

**ARTICLES OF ASSOCIATION**

**OF**

**HATTON NATIONAL BANK PLC**

**[REGISTRATION NO. PQ 82]**

**INCORPORATED ON THE 5<sup>TH</sup> DAY OF MARCH, 1970**  
**[RE-PRINTED ON 1<sup>ST</sup> JUNE 2013]**

# ARTICLES OF ASSOCIATION

## OF

# HATTON NATIONAL BANK PLC

**[As adopted by way of a Special Resolution passed on 28th March 2013]**

- 1A. The name of the Company is “Hatton National Bank PLC”.
- 1B. The Registered office of the Company will be situated in the District of Colombo.
- 1C. The Company shall be governed by the following Articles.  
For the avoidance of doubt or conflict, the articles of association set out in the First Schedule of the Companies Act No. 7 of 2007 shall not apply to the Company.

### **A. INTERPRETATION**

2. In the interpretation of these Articles the following words and expressions shall have the respective meanings given against each such word unless such meanings are inconsistent with or repugnant to the subject or context.

WORD	MEANING
“Articles”	These Articles of Association herein adopted, as may be amended from time to time.
“Board of Directors” and “the Board”	The Directors for the time being of the Company whose number is not less than the required quorum acting together as a board of directors.
“Banking Act”	Banking Act No.30 of 1988 together with any amendments made thereto or any regulations, rules, orders or directions made thereunder from time to time including but not limited to Direction No. 11 of 2007 on Corporate Governance and every other Act or legal enactment that may repeal, substitute and replace the Banking Act No. 30 of 1988.
“CDS”	Central Depository Systems (Private) Limited.
“Chief Executive Officer” or “Managing Director”	The person who is an employee of the Company performing the functions of the chief executive officer or the managing director and called by whatever name.
“Director” or “Directors”	A director or the directors (as the case may be) for the time being of the Company, including where the context so requires or admits alternate directors, and the directors assembled at a board meeting.
“Dividend”	A distribution out of the profits of the Company.

<b>WORD</b>	<b>MEANING</b>
“in writing” and “written”	Includes printing and other such modes of representing or reproducing words in a visible form.
“Interest Group”	These words shall have the same meaning given thereto by the Act.
“Licensed Stock Exchange”	Any licensed stock exchange in Sri Lanka or outside Sri Lanka where the Shares of the Company are listed.
“Month”	A calendar month.
“Registered office”	Registered office for the time being of the Company.
“Registrar”	Registrar General of Companies appointed under the Act.
“Regular Monthly Board Meetings”	Meetings of the Board of Directors agreed on and scheduled for the Year or any part thereof in advance by the Board of Directors as regular monthly meetings.
“Presence or Present”	With regard to a shareholder at a meeting means presence or present personally or by proxy or by attorney duly authorized and in the case of a corporate entity, organization or other body by a representative duly appointed or authorized.
“Shares” or “Share” or “share”	Shares issued by the Company.
“Seal”	The common seal of the Company as approved by the Board.
“Secretary” or “Secretaries”	Shall include any individual, appointed by the Board subject to the provisions in the Banking Act to perform any of the duties of the Secretary of the Company.
“Special Resolution”	These words shall have the same meaning given thereto by the Act.
“the Statutes”	The Companies Act and/or the Banking Act and/or Securities and Exchange Commission of Sri Lanka Act No. 36 of 1987 and any other act or legal enactment concerning banking companies together with any regulations, rules, orders or directions made thereunder.
“the Act”	Means and includes the Companies Act No. 7 of 2007 as amended or modified from time to time or replaced by any other legislation of Parliament enacted to govern companies.
“the Company”	Hatton National Bank PLC.
“Working Day”	A day other than Saturday, Sunday or a public holiday.

WORD	MEANING
“Year”	A calendar year.

In the interpretation of these Articles, words importing the masculine gender shall include the feminine gender and words importing the singular number shall include the plural number and vice versa and words importing persons shall include corporations and companies.

The expressions ‘debenture’ and ‘debenture holder’ shall include ‘debenture stock’ and ‘debenture stockholder’ respectively.

Save as aforesaid any words or expressions defined in the Statutes shall, if not inconsistent with the subject or context, when used shall have the same meaning in these Articles.

The headings are inserted for convenience only and shall not affect the interpretation or construction of these Articles.

Reference to any statutory provision, regulation, rule, order or direction shall include a reference to such provision, regulation, rule, order or direction as from time to time re-enacted, amended, extended, supplemented or replaced.

## **Part I**

### **B. OBJECTS OF THE COMPANY**

#### **3. OBJECTS OF THE COMPANY**

The objects of the Company shall be:

- (i) carrying on the business of a licensed commercial bank including the banking business as specified in the Banking Act.
- (ii) carrying on any and all forms of business specified in Schedule II of the Banking Act including any business that may be authorised by the Monetary Board of the Central Bank of Sri Lanka from time to time.
- (iii) engaging in any business or activity, which a licensed commercial bank is permitted to engage in by the Banking Act, or any other statute or regulations, rules, orders or directions made thereunder.

### **C. SHARES**

#### **4. PUBLIC COMPANY AND LIABILITY OF SHAREHOLDERS**

The Company is a limited company within the meaning of the Act. The liability of any holder of Shares issued by the Company to contribute to the assets of the Company is limited to the consideration paid or payable for the Shares issued to and held by such holder.

#### **5. STATED CAPITAL**

As at the date of adoption of these Articles, the stated capital of the Company is Rupees Twelve Billion Six Hundred and Nine Million One Hundred and Thirty Six Thousand Nine Hundred and Twenty Five and Cents Thirty Five (Rs. 12,609,136,925.35) and the total number of shares issued is Three Hundred and Ninety Seven Million Five Hundred and Forty Four Thousand Seven Hundred and Ninety Four (397,544,794) comprising of Three Hundred and Seventeen Million Eight Hundred and Forty Six Thousand and Twenty Eight (317,846,028) Voting shares and Seventy Nine Million Six Hundred and Ninety Eight Thousand Seven Hundred and Sixty Six (79,698,766) Non-voting shares.

#### **6. RESTRICTIONS ON HOLDING SHARES IN THE COMPANY**

- (i) The Shares shall be held by shareholders of the Company in accordance with the provisions of the Statutes, which limit the number of Shares or the percentage of Shares that may howsoever be held in the Company.
- (ii) At the request of the Board the Secretary shall require any proposed shareholder of the Company or a proposed transferee of a share/s in the Company to disclose by means of sworn documents or by such other means whatsoever, as may be specified by the Board and/or the Secretary, all information that the Board and/or the Secretary may deem relevant to the holding of a share/s in the Company. The information required to be disclosed may include particulars of the direct and indirect associations and/or relationships of any other whomsoever and wheresoever, with the shareholder or the transferee, as the case may be, up to the ultimate beneficial interest in the share.
- (iii) At the instance of the Board, whenever the Secretary, after making all such inquiries

as he may consider necessary, is of the opinion that any share/s in the Company that is registered in its share register in the name of any person whomsoever, including the CDS, contravenes Article 6(i) above, the Secretary shall issue a notice on such person whose name is so registered, requiring him to sell such share/s within the time stipulated in such notice.

- (iv) At the instance of the Board, whenever the Secretary, after making all such inquiries as he may consider necessary, is of the opinion that a transferee is acquiring Shares contrary to Article 6(i), the Secretary shall not enter the name of such transferee in the Register of Shareholders, in respect of the number of Shares purchased by such transferee or the CDS, as the case may be, in excess of the shareholding permitted under the Statutes.
- (v) A person to whom a requirement is addressed by the Secretary in accordance with this Article including to sell any shares within a stipulated time period shall forthwith comply with such requirement.

