

# SHALIMAR (MALAY) PLC – PQ 51

61, Janadhipathi Mawatha,  
Colombo 01

## Circular to Shareholders

Dear Shareholders,

### A) RE-APPOINTMENT OF DIRECTORS WHO ARE OVER 70 YEARS OF AGE

Messrs. I. Paulraj, M. Selvanathan, H. Selvanathan, Mr. K. C. N. Fernando and D.C.R. Gunawardena – Directors who are over 70 years of age were re-appointed as Directors of the Company at the Annual General Meeting of the Company held on 23<sup>rd</sup> June 2022, for a period of one year from 23<sup>rd</sup> June 2022 to 23<sup>rd</sup> June 2023, in order to comply with the requirements of the Companies Act, No. 07 of 2007.

Your Board of Directors recommend that the above Directors be re-appointed as Directors of the Company at the Extraordinary General Meeting (EGM) to be held on 19<sup>th</sup> June 2023 for a further period of one year commencing from 19<sup>th</sup> June 2023 or until the forthcoming Annual General Meeting of the Company, whichever comes first.

The requisite Resolutions to give effect to the above is set out in the attached Notice convening the EGM of the Company at which the shareholders will be requested to consider and if thought fit to pass the necessary Resolutions to give effect to the foregoing proposals of the Board of Directors.

### B) DELISTING OF THE SHARES OF SHALIMAR (MALAY) PLC FROM THE OFFICIAL LIST OF THE COLOMBO STOCK EXCHANGE

**It is recommended that you consult your stockbroker or other professional adviser for any clarifications you may require on the contents hereof**

## 1.0 Background

SHALIMAR (MALAY) PLC (“SHAL” or “the Company”) made an announcement to the Colombo Stock Exchange (“CSE”) on May 17, 2023 (“Announcement”) with regard to the decision of the Board of Directors of the Company to initiate the process of delisting the shares of the Company from the official list of the CSE (“the Delisting”) subject to shareholder and regulatory approvals. Further, the Announcement highlighted the arrangements made with Goodhope Asia Holdings Limited (“GAHL”), the majority shareholder of the Company, to purchase the shares of the minority shareholders of the Company who may wish to divest/sell their shares via the Delisting at a price of LKR 2,452.00 per share (“Exit Offer”).

The details of the proposed Delisting are morefully described in the subsequent sections of this document.

## 2.0 Rationale for Delisting

The rationale for the proposed Delisting predominantly stems from the regulatory requirement imposed by Rule 7.14.1 (i) (a) of the Listing Rules of the CSE which requires all companies listed either on the Main Board or the Diri Savi Board of the CSE to meet and maintain a minimum public holding

threshold as a continuous listing requirement in the manner set out below. (“Minimum Public Holding Requirement”)

Board	Option	Minimum Public Holding Requirement		
		Float Adjusted Market Capitalization (LKR Bn)	Public Holding Percentage	Number of Public Shareholders
Main Board	1	10.0	No minimum % required	500
	2	7.5	5%	500
	3	5.0	7.5%	500
	4	2.5	10%	500
	5	less than 2.5	20%	500
Diri Savi Board	1	1.0	7.5%	200
	2	less than 1.0	10%	200

As per the latest corporate disclosure made by the Company on April 04 2023, the details pertaining to the status of the minimum public holding of the Company as of March 31, 2023 are as follows.

Float Adjusted Market Capitalization	Public Holding Percentage	Number of Public Shareholders
LKR 53,347,527.00	0.75%	336

Considering the above disclosure, the Company is not in compliance with the Minimum Public Holding Requirement in relation to a company listed on the Main Board as per Rule 7.14.1 (i) (a) of the Listing Rules of the CSE. Company’s public float of 0.75% and public shareholder base of 336 are below that required for companies listed on the Main Board of the CSE.

In light of the said non-compliance with the Minimum Public Holding Requirement, the Company, was transferred from the Main Board to the Watch List by the CSE on July 02, 2018, and subsequently transferred from the Watch List to the Second Board of the CSE on November 15, 2019. Accordingly, the trading of the shares of the Company was restricted to its shareholders classified as “non-public shareholders” in terms of CSE Listing Rules. Details pertaining to the non-compliance had been notified to the shareholders of the Company through annual reports, market disclosures and shareholder meetings on a continuous basis.

In order to rectify the non-compliance, the Company would have had to increase its public holding by a new share issue or the majority shareholder, GAHL, would have had to sell its shares. However, for the reasons noted below, both of these avenues are not feasible.

Firstly, with the divestment by the Company of its ownership in its operational assets i.e. Malaysian plantations as per the action plan announced to the CSE on December 01, 2015 (the sale proceeds of which were distributed to the shareholders via a share repurchase and dividend payment concluded in January 2017), Company’s investments consist only of a 13.33% shareholding in Shalimar Developments Sdn Bhd (a company incorporated in Malaysia).

Given that the Company has no plans to expand its business or make any additional investments in the foreseeable future, the Board of the Company, having taken into consideration the present financial position of the Company, is of the view that any capital infusion through a public offering of shares at this stage is not required.

Secondly, the majority shareholder, GAHL has indicated that it does not intend to dilute its current holding in the Company.

In the above circumstances, the Board of Directors of the Company is of the view that the Company should seek to de-list the shares of the Company from the official list of the CSE, as it is the only viable option available to the Company.

In this regard, the majority shareholder, GAHL has indicated its willingness to consider making an offer to purchase the shares of the minority shareholders of the Company who may wish to divest/sell their shares in the Delisting process at a price of LKR 2,452.00 per share. The details pertaining to the Exit Offer are morefully disclosed under Section 4 of this circular.

### 3.0 Compliance with the Statutory Procedure in respect of Delisting

The proposed Delisting of shares is carried out in accordance with Rule 5 of the applicable rules set out by the Securities and Exchange Commission of Sri Lanka (“SEC”) as published in Gazette Extraordinary No. 1215/2 on December 18, 2001.

In terms of the said Rule, the Company, subsequent to obtaining the requisite approvals from the shareholders at an Extraordinary General Meeting (“EGM”), will forward an application to the SEC along with the required supporting documents for the proposed Delisting in order to seek its approval for the Delisting of the shares of the Company from the official list of the CSE. Subsequent to obtaining the approval of the SEC (for which the approval of the shareholders of the Company for the delisting is a necessary pre condition) for the Delisting, GAHL, as the majority shareholder will forward an offer document for the acquisition of the shares of the minority shareholders who may wish to divest/sell their shares of the Company via the Delisting at the price stipulated in the Exit Offer.

