

ARTICLES OF ASSOCIATION
OF
BROWNS INVESTMENTS LIMITED
(As adopted by Special Resolution passed
on 2nd day of February 2011)

PRELIMINARY

- | | |
|--|-----------------------------------|
| 1. The model articles contained in the First Schedule to the Companies Act No.7 of 2007 shall not apply to the Company. The Company shall be governed by the Companies Act No.7 of 2007 and the regulations contained in these Articles but subject to repeal, alteration or addition by Special Resolution. | Model
Articles not to
apply |
| 2. In These Presents, if not inconsistent with the subject or context the words standing in the first column of the table next hereinafter contained shall bear the meaning set opposite to them respectively in the second column thereof: - | Interpretation |

WORDS

MEANINGS

The Company

Browns Investments Limited;

The Act

The Companies Act No. 7 of 2007, and terms which are defined in the Act, shall have the same meaning in these articles;

These Presents	These Articles of Association as from time to time altered by Special Resolution;
Special Resolution	Has the meanings assigned thereto respectively by the Act;
The Board	The Directors for the time being of the Company including (where the context so admits or requires) Alternate Directors;
“Director” or “Directors”	Means 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.
“Registered Office”	Means the registered office for the time being of the Company.
“presence or present”	With regard to a shareholder at a meeting means presence or present personally or by proxy or by attorney duly authorized.
Office	The Registered Office of the Company;
Month	Calendar month;
Year	Calendar Year;
Working Day	a day other than Saturday, Sunday or a public holiday.

In these Presents, if not inconsistent with the subject or context, the words shall have the same meaning attributed to them in the Act.

The expressions ‘the Secretary’ or ‘the Secretaries’ shall include any individual, firm or company appointed by the Board to perform any of the duties of the Secretary.

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

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

SHARES

3. (1) Subject to Articles 3(2) and 3(3), of these Articles, the Board may issue such shares to such persons as it thinks fit in accordance with Section 51 of the Act. Where the shares confer rights other than those specified in subsection (2) of Section 49 of the Act, or impose any obligation on the holder, the Board must approve the terms of issue which set out the rights and obligations attached to the shares as required by subsection (2) of Section 51 of the Act. Issue of shares
- (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 unless the Company determines otherwise by Special Resolution 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. The company may at a time of making said offer request the holders of existing shares who desire an allotment of shares in excess of their respective proportions to state how many of the excess shares he or she desires should any of the existing holders of shares expressly decline to accept the whole of their respective proportions. The shares so declined may be allotted in such numbers as the Directors decide or may be allotted and issued to such other persons as the Directors consider appropriate. Provided however that an issue of Redeemable Preference Shares carrying a fixed or variable coupon shall not require an offer to be made to the holders of existing shares.
- (4) Subject to Article 3(1) the Board may issue any shares with any preferential rights or privileges or subject to any special terms or conditions with or without any special designation and from time to time to modify, commute, abrogate, or deal with any rights, privileges, terms conditions or designations for the time being attached to any class of shares in accordance with the provisions herewith.
- (5) Nothing in these Presents contained shall preclude the Board from recognizing and acting on a renunciation of allotment of any share by the allottee thereof in favour of any other person.
- (6) The rights attached to shares shall not, unless otherwise expressly provided by the terms of issue of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu*

