, prepare an annual report on the affairs of the company during the accounting period ending on that date which complies with section 166 of this Act. The board must send a copy of the annual report to every shareholder not less than twenty working days before the date fixed for holding the annual meeting of shareholders.

E. LIQUIDATION AND REMOVAL FROM THE REGISTER

34. RESOLUTION TO APPOINT LIQUIDATOR

The shareholders may resolve to wind up the company voluntarily by special resolution.

35. DISTRIBUTION OF SURPLUS ASSETS

- (1) The surplus assets of the company available for distribution to shareholders after all creditors of the company have been paid, shall be distributed in proportion to the number of shares held by each shareholder, subject to the terms of issue of any shares.

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

F. MISCELLANEOUS

36. DOCUMENTS TO BE KEPT BY COMPANY

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

- (a) the certificate of incorporation and the articles of the company;
- (b) minutes of all meetings and resolutions of shareholders within the last ten years;
- (c) an interests register, unless it is a private company which has dispensed with the need to keep such a register;
- (d) minutes of all meetings and resolutions of directors and directors' committees within the last ten years;
- (e) certificates given by directors under this Act within the last ten years;
- (f) the register of directors and secretaries required to be kept under section 223 of this Act;
- (g) copies of all written communication to all shareholders or all holders of the same class of shares during the last ten years, including annual reports prepared under article 33(5);
- (h) copies of all financial statements and group financial statements required to be completed under this Act for the last ten completed accounting periods of the company;
- (i) the copies of instruments creating or evidencing charges and the register of charges required to be kept under sections 109 and 110 of this Act;
- (j) the share register required to be kept under section 123 of the Act; and
- (k) the accounting records required by section 148 of this Act for the current accounting period and for the last ten completed accounting periods of the company.

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

37. RIGHTS OF DIRECTORS AND SHAREHOLDERS TO DOCUMENTS ETC.

- (1) The directors of the company are entitled to have access to the company's records in accordance with section 118 of the Act.
- (2) A shareholder of the company is entitled—

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

38. NAME OF COMPANY

The company may change its name by special resolution in accordance with section 8 of the Act.

39. NOTICES

- (1) Where the company is required to send any document to a shareholder or to give notice of any matter to a shareholder, it shall be sufficient for the company to send the document or notice to the registered address of the shareholder by ordinary post. Any document or notice so sent is deemed to have been received by the shareholder within three working days of the posting of a properly addressed and prepaid letter containing the document or notice.
- (2) A shareholder whose registered address is outside Sri Lanka may give notice to the company of an address in Sri Lanka to which all documents and notices are to be sent, and the company shall treat that address as the registered address of the shareholder for all purposes.
- (2) Where notice is given by an advertisement, such advertisement, shall be published in Sinhala, Tamil and English national daily newspapers.
- (4) A document may be sent or notice given by the company to the joint holders of a share, by giving the notice to the holder first named on the share register in respect of the share.
- (4) Where a shareholder has died or has become bankrupt or insolvent, the company may continue to send all notices and documents in respect of his shares addressed to him at his registered address, notwithstanding that some other person has by reason of the death, bankruptcy or insolvency, become entitled to those shares, or may send any notice or document to an address to which that other person requests the company to send such notices.
- (5) A copy of every notice or document sent to all shareholders must be sent to the auditor of the company.

40. INSURANCE AND INDEMNITY

- (1) The company shall indemnify every director, auditor and secretary of the company for the time being against any costs incurred in the course of defending any proceeding that relates to any act or omission in his capacity as director, auditor or secretary, in which judgment is given in his favour or in which, he is acquitted or which is discontinued.
- (2) The company may indemnify a director or employee in circumstances where paragraph (1) does not apply, to the extent permitted by subsection (3) of section 218 of the Act, if the board considers it appropriate to do so.

42. COMPANY SEAL

- (1) The Board shall provide for the safe custody of the seal and the seal shall only be used by the authority of the Board. Subject to the provisions of the next succeeding subparagraph, the seal of the Company shall not be affixed to any deed, certificate for, stock, debenture-stock or other form of security or other instrument except in the presence of two or more of the Directors or of one Director and the Secretary who shall attest the sealing thereof. The sealing shall not be attested by one person in the dual capacity of Director and Secretary or representative of the Secretaries.
- (2) The Board of Directors may authorize any person to authenticate a document on behalf of the Company without the sealing thereof.

43. INTERPRETATION

In these articles “the Act” means the Companies Act, No. 07 of 2007, and terms, which are defined in the Act, shall have the same meaning in these articles.

44. COMPLIANCE WITH THE LISTING RULES AND CDS RULES OF THE COLOMBO STOCK EXCHANGE

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