## **7. ISSUE OF SHARES**

- (i) Subject to sub-paragraphs (ii) and (iii) of this Article the Board may issue such Shares to such persons as it considers appropriate, in accordance with Section 51 of the Act. The issue of such Shares shall be subject to the rules and regulations of any Licensed Stock Exchange on which the Company is listed. Where the Shares confer rights other than those specified in Section 49 (2) of the Act, or imposes any obligation on the holder, the terms of issue, which set out the rights and obligations attached to those Shares shall require the approval of the Board.
- (ii) Subject to Article 6(i) hereof and without prejudice to any special rights previously conferred on the holders of any Shares or class of Shares for the time being issued (which special rights may be varied or abrogated only in the manner provided by Article 27), any share may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to Dividend, return of capital, voting or otherwise as the Board may from time to time determine.
- (iii) Before it issues Shares, the Board shall, subject to the provisions of the Banking Act, decide the consideration for which the Shares may be issued and shall resolve that in the opinion of the Board, such consideration is fair and reasonable to the Company and to all existing shareholders.
- (iv)
  - (a) Where the Company issues Shares which rank equally with or above existing Shares in relation to voting or distribution rights, those Shares shall be offered to the holders of the existing Shares in a manner which would, if the offer is accepted, maintain the relative voting and distribution rights of those shareholders as nearly as possible in proportion to the Shares already held by them. This shall, in the case of Shares of any particular class, be subject to any limitation as to participation in any issue of Shares which may attach to such Shares of such particular class.
  - (b) Such offer shall be made by notice specifying the number of Shares to which the shareholder is entitled, and setting out a time by which the offer, if not expressly accepted, will be deemed to be declined. Any Shares that are declined shall be at the disposal of the Board.
- (v) The Company may, at the time of making the said offer, request holders of the existing Shares who desire an allotment of Shares in excess of their respective

proportions to state how many excess Shares each such holder desires. Any Shares declined may be allotted to those holders who desire an excess allotment in such numbers as the Directors may decide or may be allotted and issued to such other persons as the Directors consider appropriate.

- (vi) 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, 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 in terms of Sub paragraph (ix) hereof 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;
  - (c) issue Shares to persons other than existing shareholders; or
  - (d) issue Shares upon conversion of convertible securities into Shares whether at the option of the holder of such convertible securities or otherwise.
- (vii) The provisions of sub-paragraph (iv)(a) of this Article 7 shall not apply to an issue of Shares under sub-paragraphs (c ) and (d) of Article 7(vi) above.
- (viii) The Company shall, prior to an issue of Shares in terms of sub-paragraphs (c) and (d) of Article 7(vi) above, obtain approval therefor by way of a Special Resolution from the holders of Shares whose voting and distribution rights would be affected thereby.
- (ix)
  - (a) The Company may consolidate Shares or the Shares in a particular class of Shares in the Company into a lesser number of Shares, in proportion to those Shares, leaving unaffected the relative voting and distribution rights of the holders of those Shares, by following a procedure to effect such consolidation as the Board may consider appropriate.
  - (b) The Company may subdivide or split all the Shares or all the Shares in a particular class of Shares in the Company into a greater number of Shares, in proportion to those Shares, leaving unaffected the relative voting and distribution rights of the holders of those Shares, by following a procedure to effect such subdivision as the Board may consider appropriate.
- (x) The Company shall not register more than three (03) persons as joint holders (including the principal holder) of any Shares (except in the case of executors, administrators or heirs of a deceased member).
- (xi) The Company may issue redeemable Shares as decided by the Board at the time of each issue, which may be redeemed by the Company at the option of the Company or at the option of the holders of such Shares or on a date specified by the Board, for a consideration that is specified by the Board at the time of issue or for a sum to be calculated by reference to a formula or fixed by a suitably qualified person, who is not associated with or interested in the Company, as decided by the Board at the time of issue.
- (xii) Nothing contained in these Articles shall preclude the Board from recognizing and acting on a renunciation of the allotment of any share by the allottee thereof in favour

of any other person.

- (xiii) All existing and new Shares shall be subject to the provisions of these Articles with reference to payment of calls, lien, transfer, transmission and forfeiture or otherwise.

## **8. CALLS ON SHARES**

- (i) Where pursuant to the terms of issue thereof or otherwise, a share imposes any obligation on the holder to pay an amount of money -
  - (a) on a fixed date, the holder shall pay that amount on or prior to that date ; or
  - (b) when called upon 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 (20) Working Days, and the payment shall 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 percent (10%) per annum, accruing daily. The Board may, at its discretion, waive payment of interest.

- (ii) 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 by instalment.
- (iii) Joint holders of a Share are jointly and severally liable for any payments to be made under sub-paragraph (i) of this Article 8.
- (iv) The Company shall have a first charge or a paramount lien on every Share to which sub-paragraph (i) of this Article 8 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.
- (v) For the purpose of enforcing such lien, the Company may sell in such manner as the Board thinks fit, any Shares on which the Company has a lien, if -
  - (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 (10) Working Days of the giving of that notice.

Upon any sale for enforcing a lien, the Board may appoint any person to execute an instrument of transfer of the Shares sold, whereupon the purchaser shall be registered as the holder of the Shares transferred and his title shall not be affected by any irregularity or invalidity in the sale.

- (vi) The proceeds of a sale under sub-paragraph (v) of this Article 8 shall be received by the Company and applied first in payment of the costs of the sale, and then in payment of the amount in respect of which the lien arose. The remainder, if any, shall be paid to the person entitled to the Shares at the time of the sale.

## **9. SHARE REGISTER**

- (i) The Company shall maintain a share register which complies with Section 123 of the Act. The share register shall 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 the Act.

- (ii) The share register may be divided into two or more registers kept at different places as may be decided by the Board.
- (iii) The Company may close the share register in the manner set out in Section 127 of the Act.

## **10. TRANSFER OF SHARES**

- (i) The instrument of transfer of any Share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the Share/s until the name of the transferee is entered in the register of shareholders in respect thereof.
- (ii)
  - (a) Subject to such restrictions in these Articles or in the Statutes 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.
  - (b) Notwithstanding any provision in these Articles suggesting the contrary, the Board may in its absolute discretion and without assigning any reason therefor, decline to register the transfer of a Share (not being a fully paid up share) to a person they shall not approve of. The Board may also decline to register any transfer of a Share (not being a fully paid up share) on which the Company has a lien.
- (iii) The Directors may also decline to recognise any instrument of transfer unless:-
  - (a) A fee of one hundred rupees (Rs 100/-) or such other sum as the Directors may from time to time require is paid to the Company in respect thereof;
  - (b) The instrument of transfer properly stamped (if so necessary) is deposited at the Registered Office of the Company or such other place as the Board may appoint, accompanied by the certificate of the Shares to which such instrument relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
  - (c) The instrument of transfer is in respect of only one class of Share.
- (iv) Where the Directors refuse to register a transfer they shall, within two (02) Months from the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.
- (v) Notwithstanding any provision in these Articles suggesting the contrary (except the provision in Article 6(i) hereof), Shares and/or securities quoted in the Colombo Stock Exchange shall be freely transferable and registration of the transfer of such quoted Shares/securities shall not be subject to any restriction, save and except to the extent required for compliance with the requirements of the Statutes.