4.	In the event of the Directors having issued any shares which are partly paid, the Directors may from time to time make calls upon the holders of such shares in respect of any money unpaid on their shares, subject to a period of not less than fourteen (14) days notice being given for payment.	Calls on shares
5.	The Company may give financial assistance directly or indirectly for or in connection with the acquisition of own shares and in accordance with Sections 70 and 71 of the Act.	Financial assistance for the payment of shares
6.	<p>(1) The Company may by Special Resolution reduce its stated capital to such amount as it thinks appropriate in accordance with Section 59 of the Act.</p> <p>(2) The Company shall in accordance with Article 9 (vi) issue a share certificate for the number of shares consequent to such reduction in lieu of the share certificates held by the shareholder.</p> <p>(3) The Company may agree to purchase or otherwise acquire its own shares with the approval of the Board.</p> <p>(4) Before the Company offers or agrees to purchase its own shares, the Board of the Company should resolve that –</p> <p>(i) the acquisition is in the interests of the Company;</p> <p>(ii) the terms of the offer or agreement and the consideration to be paid for the shares is in the opinion of the Company's auditors a fair value; and</p> <p>(iii) 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.</p> <p>(5) Before the Company -</p> <p>(i) makes an offer to acquire shares other than in a manner which will if it is accepted in full, leave unaffected the relative voting and distribution rights of all shareholders; or</p> <p>(ii) agrees to acquire shares other than in a manner which leaves unaffected the relative voting and distribution rights of all shareholders;</p> <p>the Board shall resolve that the making of the offer or entry into the agreement, as the case may be, is fair to those shareholders to whom the offer is not made or with whom no agreement is entered into.</p>	<p>Reduction of stated capital</p> <p>Purchase of shares by the Company</p>

- (6) The share which may be so purchased shall be cancelled immediately upon purchase.

7. (1) The Company may issue shares which are redeemable,

Redeemable
shares

- (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;

Redemption would be for a specified consideration by the Board at the time of issue or a consideration which is calculated on a formula or to be fixed by an independent financial advisor having such qualifications as the Board may think fit.

- (2) The Company may exercise the option referred to in 7(1)(i) above, only after the Board has resolved that the redemption is in the interests of the Company.

- (3) Where shares are redeemed in accordance with article 7(1)(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.

- (4) Where shares are redeemed in accordance with article 7 (1) (iii) ;

- (i) the Company should redeem the shares on that date;
- (ii) the share is deemed to be cancelled on that date;

from the date specified in article 7 (1)(iii), the former shareholder ranks as an unsecured creditor of the Company for the sum payable on redemption.

8. (1) The Company may by Special Resolution and subject to the provisions of the Act,

Consolidation,
splitting and
capitalization

- (i) consolidate or split (i.e. sub divide) all or any of its shares in issue in such proportions as it may seem fit, in a manner which would

leave the relative voting and distribution rights of all shareholders substantially unaffected;

- (ii) capitalize any part of the amounts for the time being standing to the credit of any of the Company's reserve accounts in a manner which would leave the relative voting and distribution rights of all shareholders substantially unaffected;
- (2) The consolidation, split or capitalization shall take effect on such day as may be determined in the said resolution or by the Board.
- (3) The Company shall within one month issue a share certificate for the number of shares consequent to such consolidation and split in lieu of the share certificates held by the shareholder.
- (4) In the event of a shareholder becoming entitled to a fraction of a share, consequent to the consolidation, split or capitalization, the Directors shall have the power to sell such fractional entitlements and donate the proceeds therefrom to a charity of their choice.

SHARE REGISTER, SHARE CERTIFICATES AND TRANSFER AND TRANSMISSION OF SHARES

- 9. (i) The Company must maintain a share register, which complies with Section 123 of the Act. The share register must be kept at the registered office of the Company or 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) 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.
- (iii) (a) 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. The Board shall decline to register any share in the name of more than three (03) persons as the joint holders (including the principal holder), except in the case of executors, administrators or heirs of a deceased shareholder. If the Board resolves to refuse to register a transfer for this reason, it must give notice of the refusal to the shareholder within one week of the date of the resolution.
- (b) The Directors may also decline to register a transfer of a share on which the company has a lien.
- (iv) 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 recognized by the Company as having any title to or

interest in the share.

- (v) 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 article 9(iii).
- (vi) Where the Company issues shares or the transfer of any shares is entered on the share register, the Company must within one month (or such time period as specified by the Listing Rules of the Colombo Stock Exchange from time to time) complete and have ready for delivery a share certificate in respect of the shares.
- (vii) If a Share Certificate be defaced, lost or destroyed, it may be renewed on payment of such fee not exceeding Rs. 100/- and on such terms as to evidence and indemnity and the payment of out-of-pocket expenses of the Company in investigating evidence as the Directors' think fit.
- (viii) Notwithstanding anything to the contrary in these Articles, as long as the shares of the Company are quoted in the Colombo Stock Exchange or any other Licensed Stock Exchange,
 - (a) such shares 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.
 - (b) The Board may register without assuming any liability therefore any transfer of shares which is in accordance with the rules and regulations in force for the time being and from time to time as laid down by such Licensed Stock Exchange and any agency whose primary object is to act as central depository for such exchange.