### 4.0 Exit Offer

Subject to obtaining requisite approvals from the shareholders of the Company and the SEC for the proposed Delisting, the Board of Directors of the Company has made arrangements with GAHL, to purchase shares in the Company held by any minority shareholder who wishes to sell the entirety or part of the shares held by such shareholder at a price of LKR 2,452.00 per share (“Exit Offer Price”). The Exit Offer Price will be applicable equally to all shares of the Company in respect of which the Exit Offer is made.

The Exit Offer Price was determined by the Board of Directors of GAHL based on an independent valuation of the Company carried out by M/s PriceWaterhouseCoopers Sri Lanka (PwCSL). The independent valuation conducted by PwCSL uses and relies upon the independent valuation of the Malaysia incorporated Shalimar Developments Sdn Bhd (SDSB) conducted by PricewaterhouseCoopers Advisory Services Sdn Bhd (PwCAS) based in Malaysia. The Company which owns a 13.33% shareholding in SDSB derives a significant component of its value (value of the company) from the fair value of SDSB.

With the intention of obtaining an independent professional view and opinion, the Company appointed M/s BDO Consulting Pvt Limited Sri Lanka (“BDO”), to carry out an independent valuation of the Company. M/s Ernst and Young (EY), Auditors of the Company, were also appointed to perform a review of the fairness of the valuation carried out by PwCSL. EY has issued a fairness opinion to the Board of Directors of the Company on the fairness of the valuation performed by PwCSL.

A summary of the valuation results based on valuations carried out by PwCSL and BDO is presented below:

Method of Valuation	Valuation by PwCSL		Valuation by BDO	
	Value Per Share (LKR)	Exit Offer Price as a Premium (%)	Value Per Share (LKR)	Exit Offer Price as a Premium (%)
Adjusted Net Asset Value as at March 31, 2023	2,296.70	7%	2,101.03	17%

#### Premiums Offered Compared to Market Prices

Period Ending May 16, 2023	VWAP per Share (LKR)	Exit Offer Price as a Premium (%)
3 months	1,101.09	123%
6 months	1,105.68	122%
12 months	1,070.76	129%

#### Analysis of Liquidity of the Company Share

Period Ending May 16, 2023	3 Month	6 Month	12Month
Shares Traded	366	378	1172
Number of Trades	71	77	137
Average Trades per day	5	4	3
Average Number of Shares per Trade	5	5	9

It should be noted that due to the relatively illiquid nature of the shares of the Company on the CSE, (refer table above), the Exit Offer described herein would provide any minority shareholder who wishes to sell his/her shares, an opportunity to do so.

A minority shareholder who wishes to divest his/her shares, and specifically a shareholder who wishes to sell a sizable volume of shares than usually traded in the market could use the Exit Offer as an opportunity to divest the illiquid shares at a price higher than the recently traded prices.

It should be noted that the Exit Offer of LKR 2,452.00;

- a. is at a premium ranging from 122% to 129% on the VWAP for the 3-month, 6-month and 12-month period ending May 16, 2023 (prior to the date of announcement of Delisting to the CSE and trading halt);
- b. is at a 17% premium to the valuation (i.e. Adjusted Net Asset Value as at March 31, 2023) carried out by BDO;
- c. is at a 7% premium to the valuation (i.e. Adjusted Net Asset Value as at March 31, 2023) carried out by PwCSL.

As such, the Exit Offer by GAHL is at an attractive premium over the Net Asset Value and Market Price/s as depicted above.

The Exit Offer is not subject to any conditions.

The minority shareholders will not be obliged to accept the Exit Offer and the shareholders will be given an option to accept the Exit Offer in full or part in respect of the shares held by them in the

Company. In case of partial acceptance, such shareholders would continue to hold the balance shares of the Company that are not sold to GAHL.

The shareholders who wish to retain their respective shareholdings in the Company are entitled to do so, and in such instance the shareholders would, in the event the Delisting is approved by the shareholders and the SEC, be holding shares of an entity that is not listed on the CSE.

In the event the Exit Offer made by GAHL is accepted in full by the minority shareholders, possible cash outlay that GAHL may incur amounts to LKR 0.1 Bn.

## 5.0 Acceptance of the Exit Offer

Subsequent to obtaining the approval of the SEC (for which the approval of the shareholders of the Company for the delisting is a necessary pre condition) for the Delisting, a detailed offer document together with a Form of Acceptance, giving relevant information including the terms of the Exit Offer, period during which the Exit Offer would be kept open, procedure for acceptance and period of payment for valid acceptances, will be forwarded to the shareholders of the Company. The shareholders who wish to divest/sell their shares (in full or part) of the Company are required to complete the requisite Form of Acceptance and return as per the instructions set out therein.

## 6.0 Status of the Company – Post Delisting

Upon the delisting of the shares from the official list of the CSE, the Company is deemed to have resolved to change its status from a public listed company to a public company. The name of the Company shall accordingly change from “SHALIMAR (MALAY) PLC” to “**SHALIMAR (MALAY) LIMITED**” in accordance with the provisions of the Companies Act No. 07 of 2007 (as amended) and the shareholders will no longer be able to trade their shares on the CSE. Subject to shareholders’ approval for the delisting of shares, a special resolution to give effect to the change of name of the Company is recommended for the approval of the shareholders at the EGM.

Upon obtaining the requisite approvals from the shareholders of the Company and the SEC for the proposed Delisting, the existing Articles of Association will be duly amended to reflect the change of status referred to above as approved by the shareholders. In this regard it is proposed that the Company replace its existing articles of association with the articles of associations set out in Annexure I. A special resolution to give effect to this proposal is also recommended for the approval of the shareholders at the EGM.

The salient features of the proposed amendments to the Articles of Association are as follows:

1. Amendments to align the articles with the provisions of the Companies Act No. 07 of 2007 including:
  - a. Deletion of the Memorandum of Association and introducing the objects clause into the Articles of Association
  - b. Deletion of provisions relating to the authorized share capital of the company and nominal capital
  - c. Deletion of reference to the Companies Ordinance and substitution therefor with reference to the Companies Act No. 07 of 2007
2. Reference to “SHALIMAR (MALAY) PLC” to be amended to “SHALIMAR (MALAY) LIMITED”
3. The deletion of Article 34A (re-produced below for ease of reference) in its entirety.

“34A. Notwithstanding any provision in these articles suggesting the contrary, shares quoted in a Licenced Stock Exchange shall be freely transferable and registration of the transfer of such quoted shares shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements”

4. The deletion of Article 34B (re-produced below for ease of reference) in its entirety  
“34B. Notwithstanding anything to the contrary in these articles, as long as the shares of the Company are quoted in a Licenced Stock Exchange 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 Licenced Stock Exchange and any agency whose primary object is to act as Central Depository for such Exchange.”
5. Deletion of requirement to rotate directors by retirement.