## **11. REGISTRATION OF TRANSFERS**

- (i) The Board may by such means as they shall deem expedient authorize the

registration of transfers or transmissions of Shares, without the necessity for any meeting of the Board for that purpose.

- (ii) The registration of transfers may be suspended at such time and for such periods as the Directors may from time to time determine, provided always that such registration shall not be suspended for more than thirty (30) days in any Year.
- (iii) The Company shall be entitled to charge a fee not exceeding fifty rupees [Rs 50/-] or such other amount as the Directors may from time to time require on the registration with the Company of every Probate, Letters of Administration, Certificate of Heirship, Certificate of Death or Marriage, Power of Attorney or other instruments relating to or affecting the title to any Shares.

## **12. TRANSMISSION OF SHARES**

- (i) In the case of the death of a shareholder the following shall be the only persons recognized by the Company as having become entitled to his shares:
  - (a) the survivor or survivors, where the deceased was a joint holder;
  - (b) the executors or administrators of the deceased (or where the estate of the deceased is below the administrable value the heirs of the deceased) or a person nominated by that shareholder in terms of Section 544 of the Civil Procedure Code, where the deceased was the sole or only surviving holder.
- (ii) There shall be no restriction by way of limitation of number in regard to the persons to be registered as joint holders of a Share where such persons are executors or administrators or heirs of a deceased holder.
- (iii) Any person becoming entitled to a Share in consequence of the death, bankruptcy or insolvency of a shareholder may, upon such evidence being produced as may from time to time be required by the Directors and subject as hereinafter provided, elect either to be registered himself as holder of the Share or to have some person nominated by him registered as the transferee thereof. However, the Directors shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by that shareholder before his death, bankruptcy or insolvency, as the case may be.
- (iv) Where the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. Where he elects to have another person registered he shall prove his election by executing to that person a transfer of the Share. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of Shares shall be applicable to any such notice or transfer as aforesaid as if the death, bankruptcy or insolvency of the shareholder had not occurred, and the notice or transfer were a transfer signed by the shareholder.
- (v) A person becoming entitled to a Share by reason of the death, bankruptcy or insolvency of the holder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the Share. However, he shall not, before being registered as a shareholder in respect of the Share, be entitled in respect of it to exercise any right conferred by such Share in relation to meetings of the Company;

Provided always that the Directors may at any time give notice requiring any such person to elect either to be registered himself or to transfer the Share, and where the notice is not complied with within ninety (90) days the Directors may thereafter withhold payment of all Dividends, bonuses or other moneys payable in respect of the Share until the requirements of the notice have been complied with.

### **13. SHARE CERTIFICATES**

- (i) Subject to the provisions in Section 78 of the Act, when the Company issues Shares or the transfer of any Shares is entered in the share register, the Company shall within two (2) Months from the date of allotment or from the registration of the transfer of Shares in the share register as the case may be, complete and have ready for delivery a share certificate in respect of the Shares.
- (ii) However, if requested by a shareholder and upon payment of such sum as the Board shall from time to time determine, several certificates may be issued each for one or more of his Shares of any one class.
- (iii) Where a share certificate is worn out, defaced, lost or destroyed it may be re-issued on payment of the cost of issue or such lesser sum and on such terms (if any) as to evidence and indemnity and the payment of out-of-pocket expenses of the Company for investigating evidence as the Board thinks fit.
- (iv) In the case of defacement, the old certificate shall be submitted to the Company together with the request for re-issue of the share certificates.
- (v) Issue of Share Certificates shall be further subject to any procedure and process prescribed by or with regard to the Licensed Stock Exchange from time to time

### **14. PURCHASE OF OWN SHARES**

Subject to the provisions in the Statutes, the Company may offer or agree to purchase or otherwise acquire its own Shares.

### **15. RESERVES AND DISTRIBUTIONS**

- (i) The Company may make distributions to shareholders in accordance with Section 56 of the Act. The Board shall satisfy itself that the Company will immediately after the distribution satisfy the solvency test. The Directors who vote in favour of the distribution shall sign a certificate of their opinion to that effect.
- (ii) The Company is deemed to have satisfied the solvency test if-
  - (a) it is able to pay its debts as they become 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.
- (iii) Except in the case where a distribution is a final Dividend, the approval of the shareholders by way of an ordinary resolution or otherwise shall not be required before such distribution (including interim dividend) is made.
- (iv) The profits of the Company shall be distributable and divisible among the shareholders in proportion to the capital paid, or credited as paid on the Shares held by them respectively, subject to:

- (a) the rights of holders of Shares issued upon special conditions; and
  - (b) any arrangements that may be made by the Company to the contrary; and
  - (c) Shares not fully paid up; and
  - (d) any special arrangement made as regards money paid in advance of calls; and
  - (e) the provisions of these Articles as to reserve funds.
- (v) Before the Directors make any distributions, they may set aside, out of the profits of the Company, such sum as they think proper as a reserve fund or funds.
- (vi) The Directors may divide the reserve fund or funds into such special funds as they think fit, with full power to employ the assets constituting the reserve fund or funds in the business of the Company for any purpose which they may from time to time deem expedient without being bound to keep the same separate from the other assets. The Directors may also carry forward any profits which they may deem it not prudent to divide.
- (vii) Subject to the requirements in the Banking Act, the Board may decide to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve funds/accounts, or to the credit of the profit and loss account or otherwise available for distribution, and accordingly to set free such sum for distribution amongst the shareholders who would have been entitled thereto if distributed by way of Dividend and in the same proportions. Provided however that such sum shall not be paid in cash but shall be applied either in or towards paying up any amounts for the time being unpaid on any Shares held by such shareholders respectively or paying up in full Shares or debentures of the Company to be allotted, issued and distributed credited as fully paid up to and amongst such shareholders in the proportion aforesaid, or partly in one way and partly in other.
- (viii) Whenever such a decision as aforesaid shall have been made, the Directors shall make all appropriations and applications of the undivided profits to be capitalised and all allotments and issues of fully paid Shares or debentures, if any, and generally shall do all acts and things required to give effect thereto.
- (ix) The Board may authorize a distribution by way of a Dividend in terms of the dividend policy of the Company that may be decided on by the Board from time to time, to be paid to the shareholders according to their rights and interests in the profits and may fix the time for payment. No Dividend shall be payable out of the capital of the Company.
- (x) Any Dividend or interim Dividend which may be authorised by the Directors, may be paid by means of cash or by the distribution of specific assets and, in particular, of paid-up Shares (including scrip dividend), debentures or debenture stock of the Company or of any other company or in any other form of specie or in any one or more of such ways. Where any difficulty arises in regard to the distribution, they may settle the same as they think expedient. In doing so the Directors may fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any shareholders upon the footing of the value so fixed in order to adjust the rights of all parties. The Directors may vest any such specific assets in trustees upon such trusts for the persons entitled to the Dividend as may seem expedient to the Board.
- (xi) No shareholder shall be entitled to receive payment of any Dividend or any allotment

and issue of Shares credited as fully paid up in respect of his Share or Shares whilst any money may be due or owing from him (whether alone or jointly with any other person) to the Company in respect of such Share or Shares or otherwise howsoever.