MEETINGS OF SHAREHOLDERS

10. (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 (15) working day in the case of an annual general meeting;
 - (b) not less than fifteen (15) working days before the meeting, if it is intended to propose a resolution as a Special Resolution at the meeting;
 - (c) not less than ten (10) working days before the meeting, in any other case.

Notice of meetings

- (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 in writing.
 - (4) Notwithstanding the provisions of Article 10(2) above, the following business transacted at an annual general meeting of the Company shall constitute routine business and shall not require notice thereof:
 - (i) considering the annual report prepared in accordance with section 168 of the Act;
 - (ii) appointing auditors and fixing the remuneration of the auditors or determining the manner in which such remuneration is to be fixed;
 - (iii) electing directors in the place of those retiring by rotation or otherwise
 - (5) 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.
-
- | | | |
|-----|---|-----------------------------|
| 11. | A meeting of shareholders shall be held by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting. | Methods of holding meetings |
| 12. | <ol style="list-style-type: none"> (1) Subject to Article 12(3) below, 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 shareholders entitled to vote or their proxies are present which exceed two (2) in number. (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. | Quorum |

- | | |
|--|--|
| <p>13. (1) If the directors have elected a chairperson of the Board, and the chairperson of the Board is present at a meeting of shareholders, he or she must chair the meeting.</p> <p>(2) If no chairperson of the Board has been elected or if at any meeting of shareholders the chairperson of the Board is not present within fifteen minutes of the time appointed for the commencement of the meeting, the shareholders present may choose one of their number to be chairperson of the meeting.</p> | <p>Chairperson</p> |
| <p>14. (1) In the case of a meeting of shareholders 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 -</p> <p style="padding-left: 40px;">(a) voting by voice; or</p> <p style="padding-left: 40px;">(b) voting by show of hands.</p> <p>(2) 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 Article 14(3).</p> <p>(3) At a meeting of shareholders, a poll may be demanded by;</p> <p style="padding-left: 40px;">(a) not less than five (5) shareholders having the right to vote at the meeting; or</p> <p style="padding-left: 40px;">(b) a shareholder or shareholders representing not less than ten <i>per centum</i> of the total voting rights of all shareholders having the right to vote at the meeting.</p> <p>(4) A poll may be demanded either before or immediately after the vote is taken on a resolution.</p> <p>(5) If a poll is taken, votes must be counted according to the votes attached to the shares of each shareholder present and voting.</p> <p>(6) The chairperson of a shareholders' meeting is not entitled to a casting vote.</p> <p>(7) If a poll is duly demanded (and the demand be not withdrawn) it shall be taken in such manner (including the use of ballot or voting papers or tickets) as the person presiding at the meeting may direct and the result of a poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The person presiding may (and if so requested shall) appoint a scrutinizer and may adjourn the meeting to some place and time fixed by him for the purpose of taking and declaring the result of the poll</p> <p>(8) 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</p> | <p>Voting at meetings of Shareholders'</p> |

has been demanded.

- (9) No objection shall be made to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote to which no objection shall be made at such meeting or poll shall be deemed valid for all purposes of such meetings or poll whatsoever.
15. (1) A shareholder entitled to vote 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.
- (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 forty-eight hours before the start of the meeting.
- (5) An instrument appointing a proxy shall be in the following form or in a form as near thereto as circumstances admit: -

BROWNS INVESTMENTS LIMITED

I/We,.....of being a member/members of the above named Company hereby appoint.....of..... . failing him of as my/our proxy to represent me/us and vote for me/us on my/our behalf at the annual/extraordinary, (as the case may be) general meeting of the Company to be held on the day of 20..... and at any adjournment thereof.
Signed this day of 20.....