## 7.0 Extraordinary General Meeting

An Extraordinary General Meeting (EGM) has been convened for Monday, the 19<sup>th</sup> of June 2023 at 4.45 p.m. at the Institute of Chartered Accountants of Sri Lanka, Level 6 No. 30A, Malalasekera Mawatha, Colombo 7, Sri Lanka. The requisite resolutions to give effect to the foregoing are set out in the Notice of the Meeting enclosed herewith.

If you are unable to be present at the EGM, you are entitled to appoint a Proxy to attend the EGM and vote on your behalf. You are kindly requested to complete and return the Form of Proxy as per the specified instructions either by post to reach the registered office of the Company or by way of e-mail to [4MPCEGM2023@carcumb.com](mailto:4MPCEGM2023@carcumb.com) or via WhatsApp or Viber to mobile no. +94 -764 765 463 or +94 712 791 246, or by fax to +94 (0)11-2337671 to reach the registered office of the Company not later than 4.45 p.m. on 17<sup>th</sup> June 2023 so that your Proxy can exercise your vote in accordance with your directions.

By Order of the Board of  
SHALIMAR (MALAY) PLC  
Carsons Management Services (Private) Limited  
Company Secretaries

No. 61, Janadhipathi Mawatha,  
Colombo 01.  
Tel: +94-11-2039200

On this 26<sup>th</sup> day of May 2023

# SHALIMAR (MALAY) PLC – PQ 51

## NOTICE TO SHAREHOLDERS

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**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting of Shalimar (Malay) PLC will be held on Monday, the 19<sup>th</sup> day of June 2023 at 4.45 p.m. at the Institute of Chartered Accountants of Sri Lanka, Level 6, No.30A, Malalasekera Mawatha, Colombo 7, Sri Lanka for the purpose of considering and if thought fit, to pass the following Resolutions:

**1) ORDINARY RESOLUTION 1 - REAPPOINTMENT OF MR. I. PAULRAJ WHO IS OVER 70 YEARS OF AGE**

**“IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 (as amended) shall not be applicable to Mr. Israel Paulraj who is 86 years of age and that he be re-appointed as a Director of the Company until the forthcoming Annual General Meeting of the Company, or for a further period of one year commencing from 19<sup>th</sup> June 2023, whichever comes first.”

**2) ORDINARY RESOLUTION 2 - REAPPOINTMENT OF MR. M. SELVANATHAN WHO IS OVER 70 YEARS OF AGE**

**“IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 (as amended) shall not be applicable to Mr. Manoharan Selvanathan who is 76 years of age and that he be re-appointed as a Director of the Company until the forthcoming Annual General Meeting of the Company, or for a further period of one year commencing from 19<sup>th</sup> June 2023, whichever comes first.”

**3) ORDINARY RESOLUTION 3 - REAPPOINTMENT OF MR. H. SELVANATHAN WHO IS OVER 70 YEARS OF AGE**

**“IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 (as amended) shall not be applicable to Mr. Hariharan Selvanathan who is 74 years of age and that he be re-appointed as a Director of the Company until the forthcoming Annual General Meeting of the Company, or for a further period of one year commencing from 19<sup>th</sup> June 2023, whichever comes first.”

**4) ORDINARY RESOLUTION 4 - REAPPOINTMENT OF MR. K. C. N. FERNANDO WHO IS OVER 70 YEARS OF AGE**

**“IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 shall not be applicable to Mr. Kurukulasuriya Calisanctus Nalake Fernando who is 76 years of age and that he be re-appointed as a Director of the Company until the forthcoming Annual General Meeting of the Company, or for a further period of one year commencing from 19<sup>th</sup> June 2023, whichever comes first.”

**5) ORDINARY RESOLUTION 5 - REAPPOINTMENT OF MR. D.C.R. GUNAWARDENA WHO IS OVER 70 YEARS OF AGE**

**“IT IS HEREBY RESOLVED** that the age limit stipulated in Section 210 of the Companies Act, No. 07 of 2007 (as amended) shall not be applicable to Mr. Don Chandima Rajakaruna Gunawardena who is 72 years of age and that he be re-appointed as a Director of the Company until the forthcoming Annual General Meeting of the Company, or for a further period of one year commencing from 19<sup>th</sup> June 2023, whichever comes first.”

**6) To consider and if thought fit, to pass the following resolution:**

**6.1 RESOLUTION TO BE PASSED IN ACCORDANCE WITH THE PROVISIONS OF THE SECURITIES AND EXCHANGE COMMISSION OF SRI LANKA RULES 2001, PUBLISHED IN GAZETTE EXTRAORDINARY NO. 1215/2 DATED 18TH DECEMBER 2001 – IN RELATION TO DELISTING OF THE COMPANY FROM THE OFFICIAL LIST OF THE COLOMBO STOCK EXCHANGE**

**“IT IS HEREBY RESOLVED THAT** the Company do delist the shares of the Company from the official list of the Colombo Stock Exchange and that the shares of shareholders who wish to divest or sell their shares in the

Company to be purchased by Goodhope Asia Holdings Ltd, via an offer at a price of LKR 2,452/- per share from such shareholders.

**IT IS FURTHER RESOLVED THAT** the Board of Directors and the management of the Company be and are hereby authorised to submit an application to the Securities and Exchange Commission of Sri Lanka in terms of the Securities and Exchange Commission of Sri Lanka Rules 2001, published in Gazette Extraordinary No. 1215/2 dated 18<sup>th</sup> December 2001 to seek approval for the delisting of the shares of the Company from the official list of the Colombo Stock Exchange.”

**In the event Resolution 6.1 referred to above is duly passed with the requisite majority, the shareholders to consider and if thought fit, pass the following:**

## **6.2 SPECIAL RESOLUTION - NAME CHANGE SUBSEQUENT TO THE STATUS CHANGE OF THE COMPANY**

**“IT IS HEREBY RESOLVED THAT** upon the delisting of the shares from the official list of the Colombo Stock Exchange, the Company shall change its status from a public listed company to a public company and shall change its name from “Shalimar (Malay) PLC” to **“Shalimar (Malay) Limited”** in accordance with the provisions of the Companies Act, No. 7 of 2007 (as amended)”

## **6.3 SPECIAL RESOLUTION - AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**“IT IS HEREBY RESOLVED THAT** pursuant to delisting the shares of the Company from the official list of the Colombo Stock Exchange, that the Articles of Association as attached hereto as Annexure I be and are hereby adopted as the Articles of Association of the Company in substitution for and in replacement of the existing Articles of Association of the Company.”