- (xii) No Dividend shall bear interest against the Company.
- (xiii) The Directors may deduct from the Dividend payable to any shareholder all sums of money due from him (whether alone or jointly with any other person) to the Company, notwithstanding that such sums shall not be payable until after the date when such Dividend is payable. A transfer of Shares shall not pass the rights to any Dividend declared thereon before the registration of the transfer.
- (xiv) Unless otherwise directed by the Board any Dividend may be paid by cheque or warrant sent by post to the registered address of the shareholders entitled thereto or, in the case of joint-holders, to the registered address of the one whose name stands first on the register in respect of the joint-holding. However, the Company shall not be liable or responsible for the loss of any such cheque or Dividend warrant sent through the post.
- (xv) All Dividends unclaimed for one (1) Year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All Dividends unclaimed for six (6) Years after having been declared shall be forfeited and shall revert to the Company.
- (xvi) Every Dividend payable in respect of any Share held by several persons jointly may be paid to and a legally valid receipt given by any one of such persons.

## **PART II**

### **D. MEETINGS OF SHAREHOLDERS**

#### **16. ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS**

- (i) Subject to sub-paragraphs (ii) of this Article, the Board shall call an annual general meeting of the Company to be held —
  - (a) once in each calendar Year;
  - (b) not later than six (6) Months after the balance sheet date of the Company; and
  - (c) not later than fifteen (15) Months after the previous annual general meeting.

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

- (ii) An extraordinary general meeting of shareholders entitled to vote on an issue may be called at any time by the Board, and shall be called by the Board on the written request of shareholders holding Shares, carrying not less than ten per centum (10%) of votes which may be cast on that issue.
- (iii) For the purposes of these Articles all general meetings other than annual general meetings shall be called extraordinary general meetings.

## **17. NOTICE OF MEETINGS OF SHAREHOLDERS**

- (i) Written notice of the date, time and place of a meeting of shareholders (including a meeting where it is intended to propose a resolution as a special resolution) shall be given to every shareholder entitled to receive notice of the meeting and to every Director and the auditor of the Company —
  - (a) not less than fifteen (15) Working Days before the meeting, if the meeting is an annual general meeting or the meeting is one where it is intended to propose a resolution as a special resolution.
  - (b) not less than ten (10) Working Days before the meeting, in any other case.
- (ii) In any notice of a general meeting there shall appear with reasonable prominence a statement to the effect that a member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him and that a proxy need not be a member of the Company.
- (iii) The notice shall 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;
  - (b) the intention, if any, to propose a resolution as a special resolution;
  - (c) the text of any resolution to be submitted to the meeting; and
  - (d) whether the meeting is an annual general meeting or an extraordinary general meeting.
- (iv) 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 of such irregularity.
- (v) The accidental omission to give notice to, or the non-receipt of notice by any person entitled thereto, shall not invalidate the proceedings at any general meeting.
- (vi) If a meeting of shareholders is adjourned for less than thirty (30) 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.
- (vii) Two (2) or more shareholders holding Shares which carry not less than ten per centum (10%) of the votes which may be cast on an issue, may call a meeting to consider and vote on that issue only in accordance with the provisions of Section 134 of the Act.

## **18. SHAREHOLDER PROPOSALS**

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

## **19. METHOD OF HOLDING MEETINGS**

Subject to the provisions of the Act a meeting of shareholders (including a meeting where it is intended to propose a resolution as a special resolution) may be held by a number of shareholders who constitute a quorum being assembled together at the place, date and time

appointed for the meeting.

## **20. QUORUM**

- (i) Subject to sub-paragraph (iii) of this Article, no business may be transacted at a meeting of shareholders if a quorum is not present when the meeting proceeds for business.
- (ii) A quorum for a meeting of shareholders is present if any ten (10) shareholders together holding not less than twenty per centum (20%) of the issued Shares in the Company, are present in person or by proxy or otherwise, at such meeting.
- (iii) If a quorum is not present within thirty (30) minutes after the time appointed for the meeting, the meeting shall be 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 (30) minutes after the time appointed for the meeting, the shareholders present or their proxies shall be deemed to form a quorum.

## **21. CHAIRMAN**

- (i) If the elected Chairman of the Board is present at a meeting of shareholders, he or she shall chair the meeting.
- (ii) If no Chairman of the Board has been elected, or if at any meeting of shareholders the Chairman of the Board is not present within fifteen (15) minutes of the time appointed for the commencement of the meeting, the Board may choose one of their number to be the Chairman of the meeting.
- (iii) The Chairman of the meeting may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting from which the adjournment took place.

## **22. VOTING AND HOW A POLL IS TO BE TAKEN**

- (i) Voting at a meeting of shareholders held under Article 19 above shall, unless a poll is demanded, be by a show of hands, or voting by voice as may be determined by the Chairman. No member shall be entitled to vote at a general meeting either personally or by proxy or by attorney or by representative, or to exercise any privilege as a member unless all calls or other sums presently payable by him in respect of the Shares in the Company have been paid.
- (ii) Subject to any rights or restrictions for the time being attached to any class or classes of Shares, on a show of hands or voting by voice as aforesaid every member who is Present shall have one (01) vote. Subject as aforesaid, on a poll every member who is present in person at the meeting shall be entitled to one (01) vote for each voting Share held by him.
- (iii) A declaration by the Chairman of the meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact, unless a poll is demanded in accordance with sub-paragraph (iv) of this Article 22.
- (iv) At a meeting of shareholders, a poll may be demanded on a particular question as

provided for in the Act.

- (v) At a meeting of shareholders, a poll may be demanded by —
  - (a) the Chairman; or
  - (b) not less than five (5) shareholders having the right to vote at the meeting; or
  - (c) a shareholder or shareholders representing not less than ten (10%) per centum of the total voting rights of all shareholders having the right to vote at the meeting.
- (vi) A poll may be demanded either before or after the vote is taken on a resolution. However 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. A demand for a poll may be withdrawn any time before the poll is taken.
- (vii) If a poll is taken, votes shall be counted according to the votes attached to the Shares of each shareholder present and voting.
- (viii) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of a shareholders' meeting at which the show of hands takes place or at which the poll is taken shall be entitled to a second or casting vote.
- (ix) A declaration by the Chairman of the meeting that a resolution has been carried, or carried unanimously or by a particular majority, or lost, and an entry made 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 a resolution.
- (x) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made before a decision is made shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

## **23. PROXIES**

- (i) A shareholder may exercise the right to vote at a meeting either by being present in person or by proxy.
- (ii) A proxy for a shareholder is entitled to attend, vote and be heard at a meeting of shareholders as if the proxy were the shareholder.
- (iii) A proxy shall be appointed by notice in writing signed;
  - (a) in the case of an individual, by the appointor or his attorney;
  - (b) in the case of a corporation, either under its common seal or by its attorney or by an officer on behalf of the corporation;and shall be addressed to the Chairman or the Secretary. The notice of appointment shall state whether the appointment is for a particular meeting, or for a specified term.
- (iv) No proxy is effective in relation to a meeting, unless a copy of the instrument which contained the notice of appointment together with the duly executed power of attorney (if any) is submitted to the Secretary not less than twenty four (24) hours before the start of the meeting.



- (v) An instrument of proxy (Form of Proxy) shall be in the following form or a form as near thereto as circumstances permit:-

**“HATTON NATIONAL BANK PLC”**

“I/We.....being a shareholder/shareholders of Hatton National Bank PLC hereby appoint ..... of ..... or failing him .....as my/our proxy to attend, vote and speak at the (Annual or Extraordinary as the case may be) General Meeting of the Company to be held on the..... day of .....20....and at any adjournment thereof.

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

- (vi) (a) Any form of proxy issued by the Company may in the case of a meeting at which specific business is to be transacted be so worded that a member may direct his proxy to vote either for or against any of the resolutions to be proposed.
- (b) The proxy shall be deemed to include the right to demand or join in demanding a poll.
- (c) An instrument appointing a proxy, whether or not in the usual common form 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.
- (vii) 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 Share 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 Registered 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.