- (6) A body corporate which is a shareholder may appoint a representative to attend a meeting of shareholders or any class of shareholders on its behalf by resolution of its Directors or other governing body. Corporations may act by representatives
16. (1) The Board must ensure that minutes are kept of all proceedings at meetings of shareholders. Minutes
- (2) Minutes which have been signed as correct by the chairperson of the meeting are *prima facie* evidence of the proceedings.
17. (1) Shareholders entitled to do so may give notice of the resolution to the Company in accordance with section 142 of the Act and it shall be the duty of the Company to give notice of the resolution or circulate any statements, or both, as the case may be, in accordance with such section. The Company is not required to give notice of a Shareholders' Resolutions

resolution or circulate a statement in the circumstances set out in subsections (4) or (5) of section 142 of the Act.

- (2) The Company shall give shareholders notice of any resolution and circulate to shareholders any statement with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting upon receiving a requisition in writing of such number of shareholders as referred to in section 142 (1) of the Act.
 - (3) A resolution in writing signed by not less than eighty five percentum (85%) of the Shareholders who would be entitled to vote on a resolution at a meeting of Shareholders (including an Annual General Meeting), who together hold not less than eighty five percentum (85%) of the votes entitled to be cast on that resolution, shall be valid as if such resolution had been passed at a General Meeting of those Shareholders.
18. 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. Votes of joint holders
 19. If a sum due to the 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 unless there is provision to the contrary at the time of issue of shares to such shareholder. Loss of voting right if calls unpaid
 20. (1) Subject to Article 20(2) below, the Board must call an Annual General Meeting of the Company to be held – Annual general meetings and extraordinary general meetings of shareholders
 - (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 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 percent* (10%) of votes which may be cast on that issue.
 21. 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 Voting in interest groups

interest group, as defined in the Act.

22. (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 Article 22(1) should not precede by more than thirty (30) 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 Article 22(1)(a), not later than ten (10) 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 day on which the notice is given.
- (4) A person named in a list prepared under Article 22 (3) 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 Article 22 (3).
- (5) A shareholder may examine a list prepared under Article 22(3) during normal business hours, at the registered office of the Company.

Shareholders
entitled to
attend and
vote at
meetings

DIRECTORS AND SECRETARY

23. (1) The number of directors shall not be less than two (2) nor more than twelve (12) in number.
- (2) The Directors shall have power at any time to appoint any person to be a director to fill a casual vacancy as an addition to the existing directors subject to the maximum number set out in Article 23(1).

Appointment
and removal
of directors

Any Director so appointed shall hold office until the next following Annual General Meeting and shall be eligible for re-election and not be counted for Article 23(6) below.

- (3) A director may be appointed or removed by ordinary resolution passed at a meeting called for the purpose. The shareholders may only vote on a resolution to appoint a director if –
 - (a) the resolution is for the appointment of one director, or
 - (b) the resolution is a single resolution for the appointment of two 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.
- (4) 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.
- (5) A director vacates office if he –
 - (a) resigns in accordance with Article 23 (4);
 - (b) is removed from office in accordance with the provisions of the Act or these Articles;
 - (c) becomes disqualified from being a director pursuant to section 202 of the Act ;
 - (d) dies; or
 - (e) vacates office pursuant to subsection (2) of section 210 of the Act , on the ground of his age.
- (6) At each annual general meeting one third of the Directors for the time being subject to retirement by rotation shall retire from office. A Director retiring at a meeting shall retain office until the close of the meeting including any adjournment thereof.
- (7) The directors to retire at each annual general meeting shall be those directors who, being subject to retirement by rotation, have been longest in office since their last election or appointment, but as between persons who became or were last re-elected directors on the same day the directors to retire shall (unless they otherwise agree among themselves) be determined by lot. A retiring director shall be eligible for re-election.
- (8) The Company at the meeting at which a director retires in the manner aforesaid shall fill the vacated office by electing a person thereto, and in default the retiring director shall be deemed to have been re-elected unless:-