By Order of the Board of  
SHALIMAR (MALAY) PLC  
Carsons Management Services (Private) Limited  
Company Secretaries

On this 26<sup>th</sup> day of May 2023

### NOTES:-

1. A member is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A Form of Proxy accompanies this notice.
2. The completed Form of Proxy should be submitted to the Company not later than 4.45 p.m. on 17<sup>th</sup> June 2023;-
  - via email to [4MPCEGM2023@carcumb.com](mailto:4MPCEGM2023@carcumb.com) or
  - via WhatsApp or Viber to mobile no. +94 764 765 463 or +94 712 791 246, or
  - by fax to +94 (0)11-2337671 or
  - by post to or handed over to the Registered Office of the Company, No. 61, Janadhipathi Mawatha, Colombo 1.
3. A person representing a Corporation is required to carry a certified copy of the resolution authorizing him/her to act as the representative of the Corporation. A representative need not be a member.
4. Security Check  
We shall be obliged if the shareholders/ proxies attending the Meeting produce their National Identity Card to the security personnel stationed at the entrance lobby.



As adopted by a Special Resolution passed by the shareholders of Shalimar (Malay) Limited on the [ ] day of [ ], 2023.

.....  
Chairman

.....  
Company Secretary

**ARTICLES OF ASSOCIATION  
OF  
SHALIMAR (MALAY) LIMITED**

1. The Company has adopted the Articles of Association hereinafter set forth to the exclusion of the articles of association set out in the First Schedule to the Companies Act No. 7 of 2007 (hereinafter referred to as “model articles”) and accordingly the model articles 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.

“Act” means and includes the Companies Act No. 7 of 2007 and every other Act, Ordinance or other legal enactment from time to time in force governing companies which may apply to the Company.

“Articles” mean these Articles of Association, as amended from time to time.

“Board” and “Board of Directors” means the directors of the Company who number not less than the required quorum acting together as a board of directors.

“Company” means Shalimar (Malay) Limited.

“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.

“dividend” means a distribution out of the profits of the Company.

“in writing” and “written” includes printing and other such modes of representing or reproducing words in a visible form.

“month” means a calendar month.

“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 authorised.

“secretary” or “secretaries” include any individual, firm or company appointed by the Board to perform any of the duties of the Secretary.

“shares” shall mean shares issued by the Company.

“stated capital” means the total of all amounts received by the Company or due and payable to the Company in respect of the issue of shares and of calls on shares.

“Year” means a calendar year.

Subject to the aforewritten words or expressions defined in the Act shall, if not inconsistent with the subject or context bear the same meaning in the Articles.

In the interpretation of these Articles,

- (i) words importing the masculine gender only shall include the feminine gender and words importing the singular number only shall include the plural number and vice versa.
- (ii) unless otherwise specified, reference to a “person” includes any natural person, individual, company, firm, corporation, partnership, foundation, association, organisation, trust or any undertaking (in each case whether or not having separate legal personality).
- (iii) reference to a “subsidiary” or “holding company” is to be construed in accordance with section 529 of the Act.
- (iv) a reference to an “Article” is a reference to the relevant article of these Articles unless expressly provided otherwise.
- (v) unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
  - (a) any subordinate legislation from time to time made under it; and
  - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- (vi) any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

Headings in the Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

## **B. BUSINESS OF THE COMPANY**

### **3.**

- (1) Subject to paragraph (2) and (3) of this Article 3, the objects for which the Company is established are:
  - (a) to purchase, take on lease or in exchange, hire, or otherwise acquire any estate or estates, land or lands, in Malaysia or elsewhere, and any right of way, water right, and other rights, privileges, and easements and concessions and any factories, machinery, implements, tools, live and dead stock, stores, effects, and other property, real or personal, immovable or movable, of any kind; and
  - (b) to hold, use, clear, open, plant, cultivate, work, manage, improve, carry on, and develop the undertaking lands, and real and personal, immovable and movable estates or property and assets of any kind of the Company, or any part thereof;
  - (c) to plant, grow and produce rubber, tea, coffee, coconuts, cinchona, cocoa, cardamoms, rhea, ramie plants, trees and other natural products or produce of any kind in Malaysia or elsewhere including the cultivation of Oil Palm;
  - (d) to treat, cure, prepare, manipulate, submit to any process or manufacture, and render marketable (whether on account of the Company or other) rubber, tea, coffee, or any other such products or produce as aforesaid, or any articles or things whatsoever;
  - (e) to buy, sell, export, import, trade, and deal in rubber, tea, coffee, and other products, wares, merchandise, articles, and things of any kind whatsoever, either in a prepared, manufactured, or raw state, and either by wholesale or retail; and
  - (f) to carry on in Malaysia or elsewhere all or any of the following businesses- (i) planters of rubber, tea, coffee, or any other such products or produce as aforesaid in all its branches; (ii) carriers of passengers and goods by land or by water; (iii) forwarding agents, merchants, exporters, importers, traders, engineers; proprietors of docks, wharves, jetties, piers, warehouses, and boats; and of tug owners and wharfingers; and (iv) any other business which can or may conveniently be carried on in connection with the above or any of them.
- (2) The Company may, subject to applicable law, carry on any business or activity determined and agreed by the shareholders that is not within the objects specified herein and shall not therefore be restricted to carrying on only businesses or activities that are within the objects specified herein.
- (3) The objects of the Company shall be subject to the Foreign Exchange Act No.12 of 2017 and Regulations passed thereunder, including the Extraordinary Gazette No. 2213/35 dated 3rd February 2021.

## **C. SHARES**

### **4. ISSUE OF SHARES**

- (1) The Board may issue such shares to such persons as it considers appropriate in accordance with section 51 of the Act. If the shares confer rights other than those specified in subsection (2) of section 49 of the Act, or impose any obligation on the holder, the Board shall approve

terms of issue which set out the rights and obligations attached to those shares.

- (2) The Board shall, before it issues shares, decide the consideration for which the shares shall be issued and shall resolve that in the opinion of the Directors, such consideration is fair and reasonable to the Company and to all existing shareholders.
- (3) Where the Company issues shares which rank equally with or above existing shares in relation to voting or distribution rights, those shares shall, unless otherwise approved by the shareholders by ordinary resolution, 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.
- (4) The said offer shall remain open for acceptance for a reasonable time and, if not expressly accepted within such time, the offer shall be deemed to have been declined by the respective offeree. 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 and if any holders of existing shares expressly accept the whole of their respective proportions, the shares declined may be allotted to those holders who desire an excess allotment in such numbers as the Directors decide or may be allotted and issued to such other persons as the Directors consider it appropriate.
- (5) The Board may, subject to applicable law,
  - (a) issue shares pursuant to a capitalization of the reserves of the Company or by way of dividends; or
  - (b) issue shares to persons other than existing shareholders.
- (6) The provisions of paragraph (3) of this Article shall not apply to an issue of shares under paragraph (5) of this Article.
- (7) Any fractions of shares arising from the computation of shares to be issued under a capitalization of reserves, issue of shares by way of dividends, sub division of shares or consolidation of shares in terms of Article 11 below may be disregarded in the entirety or be dealt with in any manner as may be deemed appropriate by the Board.
- (8) 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 the shares or on a date specified by the Board, for a consideration that is specified by the Board at the time of issue or at a sum to be calculated by reference to a formula or fixed by a suitably qualified person, who is not associated with or interested in the Company, as decided by the Board at the time of issue.
- (9) All such redeemable shares issued by the Company, under paragraph (8) of this Article
  - (a) shall not be redeemed except out of the profit of the Company which would otherwise be available for dividend or out of the proceeds of fresh issue of shares made for the purpose of redemption;
  - (b) shall not be redeemed unless they are fully paid.
- (10) Where the Company issues different classes of shares in accordance with the provisions of the Act, the rights attached to such shares may be varied or abrogated only with the sanction of a special resolution