**24. CORPORATIONS MAY ACT THROUGH REPRESENTATIVES**

A body corporate which is a shareholder may appoint or authorize a representative to attend, vote and be heard at a meeting of shareholders on its behalf in the same manner as it could appoint a proxy.

**25. VOTES OF JOINT HOLDERS**

Where two (02) 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. Where there are several executors or administrators of a deceased shareholder in whose sole name any Shares are registered, any one of such executors or administrators may vote in respect of such Shares unless any other of such executors or administrators is present at the meeting at which such a vote is tendered and objects to the vote. In such an event, a vote in relation to such Shares on any matter shall not be accepted unless all such executors or administrators agree thereto.

**26. LOSS OF VOTING RIGHTS IF CALLS UNPAID**

If a sum due to a Company in respect of a Share has not been paid, no vote shall be cast in

relation to that Share at a shareholders' meeting other than a meeting of a group of shareholders (i.e. interest group as defined in the Act) whose affected rights are identical and whose rights are affected by the action or proposal in the same way.

## **27. 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 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.

## **28. SHAREHOLDERS ENTITLED TO RECEIVE DISTRIBUTIONS, EXERCISE PRE-EMPTIVE RIGHTS AND ATTEND AND VOTE AT MEETINGS.**

- (i) The shareholders who are entitled to receive notice of a meeting of shareholders for any purpose shall be those shareholders who, on the date fixed by the Board for the purpose, are registered in the share register on that date, or in the event that 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 third (03rd) Working Day immediately preceding the day on which the notice is given.
- (ii) Subject to any rules and regulations of a Licensed Stock Exchange, a date fixed under sub-paragraph (i) of this Article 28 should not precede by more than thirty (30) Working Days, the date on which the meeting is to be held.
- (iii) Before a meeting of shareholders is held, the Company may prepare a list of shareholders entitled to receive notice of the meeting arranged in alphabetical order, showing the number of Shares held by each shareholder on the date fixed under sub-paragraph (i) of this Article 28 or if no such date has been fixed, at the close of third (03rd) Working Day immediately preceding the date on which the notice is given.
- (iv) A person named in a list prepared under sub-paragraph (iii) of this Article 28 is entitled to attend the meeting and vote in respect of the Shares shown opposite his name in person or by proxy, unless:
  - (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 sub-paragraph (iii) of this Article 28.

In a situation as stipulated in sub-paragraphs (a) and (b) above the transferee shall be entitled to vote in respect of such Shares.

- (v) A shareholder may examine a list prepared under sub-paragraph (iii) of this Article 28 during normal business hours on any date prior to two (02) Working Days of the date scheduled for the meeting of shareholders, at the Registered Office of the Company.

## **29. MINUTES OF SHAREHOLDERS' MEETINGS**

- (i) The Board shall ensure that minutes are kept of all proceedings of meetings of shareholders.

- (ii) Minutes of meetings of shareholders which have been signed by the Chairman of the meeting at which the proceedings were had, or by the Chairman of the next succeeding meeting, shall be *prima facie* evidence of the proceedings.

### **Part III**

#### **E. DIRECTORS**

#### **30. APPOINTMENT AND REMOVAL OF DIRECTORS**

- (i) Subject to the provisions of the Statutes, and unless otherwise determined by ordinary resolution of the shareholders of the Company the number of Directors of the Company shall not be less than seven (07) nor more than thirteen (13), and for this purpose no alternate Director shall be counted.
- (ii) The Directors shall have power at any time, and from time to time, to appoint in accordance with the Statutes any person to be a Director, either to fill a casual vacancy, or as an addition to the existing Directors so that the total number of Directors shall not at any time exceed the number fixed in accordance with sub-paragraph (i) of this Article 30. Any Director so appointed shall hold office only until the next annual general meeting and then be eligible for re-election/formal appointment by the shareholders.
- (iii) A Director may be appointed by ordinary resolution passed at a meeting called for that purpose or by a written resolution in accordance with the Act and these Articles. The shareholders may only vote on a resolution to appoint a Director if-
  - (a) the resolution is for the appointment of one (1) Director; or
  - (b) the resolution is a single resolution for the appointment of two (2) or more persons as Directors, and a separate resolution that it be so voted on has first been passed without a vote being cast against it.
- (iv) A Director may resign by delivering a signed written notice of resignation to the Registered Office of the Company. Subject to Section 208 of the Act, the notice is effective when it is received at the Registered Office or at any later time specified in the notice.
- (v) The office of Director shall, *ipso facto*, be vacated in the instances specified in the Act and Article 33 hereof.
- (vi) The Share qualification of Directors may be fixed by the Company in a general meeting, and unless and until so fixed no Share qualification shall be required.
- (vii) The continuing Directors may act notwithstanding any vacancy on the Board, but so that if the number of Directors falls below the minimum specified in sub-paragraph (i) of this Article, the remaining Directors or Director shall act only for the purpose of appointing a Director or Directors to fill one or more of the vacancies.

#### **31. COMPOSITION OF THE BOARD**

- (i) The Board shall have at least three (03) Independent Non- Executive Directors or one third of the total number of Directors, whichever is higher.

- (ii) The number of Executive Directors shall not at any time exceed the number specified in the Statutes.
- (iii) For the purposes of these Articles, an Independent Director shall mean a Director:
  - (a) who satisfies the criteria specified in the Statutes for determining an independent director; and
  - (b) who is not a shareholder of the Company directly or indirectly holding in excess of 1% of the number of Shares issued by the Company.
- (iv) For the purposes of these Articles Executive Directors shall mean the Directors appointed to be Executive Directors under Article 32 hereof.
- (v) For the purposes of these Articles a Non-Executive Director shall mean any Director other than an Executive Director.

### **32. APPOINTMENT OF MANAGING DIRECTOR AND OTHER EXECUTIVE DIRECTORS**

- (i) The Board may from time to time appoint one or more Directors or employees as Executive Directors, including the office of Managing Director, for such period and on such terms as it thinks fit. If any Director is appointed as the Managing Director, such Director shall, so long as he holds the office of Managing Director, be deemed to be an employee of the Company.
- (ii) The Managing Director shall be the chief executive officer of the Company.
- (iii) Subject to the terms of an Executive Director's appointment, the Board may at any time, with the approval of all of the Directors, terminate an appointment of an Executive Director.
- (iv) A Director who holds office as an Executive Director ceases to hold office as such Executive Director, if he ceases to be a Director or an employee (as the case may be) of the Company.
- (v) The Board may approve:
  - (a) the payment by the Company of any remuneration and performance based incentives to the Managing Director and any other Executive Director for services as Managing Director or Executive Director, as the case may be, or for services rendered to the Company in any other capacity.
  - (b) the payment by the Company to the Managing Director or any other Executive Director of compensation for loss of office as Managing Director or Executive Director, as the case may be,
  - (c) the entering into of a contract to do any of the above;
 if the Board is satisfied that to do so is fair to the Company.
- (vi) The remuneration of the Managing Director and other Executive Directors may be by way of salary, commission, a share of the profits or any combination of these methods or any other method of fixing remuneration.
- (vii) The Board may delegate to the Executive Directors, subject to any conditions or restrictions which they consider appropriate, any of their powers which may 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 an Executive Director does not prevent the exercise of the power by the Board, unless the terms of the delegation expressly provide otherwise.

- (viii) The Managing Director and any other Executive Director shall have power to delegate such of his powers as he may think necessary or desirable to any executive officer of the Company unless the power so delegated to the Managing Director or to any Executive Director has been revoked, varied, altered or withdrawn by the Board.