- (i) 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
 - (ii) such director has given notice in writing to the Company that he is unwilling to be re-elected or is over the age of 70; or
 - (iii) the default is due to the contravention of the next following Article.
- (9) The Board shall have the power to authorize the payment and the entering into of any contract referred to in Section 216(1) of the Act to remunerate, compensate or provide any benefit to a Director or Former Director as provided for in the said Section.
24. (1) Subject to Article 24(4) 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. Power and duties of directors
- (2) The Board may delegate to a committee of directors or to a director or employee any of its powers which it is permitted to delegate under section 186 of the Act.
- (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 acting, in a manner that contravenes any provisions of the Act or these articles;
 - (c) (i) shall not act in a manner which is reckless or grossly negligent;
 - (ii) shall exercise the degree of skill and care that may reasonably be expected of a person of his knowledge and experience.
- (4) The Company shall not enter into any major transaction unless such transaction is -
- (a) approved by Special Resolution ;
 - (b) contingent on approval by Special Resolution ;
 - (c) consented to in writing by all the shareholders of the Company;
 - or
 - (d) a transaction which the Company is expressly authorised to enter into by a provision in its articles, which was included in it at the time the Company was incorporated.

However, the above shall not apply to

- (i) a transaction under which the Company gives or agrees to give a floating charge over all or any part of the property of the Company;
- (ii) a transaction entered in to by a receiver appointed pursuant to an instrument creating a floating charge over all or any part of the property of the Company;
- (iii) A transaction entered into by an administrator or liquidator of the Company.

A major transaction means –

- (a) the acquisition of or an agreement to acquire whether contingent or not, assets of a value which is greater than half the value of the assets of the Company before the acquisition;
- (b) the disposition of the agreement to dispose of, whether contingent or not, the whole or more than half by value of the assets of the Company;
- (c) a transaction which has or is likely to have the effect of the Company acquiring rights or interests or incurring obligations or liabilities of a value which is greater than half the value of the assets before acquisition; or
- (d) a transaction or a series of related transactions which have the purpose or effect of substantially altering the nature of the business carried on by the Company.

In this section the reference to “Assets” include property of any kind, whether corporeal or incorporeal.

25. (1) A director who is interested in a transaction to which the Company is a party must disclose that interest in accordance with section 192 of the Act.
- (2) Subject to Article 25(3), a director of the 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

Interested
directors

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 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 the 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) Article 25(2) 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 the 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 the 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
 - (c) in accordance with Article 25(7).
- (7) A director of the Company may disclose, make use of or act on information if—
- (a) the director is first authorized to do so by the Board under Article 25(8); and
 - (b) particulars of the authorization are entered in the interests register.
- (8) The Board may authorize a director to disclose, make use of or act on information, if it is satisfied that to do so will not 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.
- (10) The Board may approve;
- (a) the payment of any remuneration and/or the provision of other benefits by the Company to a Director for services as Director or for services rendered to the Company in any other capacity.
 - (b) the payment by the Company to a Director or a former 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.
- (11) The Company may by ordinary resolution also vote extra remuneration and / or other benefits to the Directors or to any Director as may be recommended by the Board for the performance of extra services to the Company.
- (12) The Directors shall also be entitled to be repaid all traveling, hotel or other expenses properly incurred by them in or with a view to the performance of their duties including attendance at Board Meetings.
- (13) Nothing in these Articles shall prevent the payment to a Director of any further remuneration for services performed by him by virtue of any other office or position held by him in conjunction with his directorship.

26. A meeting of directors may determine its own procedure, to the extent

Procedure at

that it is not governed by these articles.	meetings of directors
<p>27. (1) The directors may elect one of their number to be the chairperson of the Board and may determine the period for which the chairperson is to hold office.</p> <p>(2) If no chairperson is elected or if at a meeting of the Board the chairperson is not present within five minutes after the time appointed for the commencement of the meeting, the directors present may choose one of their number to be chairperson of the meeting,</p>	Chairperson
<p>28. (1) A director or the secretary may convene a meeting of the Board by giving notice in accordance with this article.</p> <p>(2) Not less than forty eight hours notice of a meeting of the Board must be given to every director who is in Sri Lanka.</p> <p>(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.</p>	Notice of meeting
<p>29. A meeting of the Board may be held either—</p> <p>(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</p> <p>(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.</p>	Methods of holding meetings
<p>30. (1) A quorum for a meeting of the Board shall be three directors.</p> <p>(2) No business may be transacted at a meeting of directors if a quorum is not present.</p>	Quorum
<p>31. (1) Every director has one vote.</p> <p>(2) The chairperson has a casting vote.</p> <p>(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.</p>	Voting
<p>32. (1) The Board must ensure that minutes are kept of all proceedings at meetings of the Board.</p> <p>(2) Minutes which have been signed by the chairperson of the meeting at which the proceedings were held, or by the chairperson of the next succeeding meeting, shall be <i>prima facie</i> evidence of the</p>	Minutes