## **5. CALLS ON SHARES**

- (1) Where a share imposes any obligation on the holder to pay an amount of money-
  - (a) on a fixed date, the holder shall pay that amount on that date; or
  - (b) when called on to do so by the Board. The Board may at any time give written notice to the holder requiring the payment to be made within a specified period of not less than 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 *per centum* (10%) per annum, accruing daily. The Board may, at its discretion, waive payment of interest.

- (2) Joint holders of a share are jointly and severally liable for any payments to be made under paragraph (1) of this Article.
- (3) The Company shall have a first charge or a paramount lien on every share to which paragraph (1) of this Article 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 and to all moneys paid in advance of calls thereon.
- (4) 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.

- (5) The proceeds of a sale under paragraph (4) of this Article shall be received by the Company and applied first in payment of the costs of sale, and then in payment of the amount in respect of which the lien arose. The remainder if any, shall be paid to the person entitled to the shares, at the time of the sale.

## **6. SHARE REGISTER**

- (1) 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.
- (2) The share register may be divided into two or more registers kept at different places, as maybe decided by the Board.

## **7. SHARE TRANSFER**

- (1) Where shares are to be transferred, an instrument of transfer in writing shall be executed by or on behalf of the transferor and transferee, or by their legal representative/s and delivered to the Company.
- (2) The instrument of transfer may be in the usual or common form or any other form which the Directors may approve.
- (3) The Directors may also require an instrument of transfer to:
  - (a) be accompanied by the certificate of shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer; and
  - (b) be in respect of only one class of shares.
- (4) The Board may resolve to refuse to register a transfer of a share within six (06) weeks of receipt of the transfer, if any amount payable to the Company in respect of the share is due but unpaid. If the Board resolves to refuse to register a transfer for this reason, it shall give notice of the refusal to the shareholder within one (1) week of the date of the resolution.
- (5) The Directors may also decline to register a transfer of a share on which the Company has a lien.

## **8. TRANSMISSION OF SHARES**

- (1) Where a joint holder of a share dies, the remaining holder/s shall be treated by the Company as the holder/s of that share. Where the sole holder of a share dies, that shareholders' legal representative shall be the only person recognised by the Company as having any title to or interest in the share, but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.
- (2) 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 transmission under this Article in the circumstances set out in paragraph (4) of Article 7 above.

## **9. SHARE CERTIFICATES**

- (1) Where the Company issues shares or the transfer of any shares is entered on the share register, the Company shall within two (2) months complete and have ready for delivery a share certificate in respect of the shares.
- (2) Where a share certificate is defaced, lost or destroyed it may be reissued 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 Directors think fit.

## **10. PURCHASE OF OWN SHARES**

The Company may purchase or otherwise acquire any of its own shares in accordance with Section 64 of the Act.

## **11. SUB-DIVISION AND CONSOLIDATION OF SHARES**

- (1) The Company may sub-divide all of the shares in the Company or all of the shares in a particular class of shares in the Company into a greater number of shares, in proportion to those shares, leaving unaffected the relating voting and distribution rights of holders of those shares, by adopting a procedure that the Board may think appropriate.
- (2) The Company may consolidate shares in the Company or the shares in a particular class of shares in the Company into a lesser number of shares, in proportion to those shares, leaving unaffected the relative voting and distribution rights of the holders of those shares, by following a procedure to effect such consolidation as the Board may consider appropriate.

## **12. RESERVES AND DISTRIBUTIONS**

- (1) The Company may make distributions to shareholders in accordance with section 56 of the Act. The Board shall be satisfied that the Company shall immediately after the distribution (including an interim dividend) satisfy the solvency test. The Directors who vote in favour of the distribution shall sign a certificate of their opinion to that effect.
- (2) The approval of the shareholders by an ordinary resolution or otherwise shall not be required before a distribution is made. Similarly, the payment to any shareholder of consideration for a repurchase of shares shall not require the approval of the shareholders by ordinary resolution.
- (3) 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.
- (4) 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 the following.
  - (a) The rights of holders of shares issued upon special conditions.
  - (b) Any arrangements that may be made by the Company to the contrary.
  - (c) Shares not fully paid up subject to any special arrangement made as regards money paid in advance of calls.
  - (d) Provisions of these Articles as to reserve fund.
- (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) The Directors may divide the reserve fund or funds into such special funds as they think fit,

with full power to employ the assets constituting the reserve fund in the business of the Company for any purpose which they may from time to time deem expedient and that without being bound to keep the same separate from the other assets and the Directors may also carry forward any profits which they may deem it not prudent to divide.

- (7) The Board may decide to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve funds/accounts or to the credit of the profit and loss account or otherwise available for distribution, and accordingly to set free such sum for distribution amongst the shareholders who would have been entitled thereto if distributed by way of dividend and in the same proportions, on condition that the same be not paid in cash but be applied either in or towards paying up any amounts for the time being unpaid on any shares held by such shareholders respectively or paying up in full shares or debentures of the Company to be issued, allotted and distributed credited as fully paid up to and amongst such shareholders in the proportion aforesaid, or partly in the one way and partly in the other.
- (8) 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.
- (9) Subject to the provisions of paragraph (3) and paragraph (11) of this Article, 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. No dividend shall be payable out of the capital of the Company
- (10) 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, 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 shareholders upon the footing of the value so fixed in order to adjust the rights of all parties and may vest any such specific assets in trustees upon such trusts for the persons entitled to the dividend as may seem expedient to the Board.
- (11) 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 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.
- (12) No dividend shall bear interest against the Company.
- (13) 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 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.
- (14) Unless otherwise directed any dividend may be paid by bank transfer, 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 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.



- (15) 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
- (16) 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.

**D. MEETINGS OF SHAREHOLDERS**

**13. NOTICE OF MEETING OF SHAREHOLDERS**

- (1) Written notice of the time and place of a meeting of shareholders (including a meeting where it is intended to propose a resolution as a special resolution) shall be given to every shareholder entitled to receive notice of the meeting and to every Director and the auditor of the Company—
  - (a) not less than fifteen (15) working days (as defined in the Act) 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.