### **33. VACATION OF OFFICE OF DIRECTOR**

A Director *ipso facto* vacates office if he-

- (a) resigns in accordance with Article 30 (iv);
- (b) is removed from office in accordance with the provisions of the Statutes or these Articles;
- (c) becomes disqualified from being a Director pursuant to Section 202 of the Act;
- (d) dies;
- (e) vacates office pursuant to him reaching seventy (70) years of age;
- (f) becomes disqualified or prohibited by law from acting as a Director;
- (g) compounds with his creditors or if a receiving order is made against him;
- (h) is absent from three (3) consecutive Regular Monthly Board Meetings or two thirds (2/3rds) of the Regular Monthly Board Meetings in any period of 12 Months;
- (i) is requested in writing by all of his co-Directors to resign;
- (j) has been or is connected to any organization (whether directly or through related entities) which has been banned by any regulatory or other authority in any country;
- (k) being a Director appointed under Article 32 of these Articles, ceases to be an employee of the Company;
- (l) completes a total period of 9 years in his office as a Director of the Company provided however that this sub-article shall not apply to the Managing Director (who is the Chief Executive Officer of the Company) appointed under Article 32 hereof;

### **34. RETIREMENT BY ROTATION**

- (i) The Managing Director or a Director appointed to any executive office shall not, while holding office require any Share qualification or be subject to any retirement by rotation, or be taken into account in determining the rotation of the retirement of the Directors.
- (ii) Subject to the provisions of the Statutes, one-third (1/3rd) of the Directors for the time being or, if their number is not a multiple of three (3), the number nearest to, but not greater than one-third (1/3rd), shall retire from office at each annual general meeting. A Director retiring at a meeting shall retain office until the close of the meeting including any adjournment thereof.
- (iii) The Directors who retire at each annual general meeting shall as far as practicable be those who 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 who retire shall, unless they otherwise agree among themselves, be

determined by lot. A retiring Director shall be eligible for re-election.

- (iv) The Company shall, at the meeting at which a Director retires in the manner aforesaid, fill the vacated office by electing a person thereto, and in default the retiring Director shall be deemed to have been re-elected unless:
  - (a) at such meeting it is expressly resolved not to fill such vacated office, or a resolution for the re-election of such Director is put to the meeting and lost; or
  - (b) such Director has given notice in writing to the Company that he is unwilling to be re-elected; or
  - (c) the default is due to the contravention of Article 30 (iii) (b).

### **35. REMOVAL OF A DIRECTOR**

- (i) A Director may be removed in the manner set out in the Act.
- (ii) Notwithstanding any provision to the contrary in these Articles, not less than twenty one (21) Working Days prior written notice of a general meeting of shareholders called for the purpose of removing a Director, or for purposes that include the removal of a Director, shall be given to shareholders by the Company.
- (iii) 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.
- (iv) In default of such appointment the vacancy so arising may be filled by the Board as a casual vacancy.

### **36. BOARD'S POWER TO FILL CASUAL VACANCY**

- (i). Notwithstanding anything to the contrary contained in these Articles but subject to the provisions of the Statutes, the Board shall have the power to appoint any person to be a Director (other than an Executive Director/s and/or the Managing Director), either to fill a casual vacancy or as an additional Director, provided however that the total number of Directors shall not at any time exceed the maximum number fixed by these Articles and subject to the composition of the Board referred to in Article 31.
- (ii) Subject to the provisions of the Statutes, any Director so appointed shall hold office until the next annual general meeting and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

### **37. ALTERNATE DIRECTORS**

- (i) (a) Subject to the Statues and other laws applicable in respect of the composition of the Board, a Director may, if he is unable to attend to his duties as a Director due to illness or when such Director is abroad, by notice in writing under his hand delivered to the Secretary, appoint or nominate one of his co-Directors or any person to be an alternate Director of the Company to act for him for a period as may be determined by such Director.
- (b) Such Alternate Director shall be entitled to receive notices of all meetings of

Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and to exercise (in addition to his own right of voting as a Director) the rights of the appointer at meetings of the Board.

- (ii) The appointment of an alternate Director shall be subject to the approval of the Board.
- (iii) An alternate Director shall not in respect of such appointment be entitled to receive any remuneration from the Company, nor be required to hold any Share qualification. However, the Board may reimburse an alternate Director who is not a Director in his own right 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. Alternatively, the Board may pay such allowances as it considers proper in respect of such expenses.
- (iv) An alternate Director shall (on his giving an address for such notice to be served on him) be entitled to receive notices of all meetings of the Board and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as a Director in the absence of such appointer, due to the reasons stated in Article 37(i) hereof, including the signing of resolutions in writing to be passed by circulation under Article 51 hereof. An alternate Director who is also a Director in his own right shall be entitled to one (1) vote in his own right as a Director and to an additional vote as an alternate Director, when he represents his appointer at a Board Meeting or when signing a resolution to be passed by circulation.
- (v) Subject to Article 37(i) hereof, 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 occurrence of any of the following events:-
  - (a) 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;
  - (b) If the appointment of the alternate Director is revoked by his appointer by a notice in writing delivered to the Secretary;
  - (c) If the Board resolves that the appointment of the alternate Director be terminated on a date determined by it.
  - (d) If the alternate Director becomes subject to any of the provisions of Article 33 hereof which, if he were a Director of the Company, would render his office vacated.
- (vi) 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 under Article 37(v)(c). He shall also not be counted to determine the quorum at meetings when such matters are voted on.
- (vii) A Director may by notice in writing under his hand, delivered to the Secretary, at any time remove his appointed alternate Director and appoint another person as his alternate Director.

### **38. POWERS AND DUTIES OF DIRECTORS**

- (i) Subject to Section 185 of the Act which relates to major transactions and the provisions contained therein, 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 (except for the powers which are not required to be exercised by the Company at a general meeting in terms of the Statutes or these Articles) necessary for managing, directing and supervising the management of the business and affairs of the Company.
- (ii) The business of the Company shall be managed by the Board either by themselves or through the Managing Director or any Executive Director or Directors or the general manager. The Board shall have the power to make such rules and regulations for the management, business and property of the Company as they shall from time to time think proper.
- (iii)
  - (a) The Board may delegate to, entrust to and confer upon a committee of Directors, or to a Director, or to any officer/employee of the Company any of the powers exercisable by it which it is permitted to delegate under Section 186 of the Act, upon such terms and conditions and with such restrictions as it may think fit, either concurrently or to the exclusion of its own powers, and may from time to time revoke, withdraw, alter, or vary all or any of such powers.
  - (b) The meetings and proceedings of any such committee referred to in sub-paragraph (iii) (a) of this Article 38 shall be governed by the provisions of these Articles relating to meetings and proceedings of the Board, so far as such provisions are applicable.
- (iv) The Directors shall have the duties set out in the Act, and in particular—
  - (a) each Director shall 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 acting in a manner that contravenes any provisions of the Statutes or these Articles.

### **39. APPOINTMENT OF AN ATTORNEY**

The Board may from time to time appoint any company, firm or a person as its attorney or attorneys for such purposes and with such powers, authority and discretion and for such periods and subject to such conditions as the Board may think fit. Any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorneys as the Board may think fit, and may also authorize any such attorney to sub-delegate all or any of the powers, authority and discretion vested in it.