proceedings.

- | | | |
|-----|--|--|
| 33. | (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. | Unanimous resolution |
| | (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. | |
| | (4) The Chairman/Director or Secretary of the Company is authorized to issue a copy of such resolution duly certified and such certified copy is treated as a document duly signed by all the Directors. | Secretary to issue certified copy of such resolution |
| 34. | (1) The Board may from time to time appoint a director as managing director for such period and on such terms as it thinks fit. | Managing Director and other executive directors |
| | (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 methods or any other methods of fixing remuneration. | |
| | (7) (i) Any director who is abroad or is about to go abroad may at any time by notice in writing left at the office appoint any person approved by | Alternate Director |

the Board to be an alternate director of the Company to act in his place during the absence abroad and the following provisions of this Article shall apply to any person so appointed.

- (ii) A person appointed to be an alternate director shall not in respect of such appointment be entitled to receive any remuneration from the Company nor be required to hold any share qualification but the Board may repay an alternate director 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 or may pay such allowances as they may think proper in respect of these expenses.
- (iii) An alternate director shall (on his giving an address for such notice to be served upon him) be entitled to receive notices of all meetings of the Board and to attend and vote as director at any such meeting at which the director appointing him is not personally present and generally to perform all the functions of his Appointor as a Director in the absence of such Appointor.
- (iv) 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 return to Sri Lanka of the director in whose place he was appointed as an alternate if the appointment was for the purpose of acting as director during the Appointors absence abroad;
 - (b) if the director in whose place he was appointed an alternate ceases for any reason to be a director, provided that if any director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
 - (c) if the alternate director shall have a receiving order made against him or compounds with his creditors or is adjudicated an insolvent;
 - (d) if the alternate director be lunatic or becomes of unsound mind;
 - (e) if the appointment of the alternate director is revoked by his Appointor by a notice in writing left at the office;
 - (f) if the Board resolve that the appointment of the alternate director be terminated; provided that such termination shall not take effect until the expiration of thirty (30) days after the date of the

resolution of the Board;

(g) is disqualified by Statute;

- (v) A director shall not vote on the question of the approval of an alternate director to act for him or on the question of the termination of the appointment of such an alternate director under sub-paragraph (f) of the last foregoing sub-clause of this Article and if he does so his vote shall not be counted.

35. (1) The Company must at all times have a Secretary.

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 determined to by the Board.
- (3) The Board may remove the secretary.
- (4) 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.

DISTRIBUTION AND RESERVES

36. (1) The Company may make distributions to shareholders in accordance with section 56 of the Act. Subject to Article 36(2), every dividend must be approved by the Board and by an ordinary resolution of shareholders. The Board must be satisfied that the Company will immediately after the distribution, satisfy the solvency test. The directors who vote in favour of a dividend must sign a certificate of solvency to that effect.