Provided that a meeting of the Company shall notwithstanding that it is called by shorter notice than that specified in this rule be deemed to have been duly called if it is so agreed,

- (a) In the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote thereat;
  - (b) In the case of any other meeting by the shareholders having a right to attend and vote at the meeting being shareholders together holding shares which carry not less than ninety five per centum (95%) of the voting rights, on each issue to be considered and voted on such meeting.
- (2) 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; and
    - (b) the intention, if any, to propose a resolution as a special resolution; and
    - (c) the text of any resolution to be submitted to the meeting.
  - (3) An irregularity in a notice of a meeting is waived if all the shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such shareholders agree to the waiver.
  - (4) If a meeting of shareholders is adjourned for less than thirty (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.
  - (5) Two or more shareholders holding shares which carry not less than ten *per centum* (10%) of the votes which may be cast on a particular issue may call a meeting to consider and vote on

the said issue in accordance with section 134 of the Act.

#### **14. METHOD OF HOLDING MEETINGS**

- (1) A meeting of shareholders (including a meeting where it is intended to propose a resolution as a special resolution) may be held either—
  - (a) by a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
  - (b) by means of audio, or audio and visual communication by which all shareholders participating and constituting a quorum, can simultaneously hear each other throughout the meeting.
- (2) A decision reached by the shareholders by audio or audio and visual communication in accordance with paragraph (1) (b) of Article 14 shall, upon being reduced to writing by the person appointed to do so at such meeting and is signed by the chairperson of that meeting or by the chairperson of the next succeeding meeting, shall be as valid and effectual as if the same had been passed at a meeting of shareholders held on the day on which and at the time at which the meeting was held and at the place where the chairperson was located during the course of that meeting.

#### **15. QUORUM**

- (1) Subject to paragraph (3) of this Article, no business other than the appointment of the chairperson of the meeting may be transacted at a meeting of shareholders if a quorum is not present.
- (2) A quorum for a meeting of shareholders shall be present if at least three (3) shareholders present in person or represented thereat and entitled to vote.
- (3) If a quorum is not present within thirty (30) 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 (30) minutes after the time appointed for the meeting, the shareholders present or their proxies shall be deemed to form a quorum.

#### **16. CHAIRPERSON**

- (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 shall chair the meeting.
- (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 or if the Director is unwilling to act, the shareholders present shall elect one of their number to be the chairperson of the meeting.

#### **17. VOTING**

- (1) In the case of a meeting of shareholders held under paragraph (1) (a) of Article 15, unless a poll is demanded, voting at the meeting shall be by whichever of the following methods as

determined by the chairperson of the meeting—

- (a) voting by voice; or
  - (b) voting by a show of hands.
- (2) In the case of a meeting of shareholders held under paragraph (1) (b) of Article 14, unless a poll is demanded, voting shall be by shareholders signifying individually their assent or dissent by voice or any other method of expression as may be used in the context of and allowed by the electronic platform and/or application used by the Company to conduct such meeting.
- (3) A declaration by the chairperson of the meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact, unless a poll is demanded in accordance with paragraph (4) of this Article.
- (4) At a meeting of shareholders, a poll may be demanded by —
- (a) the chairperson; 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 *per centum* (10%) of the total voting rights of all shareholders having the right to vote at the meeting.
- (5) A poll may be demanded either before or after the vote is taken on a resolution.
- (6) If a poll is taken, votes shall be counted according to the votes attached to the shares of each shareholder present and voting.
- (7) The chairperson of a shareholders' meeting is not entitled to a casting vote.

## **18. PROXIES**

- (1) A shareholder may exercise the right to vote either by being present in person or by proxy.
- (2) A proxy for a shareholder is entitled to attend and be heard at a meeting of shareholders as if the proxy were the shareholder.
- (3) A proxy shall be appointed by notice in writing signed by the shareholder. The notice shall state whether the appointment is for a particular meeting, or for a specified term.
- (4) No proxy is effective in relation to a meeting, unless a copy of the notice of appointment is given to the Company not less than twenty four (48) hours before the start of the meeting.
- (5) An instrument of proxy shall be in the following form or a form as near thereto as circumstances permits:-

“Shalimar (Malay) Limited”

“I/We..... of .....being a shareholder/shareholders of Shalimar (Malay) Limited hereby appoint..... of ..... or failing him ..... of ..... as my/our proxy to vote for me/us on my/our behalf for/or against

the resolution and/or to 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.....”

- (6) 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.

## **19. MINUTES**

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

## **20. CORPORATIONS MAY ACT BY REPRESENTATIVES**

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

## **21. VOTES OF JOINT HOLDERS**

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

## **22. LOSS OF VOTING RIGHTS IF CALLS UNPAID**

If a sum due to the Company in respect of a share has not been paid, the holder of said share shall not vote in relation to that share at a shareholders' meeting other than a meeting of an interest group (as defined in the Act).

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

- (1) Subject to paragraphs (2) and (3) 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 (06) 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.

- (2) 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 in accordance with section 134 of the Act.
- (3) A resolution in writing (whether ordinary or special other than a resolution requiring special notice in terms of the Act) signed by such number of shareholders whose total shareholding is not less than eighty five *per centum* (85%) of the total issued and paid up capital of the Company, carrying the right of voting, expressly consenting or dissenting thereto, is as valid as if it had been passed at a meeting of those shareholders. The Company need not hold an annual general meeting if everything required to be done at the meeting (by resolution or otherwise) is done by resolution and is in accordance with this Article. An expression by any shareholder of consent or dissent to a resolution by means of communication by post, telefax or facsimile transceiver or electronic mail shall be deemed for all purposes to be equivalent to such shareholder signing a resolution for the purpose of this Article.
- (4) Within five working days of a resolution being passed under paragraph (3) of this Article the Company shall send a copy of the resolution to every shareholder who did not sign it.
- (5) A resolution may be passed under paragraph (3) of this Article without any prior notice being given to shareholders.

#### **24. 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, such action may not be taken unless it is approved by a special resolution of each interest group, as defined in the Act.

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

- (1) The shareholders who are entitled to receive notice of a meeting of shareholders for any purpose shall be-
  - (a) if the Board fixes a date for such purpose, those shareholders who are registered in the share register on that date.
  - (b) if the Board does not fix a date for such 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 notice is given.
- (2) A date fixed under paragraph (1) of this Article should not precede by more than thirty (30) working days, the date on which the meeting is to be held.

### **E. DIRECTORS**

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

- (1) Unless otherwise determined by a special resolution of the shareholders of the Company, the

number of Directors shall not be less than three (03) and more than seven (07).