### **40. DIRECTORS' INTEREST IN CONTRACTS**

- (i) A Director who is interested in a transaction to which the Company is a party shall disclose that interest in accordance with Section 192 of the Act.
- (ii) Subject to sub-paragraph (iii) of this Article 40, a Director is interested in a transaction to which the Company is a party, if, and only if, the Director —
  - (a) is a party to, or shall 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 shall or may derive a material financial benefit from the transaction, not being a party or person that is —
    - (aa) the Company's holding company, being a holding company of which the Company is a wholly-owned subsidiary;
    - (bb) a wholly-owned subsidiary of the Company; or
    - (cc) 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 shall or may derive a material financial benefit from the transaction; or
  - (e) is otherwise directly or indirectly materially interested in the transaction.
- (iii) A Director is not interested in a transaction to which the Company is a party, if the transaction comprises only the giving by the Company of, in its normal course of business, any 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.
  - (iv) Sub-paragraph (ii) of this Article 40 shall 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.
  - (v) A transaction entered into by the Company in which a Director has an interest may be avoided by the Company in accordance with Section 193 of the Act.
  - (vi) A Director who is interested in a transaction entered into or to be entered into by the Company shall not—
    - (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 that transaction.

#### **41. DIRECTORS' DEALINGS IN SHARES**

A Director shall disclose all dealings in Shares of the Company in accordance with Sections 198, 199 and 200 of the Act.

#### **42. CONFIDENTIAL INFORMATION**

- (i) A Director who has information in his capacity as a Director or employee of the Company which would not otherwise be available to him, shall 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
  - (c) in accordance with sub-paragraph (ii) of this Article 42.

- (ii) A Director may disclose, make use of or act on information if—
  - (a) the Director is first authorized to do so by the Board under sub-paragraph (iii) of this Article 42; and
  - (b) particulars of the authorization are entered in the interest register.
- (iii) The Board may authorize a Director to disclose, make use of or act on information, if it is satisfied that to do so shall not be likely to prejudice the Company.

#### **43. REMUNERATION OF NON- EXECUTIVE DIRECTORS**

- (i) The Board may approve;
  - (a) the payment of any remuneration by the Company to a Non-Executive Director for services as a Non-Executive Director or for services rendered to the Company in any other capacity;
  - (b) the payment by the Company to a Non-Executive Director or a former Non-Executive Director of compensation for loss of office;
  - (c) the entering into of a contract to do any of the above;if the Board is satisfied that to do so is fair to the Company.
- (ii) The Board may by ordinary resolution also vote extra remuneration to the Non-Executive Directors.

#### **44. PROCEDURE AT MEETINGS OF DIRECTORS**

- (i) Articles 44 to 51 set out the procedure to be followed at meetings of Directors.
- (ii) The Directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit.
- (iii) A Director, or if requested by a Director to do so, the Secretary or an employee of the Company, may convene a meeting of the Board by giving notice in accordance with this Article.
- (iv) Not less than seven (07) days notice of a Regular Monthly Board Meeting and in any other case at least twenty four (24) hours notice shall be given to every Director in Sri Lanka. In respect of Directors outside Sri Lanka such notice may be sent electronically or to the address in Sri Lanka given by such Director.
- (v) The Secretary shall specify in the said notice whether or not the meeting called for is a Regular Monthly Board Meeting.
- (vi) Subject to the provisions of the Statutes, 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.
- (vii) The notice of a meeting may be accompanied by an agenda (unless the agenda is incorporated in the notice), and all documents or copies thereof as may be relevant to the meeting. For avoidance of any doubt the agenda and the documents can be sent subsequent to the dispatching of the notice of meeting as well. The time frame for the dispatching of the Agenda and the documents may be decided by the Board from time to time.

#### **45. CHAIRMAN**

- (i) The Directors may elect one (1) of their number to be the Chairman of the Board and may determine the period for which the Chairman is to hold office but subject to the provisions of the Statutes.
- (ii) If no Chairman is elected, or if at a meeting of the Board the Chairman is not present within five (5) minutes after the time appointed for the commencement of the meeting, the Directors present may choose one (01) of their number to be Chairman of the meeting,

#### **46. METHODS OF HOLDING MEETINGS**

A meeting of the Board may be held by a number of the Directors who constitute a quorum either by -

- (a) all being assembled and physically present together at the place, date and time appointed for the meeting; or
- (b) all or any one of them being present at different place/s where the meeting shall be conducted through the use of telephone, conference television or by any other means of audio or audio/visual instantaneous communication by which all Directors participating in the meeting are able to hear each other and be heard simultaneously throughout the meeting, at a time appointed by notice in writing setting out a detailed agenda of the business to be transacted accompanied by all documents relevant to that business.

#### **47. PROCESS IN CASE OF VACANCIES**

- (i) Subject to the provisions of Article 48 and this Article, Directors may act notwithstanding any vacancies.
- (ii) In the event however that the number of Directors reduces below the minimum number fixed by these Articles, the continuing Directors or a Director may act for the purpose of filling such vacancies or of summoning general meetings of the Company, but not for any other purpose.
- (iii) In the event that there are no Directors or Director able or willing to act, any two (02) shareholders may summon a general meeting for the purpose of appointing Directors.

#### **48. QUORUM**

- (1) The Directors may fix the quorum necessary for the transaction of the business of the Directors, and unless so fixed such quorum shall be five (05) subject to the provisions of the Banking Act Direction No. 11 of 2007 as modified or replaced from time to time. Directors participating in a meeting of Directors by teleconference shall be counted as present at that meeting for the purpose of ascertaining the quorum.
- (2) No business may be transacted at a meeting of Directors if a quorum is not present.

#### **49. VOTING**

- (i) Every Director shall be entitled to one (1) vote.

- (ii) Questions arising at any meeting shall be determined by a majority of votes. In the event of an equality of votes the Chairman shall be entitled to a second or a casting vote.
- (iii) 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.
- (iv) 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.
- (v) A resolution passed by a majority of the Directors entitled to receive notice of a Board meeting at a meeting held in accordance with Article 46(b) above shall, upon being recorded in writing by the person appointed to do so at such meeting, be as valid and effectual as if the same had been passed at a meeting of Directors held on the day on which, and at the time at which, the meeting was held, and at the place where the Chairman was located during the course of that meeting.

## **50. MINUTES OF MEETINGS OF BOARD OF DIRECTORS**

- (i) The Board shall ensure that minutes are kept of all proceedings including but not limited to the following that occurs at meetings of the Board:
  - (a) all appointment of officers made by the Board;
  - (b) the names of the Directors present at each meeting of the Board and of any committee of Directors;
  - (c) all resolutions and proceedings at all meetings of the Company;
  - (d) the Board and of committees of Directors consisting of two or more members.
- (ii) Such minutes, when confirmed at a meeting of the Board and which have been signed by the Chairman of the meeting at which the proceedings were conducted, or by the Chairman of the next succeeding meeting, shall be *prima facie* evidence of the proceedings.

## **51. CIRCULAR RESOLUTIONS**

- (i) 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.
- (ii) Notwithstanding anything in the previous paragraph, a resolution in writing signed by all the Directors for the time being in Sri Lanka shall be valid and effectual as if it were a resolution passed at a meeting of the Board duly convened and held, provided that the number of Directors who have signed the resolution is not be less than the number required to constitute a quorum at a meeting of Directors.
- (iii) 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.
- (iv) A copy of any such resolution shall be entered in the Minute Book of Board proceedings.

## **52. SECRETARY**

Subject to the provisions in the Statutes:

- (a) The Company shall at all times have a Secretary.
- (b) The Board may appoint the Secretary for such term and on such conditions as it thinks fit and the Board shall have the power to remove the Secretary so appointed.
- (c) The Secretary so appointed shall be eligible to be appointed by the Board as the secretary to the Board or any sub-committee of the Board as well.