Distributions

- (2) The Board may from time to time approve the payment of an interim dividend or any fixed preferential dividend to shareholders, where that appears to be justified by the Company's profits, without the need for approval by an ordinary resolution of shareholders.
- (3) The Board must;
- (a) be satisfied that the Company will immediately after the dividend is paid under (1) or (2) above, satisfy the solvency test,
- (b) ensure the directors who vote in favour of the dividend must sign a certificate of solvency their opinion the Company will satisfy the

- solvency test immediately after the distribution is made; and
- (c) obtain a certificate of solvency from the Auditors.
- (4) 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.
- (5) 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.
- (6) Subject to the provisions of Article 36(3), the Board may authorize a distribution by way of a dividend to be paid to the shareholders according to their rights and interests in the profits and may fix the time for payment.
- (7) Any dividend or interim dividend which may be authorized by the Directors, may be paid by means of cash or by the distribution of specific assets and, in particular, of paid-up shares, debentures or debenture stock of the Company or of any other company or in *specie* or in any one or more of such ways and where any difficulty arises in regard to the distribution, they may settle the same as they think expedient and in particular 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 member upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as may seem expedient to the Board.
- (8) 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 shares whilst any moneys 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.
- (9) No dividend shall bear interest against the Company.
- (10) 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 and notwithstanding that such sums shall not be payable until after the date when such dividend is payable.
- (11) Unless otherwise directed any dividend may be paid by cheque or warrant sent by post to the registered address of the shareholder

entitled thereto or, in the case of joint-holders, to the registered address of the joint-holder whose name stands first on the register in respect of the joint-holding; but the Company shall not be liable or responsible for the loss of any such cheque or dividend warrant sent through the post.

- (12) 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.
- (13) Every dividend payable in respect of any share held by several persons jointly may be paid to and an effectual receipt given by, any one of such persons.

ACCOUNTS AND AUDIT

- 37. (1) The Board must ensure that the Company keeps accounting records which -
 - (a) correctly record and explain the Company's transactions;
 - (b) will at any time enable the financial position of the Company to be determined with reasonable accuracy;
 - (c) will enable the Board to prepare, financial statements in accordance with the Act ; and
 - (d) will enable the financial statements of the Company to be readily and properly audited.
- (2) The accounting records must comply with subsection (2) section 148 of the Act.
- (3) The Board shall ensure that within six 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 General Meeting, the Company must appoint an auditor for the following year in accordance with section 154 of the Act. An auditor who is appointed at an annual meeting is deemed to be reappointed at the following annual meeting, unless -
 - (a) he is not qualified for re-appointment;

Accounting records, financial statements, audit etc.

- (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 six months after the balance sheet date of the Company, prepare an annual report on the affairs of the Company during the accounting period ending on that date which complies with section 166 of the Act. The Board must send a copy of the annual report to every shareholder not less than fifteen (15) working days before the date fixed for holding the annual meeting of shareholders.

LIQUIDATION AND REMOVAL FROM THE REGISTER

- | | |
|---|---|
| <p>38. The shareholders may resolve to wind up the Company voluntarily by Special Resolution.</p> | <p>Resolution to appoint liquidator</p> |
| <p>39. (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.</p> | <p>Distribution of surplus assets</p> |
| <p>(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.</p> | |

MISCELLANEOUS

- | | |
|---|--|
| <p>40. (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 :—</p> <ul style="list-style-type: none"> (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, (d) minutes of all meetings and resolutions of directors and directors' committees within the last ten years; (e) certificates given by directors under the Act within the last ten years; | <p>Documents to be kept by company</p> |
|---|--|

- (f) the register of directors and secretaries required to be kept under section 223 of the 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 37(5);
 - (h) copies of all financial statements and group financial statements required to be completed under the 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 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 completed accounting periods of the Company.
- (2) The references in Article 40 (1) 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.
41. (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 to inspect the following documents with written notice to the Company –
- (a) Minutes of all meetings and resolutions of shareholders
 - (b) Copies of written communications to all shareholders or to all holders of a class of shares during the preceding ten years, including annual reports, financial statements, and group financial statements.
 - (c) Certificates issues by directors under the Act
 - (d) The interests register of the Company
- However,
- (a) The documents shall be available for inspection at the place at which the Company’s records are kept between the hours of 9.00 a.m and 4.00 p.m on each working day during the inspection period.

Rights of directors and shareholders to documents etc.

- (b) A document of which the certified copy has been provided to the person or shareholder concerned without charge need not be made available for inspection.

The “inspection period” referred to above means the period commencing on the third working day after the day on which the notice of intention to inspect is served on the Company by the shareholder concerned and ending on the eighth working day after the day of service.