- (2) The Directors shall have the power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy, or as an addition to the existing Directors.
  - (3) A Director may be appointed or removed by ordinary resolution passed at a meeting called for the purpose or by a written resolution in accordance with paragraph (3) of Article 23. 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.
  - (4) A Director may, by notice in writing under his hand, appoint any other director or any other person approved by the Board to be an alternate Director of the Company to act for him in his absence (including to exercise his powers and carry out his responsibilities as director) for a period as may be determined by such Director. Such alternate Director shall-
    - (a) 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; and
    - (b) not be entitled in respect of such appointment, to receive any remuneration from the Company except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing to the Company but the Directors may repay the alternate Director such reasonable expenses that he may incur in attending to his business as an alternate Director.
- An alternate Director's appointment as an alternate terminates:
- (a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
  - (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
  - (c) on the death of the alternate's appointor; or
  - (d) when the alternate's appointor's appointment as a director terminates.
- (5) 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.
  - (6) The office of Director shall be, *ipso facto*, vacated if —
    - (a) he is removed from office in accordance with these Articles;
    - (b) that person ceases to be a director by virtue of any provision of the Act or is prohibited from being a director by law;

- (c) a bankruptcy order is made against that person;
  - (d) a composition is made with that person's creditors generally in satisfaction of that person's debts;
  - (e) he dies;
  - (f) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months and the other directors resolve that his office be vacated;
  - (g) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have, the shareholders have resolved by ordinary resolution that that person should cease to be a Director;
  - (h) notification is received by the Company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms, provided that if the Company has only one Director, such Director may not resign from office until such director has called a meeting of the shareholders to receive notice of his resignation, and to appoint one or more new Directors; and
  - (i) he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other directors resolve that he cease to be a director.
- (7) The continuing Directors may act notwithstanding any vacancy in the Board, but so that if the number of Directors falls below the minimum above fixed, 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.

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

- (1) Subject to section 185 of the Act which relates to major transactions, the business and affairs of the Company shall be managed by or under the direction or supervision of the Board. The Board shall have all the powers necessary for managing and for directing and supervising the management of the business and affairs of the Company.
- (2) The Board may delegate to a committee of Directors or to any person it deems fit, any of its powers which it is permitted to delegate under section 186 of the Act.
- (3) The committees to which the Board delegates any of their powers must follow procedures which are based as far as they are applicable on those provisions of these Articles which govern the taking of decisions by directors and the provisions of these Articles which apply to the proceedings of the Board shall apply *mutatis mutandis* to the proceedings of any such committee. The Board may make rules of procedure for all or any committees, which shall not prevail over rules derived from these Articles if they are not consistent with them.
- (4) The Directors 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 to act, in a manner that contravenes

any provisions of the Act or these Articles.

## **28. METHOD OF CONTRACTING**

- (1) 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 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.
- (2) 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, such obligation may be entered into by the Company by:
  - (a) two (2) directors of the Company;
  - (b) if there be only one (01) director, by that Director; or
  - (c) one (01) or more attorneys appointed by the Company
- (3) Such a contract or other enforceable obligation may be entered into on behalf of the Company by the affixing of its common seal in the presence of two (2) or more Directors, or of one (1) Director and the Secretary or Secretaries who shall attest the sealing thereof: such attestation on the part of the Secretaries, in the event of a firm or registered company being the Secretaries being signified by a partner or duly authorised manager, director, secretary, attorney or agent of the said firm or company signing for and on behalf of the said firm or company as such secretaries. The common seal of the Company shall not be affixed other than in the manner set out herein.

## **29. ATTORNEY**

The Company may, from time to time, and at any time, by power of attorney executed as set out in the aforesaid Article appoint any person or persons to be the attorney/s of the Company for such purposes and with such powers, authorities and discretions and for such periods and subject to such conditions as the Company may prescribe from time to time.

## **30. DISCLOSURE OF INTEREST IN CONTRACTS**

- (1) 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.
- (2) Subject to paragraph (3) of this Article, 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 will or may derive a material financial benefit from the transaction;
  - (b) has a material financial interest in another party to the transaction;
  - (c) is a director, officer or trustee of another party to, or person who will or may derive a material financial benefit from the transaction, not being a party or person that is—
    - (i) the Company's holding company, being a holding company of which the



- Company is a wholly-owned subsidiary;
    - (ii) a wholly-owned subsidiary of the Company; or
    - (iii) a wholly-owned subsidiary of a holding company of which the Company is also a wholly-owned subsidiary;
  - (d) is the parent, child or spouse of another party to or person who will or may derive a material financial benefit from the transaction; or
  - (e) is otherwise directly or indirectly materially interested in the transaction.
- (3) A Director is not interested in a transaction to which the Company is a party, if the transaction comprises only the giving by the Company of security to a third party which has no connection with the Director, at the request of the third party, in respect of a debt or obligation of the Company for which the Director or another person has personally assumed responsibility in whole or in part, under a guarantee, indemnity or by the deposit of a security.
- (4) Paragraph (2) of this Article does not apply to any remuneration or other benefit given to a Director in accordance with section 216 of the Act, or, to any insurance or indemnity provided in accordance with section 218 of the Act.
- (5) A Director who is interested in a transaction entered into or to be entered into by the Company, may, upon due disclosure of his interest-
- (a) vote on a matter relating to a 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;
  - (d) do any other thing in his capacity as a director in relation to that transaction.

### **31. DISCLOSURE OF DEALINGS IN SHARES**

A Director shall 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.

### **32. CONFIDENTIAL INFORMATION**

- (1) 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 paragraph (2) of this Article.
- (2) A Director may disclose, make use of or act on information if—
- (a) the Director is first authorized to do so by the Board under paragraph (3) of this Article; and

- (b) particulars of the authorization are entered in the interests register.
- (3) 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.

### **33. REMUNERATION OF DIRECTORS**

- (1) The Board may approve;
  - (a) the payment of any remuneration and/or other benefits (including in non-cash form) by the Company to a Director for services as a Director or for services rendered to the Company in any other capacity;
  - (b) 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;
  - (c) the payment by the Company to a Director or a former Director of compensation for loss of office; and
  - (d) 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.
- (2) The Company may by ordinary resolution also vote extra remuneration to the Directors or to any Director.
- (3) 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, at committees of Directors and at general meetings.
- (4) 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.

### **34. PROCEDURE AT MEETING OF DIRECTORS**

- (1) Articles 34 to 40 sets out the procedure to be followed at meetings of Directors.
- (2) The Directors may meet together for the conduct of business adjourn and otherwise regulate their meetings as they think fit.

### **35. CHAIRPERSON**

- (1) The Directors may elect one of their numbers to be the chairperson of the Board and may determine the period for which the chairperson is to hold office.
- (2) If no chairperson is elected or if at a meeting of the Board the chairperson is not present within five (5) minutes after the time appointed for the commencement of the meeting, the Directors present may choose one of their numbers to be chairperson of the meeting.