## **PART IV**

### **F. ACCOUNTS AND AUDIT**

## **53. ACCOUNTING RECORDS, FINANCIAL STATEMENTS, ANNUAL REPORTS APPOINTMENT OF AND RIGHTS OF AUDITORS AND AUDITS**

- (i) The Board shall ensure that the Company keeps accounting records which -
  - (a) correctly record and explain the Company's transactions, including all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure takes place and all sales and purchases of goods made by the Company;
  - (b) shall at any time enable the financial position of the Company to be determined with reasonable accuracy;
  - (c) shall enable the Board to prepare financial statements in accordance with the Act; and
  - (d) shall enable the financial statements of the Company to be readily and properly audited.
- (ii) The accounting records shall comply with subsection (2) of Section 148 of the Act.
- (iii) The Board shall ensure that within five (05) 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 (2) Directors.
- (iv) At every annual general meeting the Company shall appoint an Auditor whose name has been pre-cleared by the Board in terms of the approved selection criteria, for the following Year in accordance with Section 154 of the Act. An Auditor who is appointed at an annual general meeting is deemed to be re-appointed at the following annual general meeting, unless -
  - (a) he is not qualified for re-appointment;
  - (b) the Company resolves at that meeting to appoint another person in his place; or
  - (c) the auditor has given notice to the Company that he does not wish to be re-appointed.
- (v) The Board shall have the power to fill a casual vacancy in the office of auditor by

appointing some person or firm to hold such office until the conclusion of the next annual general meeting, but while any such casual vacancy continues the surviving or continuing auditor (if any) may act.

- (vi) The auditor shall be entitled to attend any annual general meeting and to receive all notices of and other communications relating to any general meeting which any member 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.
- (vii) The Board shall within six (6) 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 Sections 166 and 168 of the Act. The Board shall send a copy of the annual report to every shareholder not less than fifteen (15) Working Days before the date fixed for holding the annual general meeting of shareholders.

## **PART V**

### **G. LIQUIDATION**

#### **54. WINDING UP AND DISTRIBUTION OF SURPLUS ASSETS**

- (i) The shareholders may, subject to the provisions of the Statutes, resolve to wind up the Company voluntarily by Special Resolution and shall appoint the liquidator/s in terms of the Statutes.
- (ii) During winding up, a meeting of shareholders may be convened by any contributory or by the liquidators, as the case may be, in terms of the Act by giving notice in the manner set out hereinbefore convening an extraordinary general meeting.
- (iii)
  - (a) The surplus assets of the Company available for Distributions 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.
  - (b) 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 shall be carried out as among the shareholders or different classes of shareholders.

## **PART VI**

### **H. MISCELLANEOUS**

#### **55. DOCUMENTS TO BE KEPT BY THE COMPANY**

- (i) The Company shall keep at its Registered Office or at some other place, notice of which has been given to the Registrar General of Companies, in accordance with Section 116 (4) of the Act, the following documents :—
  - (a) the certificate of incorporation and the Articles of the Company;
  - (b) minutes of all meetings and resolutions of shareholders within the last ten (10) Years;
  - (c) an interest register;
  - (d) minutes of all meetings and resolutions of Directors and Directors' committees within the last ten (10) Years;
  - (e) certificates given by Directors under this Act within the last ten (10) Years;
  - (f) the register of Directors and Secretaries required to be kept under Section 223 of the Act;
  - (g) copies of all written communications to all shareholders or all holders of the same class of Shares during the last ten (10) Years, including annual reports prepared under Article 53(vii);
  - (h) copies of all financial statements and group financial statements required to be completed under this Act for the last ten (10) 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 the 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 the Act for the current accounting period and for the last ten (10) completed accounting periods of the Company.
- (ii) The references in sub paragraph (i) of this Article to “ten (10) Years” and to “ten (10) completed accounting periods” shall include such lesser periods as the Registrar General of Companies may approve, by notice in writing to the Company.

#### **56. RIGHTS OF DIRECTORS AND SHAREHOLDERS TO DOCUMENTS.**

- (i) The Directors of the Company are entitled to have access to the Company's records in accordance with Section 118 of the Act.
- (ii) 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 (5) 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.

## **57. NOTICES**

- (i) 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 and/or by any other acceptable means. Any document or notice so sent is deemed to have been received by the shareholder on the day following the dispatch of a properly addressed and prepaid letter containing the document or notice.
- (ii) A shareholder whose registered address is not within Sri Lanka may provide an address within Sri Lanka which for purposes of notice, shall be considered as his registered address.
- (iii) For the purpose of this Article, the registered address of the shareholder shall be the address registered by such shareholder in the share register.
- (iv) 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.
- (v) 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.
- (vi) Any notice required to be given by the Company to the shareholders or any of them and not expressly provided for by these Articles shall be sufficiently given if given by way of a public notice in terms of Section 529 (4) of the Act.
- (vii) Where notice is given by an advertisement, such advertisement shall be published in Sinhala, Tamil and English national daily newspapers.
- (viii) A copy of every notice or document sent to all shareholders shall be sent to the auditor of the Company.

## **58. INSURANCE AND INDEMNITY**

- (i) The Company may indemnify a Director or employee of the Company in the circumstances specified in subsections (2) and (3) of Section 218 of the Act.
- (ii) The Company may effect insurance for a Director or employee of the Company in the circumstances specified in subsection (4) of Section 218 of the Act, with the prior approval of the Board.

For the purposes of this Article, the term 'Director' includes a former Director and the term 'employee' includes a former employee.

## **59. RULES OF COLOMBO STOCK EXCHANGE**

As 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 Systems (Pvt) Limited save and except as provided for in Article 6(i) above and the Statutes.

## **60. COMPANY SEAL AND METHOD OF CONTRACTING**

- (i) The Company may enter into contracts or other enforceable obligations in accordance with the provisions set out in Section 19 of the Act.
- (ii) The Directors and such other officers of the Company as are authorised by the Board may enter into a contract or other enforceable obligation (including an obligation which, if entered into by a natural person, is required by law to be in writing signed by that person and be notarially attested) on behalf of the Company as stipulated in the Act.
- (iii) Such contracts or other enforceable obligations may also be entered into on behalf of the Company by the affixing of its Seal in the presence of two (2) or more Directors, or of one (1) Director and the Secretary, or any one (1) Director and any other person duly authorized by the Board who shall attest the sealing thereof.
- (iv) The Seal of the Company shall not be affixed other than in the manner set out herein.
- (v) The Board shall provide for the safe custody of the Seal and the Seal shall only be used by authority of the Board or of a committee of Directors authorised by the Board in that regard.
- (vi) Where the Board shall so resolve, in the case of Share Certificate/s, Debenture Certificate/s, Loan Stock Certificate/s or any other form of security, letters of allotment and Dividend warrants the signature/s of the persons authorized by the Board to sign such documents may, with the approval and subject to the control of the auditors or the bankers of the Company, be in the form of a signature which is stamped or printed or impressed by manual or mechanical means thereon.
- (vii) The Company may maintain a separate official Seal for use abroad as may be decided by the Board.

## **61. BANKING ACT**

Notwithstanding anything to the contrary contained herein, the provisions of these Articles shall always be subject to the provisions of the Banking Act which shall at all times supersede the provisions of any other law in force.

*Sgd*

.....  
**Dr Ranee Jayamaha**  
**CHAIRPERSON**