- (3) A shareholder is also entitled 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.

42. The Company may change its name by Special Resolution in accordance with section 8 of the Act.

Name of
company

43. (i) The Board shall provide for the safe custody of the Seal and the Seal shall only be used by the authority of the Board or of a committee of directors authorized by the board in that behalf. Subject to the provisions of the next succeeding sub-paragraph the seal of the Company shall not be affixed to any deed, certificate for shares, 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. Such attestation on the part of the Secretary, in the event of a firm being the Secretaries, shall be signified by a partner or duly authorized agent of the said firm signing the firm name or for and on behalf of the said firm as such Secretaries. In the event of a Company being the Secretary, such attestation shall be signified by a Director or the Secretary or the duly authorized agent of such company signing for and on behalf of such Company as Secretaries. The sealing shall not be attested by one person in the dual capacity of Director and Secretary or representative of the secretaries

Company Seal

- (ii) Where the Board shall so resolve in the case of certificates for shares of the Company (which shall not however be deemed to include letters of allotment issued under the signature of the Secretary on behalf of the Company) or in the case of certificates, for debentures, debenture-stock, loan stock or other forms of security (other than securities created by deed for which provision is made in the preceding paragraph of the article), the signature of one of the Directors or as the case may be, the Director who under the preceding sub-paragraph of this article attest or attests the sealing thereof may, with the approval and subject to the control of the Auditors or the Bankers of the Company, be in the form of a facsimile signature stamped or printed or impressed by manual or mechanical means thereon.

- (iii) Any document sealed in accordance of the foregoing provisions of this Article shall be presumed to have been executed by the Company.
44. (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. Notices
- (2) Any Shareholder whose registered address is not within Sri Lanka may name an address within Sri Lanka which for the purpose of notice, shall be considered as his registered address. Provided however, that in the event of a shareholder not giving such notice to the Company, the Company shall treat the registered address of the shareholder outside Sri Lanka as his registered address.
- (3) 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.
- (6) Where notice is given by an advertisement, such advertisement, shall be published in a Sinhala, Tamil and English national daily newspapers.
45. (1) (i) The Company may, indemnify a director or employee of the Company or a related company, for any costs incurred by him in any proceeding – Insurance and indemnity
- (a) that relates to liability for any act or omission in his capacity as a director or employee; and
- (b) in which judgment is given in his favour or in which he is acquitted or which is discontinued or in which he is granted relief under section 526 of the Act.

- (ii) The Company may, indemnify a director or employee of the Company or a related Company in respect of –
 - (a) liability to pay any person other than the Company or a related Company, for any act or omission in his capacity as a director or employee; or
 - (b) costs incurred by that director or employee in defending or settling any claim or proceeding relating to such liability not being criminal liability or in the case of a director, liability in respect of a breach of the duty specified in section 187.
 - (iii) The Company may with the prior approval of the Board, effect insurance for a director or employee of the Company or a related Company in respect of -
 - (a) liability not being criminal liability, for any act or omission in his capacity as a director or employee;
 - (b) costs incurred by that director or employee in defending or settling any claim or proceeding relating to such liability; or
 - (c) costs incurred by that director or employee in defending any criminal proceedings in which he is acquitted.
 - (2) The Company may 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.
 - (3) The Company may indemnify a director or employee in circumstances where article 44(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.
46. Notwithstanding anything to the contrary contained in these Articles, so long as the Company is listed on the Colombo Stock Exchange, the Company shall comply with the rules of the Colombo Stock Exchange and the Central Depository System, which shall be in force from time to time.

We, the several persons, whose names are subscribed below, being the subscribers to the Articles of Association, hereby agree to the foregoing Articles of Association.

**Names, Addresses and Description of
Subscribers**

Signature of Subscribers

Brown & Company Plc
481, T.B. Jayah Mawatha,
Colombo 10.

Sgd.

Company incorporated in Sri Lanka
Reg No. PQ 25

Taprobane Holdings Ltd
10, Gothami Road,
Colombo 8

Sgd.

Company incorporated in Sri Lanka
Reg. No. PB 1090

Dated the 2nd day of February 2011