### **36. NOTICE OF MEETING**

- (1) A director, the secretary or if requested by a director to do so, an employee of the company, may convene a meeting of the board by giving notice in accordance with this Article.
- (2) Not less than twenty four (24) hours' notice of a meeting of the board must be given to every director. Notice of any meeting of the board must indicate its proposed date and time and where it is to take place. The Board may decide, from time to time, the time period for notice of meetings of the Board and the manner in which such notice is to be given to the Directors.
- (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.

### **37. METHODS OF HOLDING MEETINGS**

A meeting of the Board may be held either—

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

### **38. QUORUM**

- (1) The Directors may fix the quorum necessary for the transaction of the business of the Directors and unless so fixed shall be two (2).
- (2) No business may be transacted at a meeting of Directors if a quorum is not present.

### **39. VOTING**

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

### **40. MINUTES**

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

#### **41. UNANIMOUS RESOLUTIONS**

- (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. An expression by any Director of consent or dissent to a resolution by means of communication by post, telefax or facsimile transceiver or electronic mail shall be deemed for all purposes to be equivalent to such Director signing a resolution for the purpose of this Article.
- (2) Any such resolution may consist of several documents in like form; each signed or assented to by one or more Directors.
- (3) A copy of any such resolution (together with copies of any telefax or facsimile or electronic mail referred to in above) shall be entered in the minute book of Board proceedings.
- (4) A resolution assented to at a meeting by all Directors entitled to receive notice of a Board meeting, held 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, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.

#### **42. EXECUTIVE DIRECTORS**

- (1) The Board may from time to time appoint one or more employees as Executive Directors including the office of Managing Director for such period and on such terms as it thinks fit.
- (2) Subject to the terms of an Executive Director's appointment, the Board may at any time cancel an appointment of an Executive Director.
- (3) A Director who holds office as an Executive Director ceases to hold office as such Executive Director, if he ceases to be a Director of the Company.
- (4) The Managing Director and other Executive Directors shall be paid such remuneration as may be agreed between them and the Board. Their 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 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.

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

#### **43. ACCOUNTING RECORDS, FINANCIAL STATEMENTS AND AUDITS ETC.**

- (1) 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.
- (2) The accounting records shall comply with subsection (2) of section 148 of the Act.
- (3) The Board shall ensure that within six (6) 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 or if the Company has only one (1) Director, by that Director.
- (4) At every annual meeting, the Company shall appoint an auditor for the following year in accordance with section 154 of the Act. An auditor who is appointed at an annual general meeting is deemed to be reappointed at the following annual general meeting, unless—
- (a) he is not qualified for re-appointment;
  - (b) the Company resolves at that meeting to appoint another person in his place; or
  - (c) the auditor has given notice to the Company that he does not wish to be re-appointed.
- (5) 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 section 166 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.

## **G. LIQUIDATION**

### **44. GENERAL MEETING TO FILL VACANCY IN THE OFFICE OF LIQUIDATOR**

A general meeting of the Company may be convened by any contributory or by the continuing liquidators, as the case maybe, in terms of the Act by giving notice in the manner set out herein for convening an extraordinary general meeting.

### **45. DISTRIBUTION OF SURPLUS ASSETS**

- (1) The surplus assets of the Company available for distribution to shareholders after all creditors of the Company have been paid, shall be distributed in proportion to the number of shares held by each shareholder, subject to the terms of issue of any shares.
- (2) The liquidator may with the approval of a special resolution, divide the surplus assets of the

Company among the shareholders in kind. For this purpose he may set such value as he considers fair on any property to be divided, and may determine how the division will be carried out as between the shareholders or different classes of shareholders.

#### **46. 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 issue of shares held by such holder.

### **H. MISCELLANEOUS**

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

- (1) The Company shall keep at its registered office or at some other place notice of which has been given to the Registrar in accordance with subsection (4) of section 116 of the Act, the following documents:-
- (a) the certificate of incorporation and the Articles of the Company;
  - (b) minutes of all meetings and resolutions of shareholders within the last ten years;
  - (c) an interests register;
  - (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 communication to all shareholders or all holders of the same class of shares during the last ten (10) years, including annual reports prepared under paragraph (5) of Article 44;
  - (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 completed accounting periods of the Company.
- (2) The references in paragraph (1) of this Article to "ten years" and to "ten completed accounting periods" shall include such lesser periods as the Registrar General of Companies may approve, by notice in writing to the Company.

**48. SECRETARY**

- (1) The Company shall at all times have a secretary.
- (2) The Board may appoint the secretary for such term and on such conditions as it thinks fit and remove such secretary.
- (3) The remuneration of the secretary, if any, shall be agreed to by the Board and secretary.

**49. RIGHTS OF DIRECTORS AND SHAREHOLDERS TO DOCUMENTS ETC.**

- (1) The Directors of the Company are entitled to have access to the Company's records in accordance with section 118 of the Act.
- (2) A shareholder of the Company is entitled—
  - (a) to inspect the documents referred to in section 119 of the Act, in the manner specified in section 121 of the Act; and
  - (b) to require copies of or extracts from any document which he may inspect, within five working days of making a request in writing for the copy or extract, on payment of any reasonable copying and administration fee determined by the Company. The fee may be determined by any Director or by the secretary, subject to any directions from the Board.

**50. NOTICES**

- (1) Where the Company is required to send any notice, financial statement, report or other document to a shareholder, it shall be sufficient for the Company to send the notice, financial statement, report or other document by courier or by post to his registered address or by electronic mail to an electronic mail account notified by the shareholder in writing to the Company. Any notice, financial statement, report or other document sent by courier or by registered post, is deemed to have been received by the shareholder within three (3) working days of the posting of a properly addressed letter containing the notice, financial statement, report or other document. Where electronic mail is used, the notice, financial statement, report or other document shall be deemed to have been received by the shareholder upon the dispatch of the same by the Company through electronic mail.
- (2) A shareholder whose registered address is outside Sri Lanka may give notice to the Company of an address in Sri Lanka to which all documents and notices are to be sent, and the Company shall treat that address as the registered address of the shareholder for all purposes.
- (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) Any notice required to be given by the Company to the Directors, shareholders (or any of them) and/or auditors and any communication between the Company, its Directors, shareholders 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.

- (6) A copy of every notice or document sent to all shareholders shall be sent to every Director and to the auditor of the Company.
- (7) For the purpose of this Article, the registered address of the shareholder shall be the address registered by such shareholder in the share register.

## **51. INSURANCE AND INDEMNITY**

- (1) The Company may indemnify a Director or employee of the Company or a related company in circumstances specified in subsections (2) and (3) of section 218 of the Act.
- (2) The Company may effect insurance for a Director or employee of the Company or a related 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.