

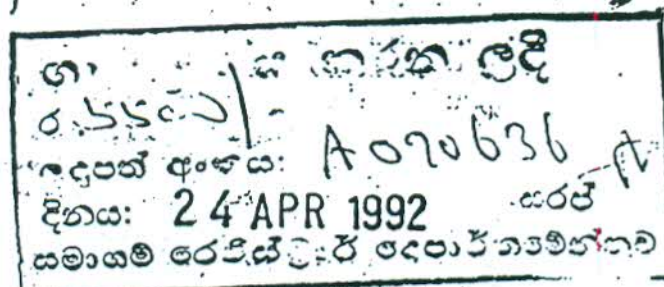
MEMORANDUM AND ARTICLES OF ASSOCIATION  
OF  
INDEPENDENT TELEVISION NETWORK LIMITED

The name of the Company is Independent Television Network Limited

The Registered Office of the Company is situated in the District of Colombo.

PRIMARY OBJECTS

- (1) a) To take over and carry on the business undertaking formerly carried on by the G.O.B.U. of Independent Television Network and vested in the Government under the Business Undertakings (Acquisition) Act No; 33 of 1971 by an Order under Section 2 published in Gazette Extra-Ordinary No: 35/5 of 5th June, 1979.
- b) To succeed to the ownership of all property, movable and immovable owned by and used by the said Government Owned Business Undertaking of Independent Television Network.
- c) To succeed to all rights including patent rights, powers, privileges and interests arising in or out of such property of the said Government Owned Business Undertaking of Independent Television Network.
- d) To succeed to all the liabilities of the said Government Owned Business Undertaking of Independent Television Network.
- e) To receive and maintain all books, accounts and documents relating or pertaining to the said Government Owned Business Undertaking of Independent Television Network.
- f) To offer employment to officers and servants of the said Government Owned Business Undertaking of Independent Television Network.





- g) To succeed to all contracts and agreements entered into for the purposes of the business of the said Government Owned Business Undertaking of Independent Television Network.
- h) To succeed to all actions and proceedings instituted by or against the Government Owned Business Undertaking of Independent Television Network.
- (2) To carry on the business of Television broadcasting and all business relating to the providing of Audio Visual Services, to organise, produce and present entertainment of all kinds, and to broadcast news and other matters of interest.

**B. ANCILLARY POWERS**

- (1) To build, construct, equip, maintain, improve, alter any work mills, factories, buildings, structures, roads or other works conducive to any of the Company's objects.
- (2) To buy, sell, maintain and service such articles, goods, materials, vehicles, tools, machinery and appliances as may be required by the Company for its business.
- (3) To appoint, engage, employ, maintain, provide for and dismiss, attorneys, agents, nsuperintendents, managers, clerks, labourers and servants; and to pay such employees such remunerations and emoluments as shall be thought fit.
- (4) To purchase, take on lease or in exchange, hire or otherwise acquire, any land or lands or any share of shares thereof, any interest therein, and any buildings, machinery, implements, tools, live and dead stocks, stores, effects and other property, real or personal, movable or immovable of any kind, and any contract, rights, easements, privileges or concessions, which may be thought necessary or convenient for the purpose of the Company's business, and to erect, construct, maintain or alter any buildings, machinery, plant, roads, ways or other works or methods of communication.



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- (5) To apply for, purchase, or otherwise acquire, any patents, brevets d'inventions, trade marks, trade secrets, licences, concessions and the like conferring any exclusive, or non exclusive, or limited, rights to use, exercise, or exploit, or any trade secret or other information for any of the purposes of the company, or which may seem calculated directly or indirectly to benefit the Company, and to use exercise, develop or grant licences in respect of, or otherwise turn to account, the property, rights or information so acquired.
- (6) To acquire by grants, purchase, or otherwise, patents or patent rights or other rights, privileges or concessions of any kind, and to work, exercise, grant licences for the use of or otherwise dispose of, or deal with, the same.
- (7) To hire, lease or purchase land, either with any other person or company or otherwise, to erect factories and other buildings thereon, or any land leased or owned by the Company at the cost of the Company, and such other person or company, or otherwise, and to lease any factories or other buildings from any company or person for the Company's business.
- (8) To enter into any agreement with any company or person for the working of any factory erected or leased by the Company or for the manufacture and preparation of any products.
- (9) To give any guarantee in relation to mortgages, loans, investments and securities, whether made or effected or acquired through the company's agency or otherwise, and generally to guarantee or become securities for the performance of any contracts and obligations.



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- (10) To make, draw, accept, endorse, issue, discount, execute, transfer, negotiate, and otherwise deal in and with bills of lading, warrants, bills of exchange, cheques, promissory notes, letters of credit, circular notes, travellers' cheques, fixed deposit receipts, trust receipts and all other transferable, negotiable and mercantile instruments.
  - (11) To open and operate upon current, savings, fixed deposit and all other types of accounts with any banking institution, and to obtain from any banking institution loans, overdrafts, guarantees, trust receipts and other facilities.
  - (12) To act as trustees for the holders of, or otherwise in relation to, any debenture or debenture stock issued by any company, and generally to undertake and execute any trusts the undertaking whereof may seem calculated directly or indirectly to benefit the Company.
  - (13) To let, sell, lease, exchange, part with, alienate, transfer, deliver, charge, mortgage or otherwise dispose of or deal with the Company's undertakings, estates, lands, buildings or other property, or any part of parts thereof, whether in consideration of rent, money or securities, for money, shares, debentures or securities in any other company, whether such company be registered in the Republic of Sri Lanka or elsewhere.
  - (14) To borrow or receive on loan money for the purposes of the Company upon the security of cash, or credit bonds, or of the hypothecation or mortgage of the Company's property or any part thereof, or otherwise, as shall be thought most expedient and in particular by the issue of debentures, debenture stock, bonds to bearer or otherwise, and either at par, premium or discount, and either charged upon all or any part of the Company's present or future property (including uncalled capital), or not so charged.



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- (15) To cause or permit any debenture stock, bonds, debentures, mortgages, charges, encumbrances, liens or securities of, or belonging to, or made, or issued by the Company, or affecting its property, or rights, or any of them, to be renewed, extended, varied, redeemed, exchanged, transferred or satisfied as shall be thought fit, and also to pay-off and re-borrow the monies secured thereby, or any part or parts thereof.
- (16) To unite, co-operate, amalgamate, or enter into partnership, or any arrangements for sharing profits, or union of interest, or any other engaged in or hereafter to be established for the purpose of carrying on any business having objects similar to those of the Company; and to subscribe for or otherwise acquire for the benefit and in the name of the Company, or otherwise, and pay for in any manner that may be agreed upon, either in money, or in shares, or bonds or otherwise, and to hold any shares, stocks or other interest in any company, and to promote the formation of any such company.
- (17) To acquire by purchase in money, shares, bonds or otherwise, and undertake, all or any part of the business, property, asset and liabilities of any person or company carrying on any business similar to that of the Company or which this Company is authorised to carry on, or possess of property suitable for the purposes of this Company.
- (18) To sell, or dispose of the property, business or any assets of the Company, or any part thereof, for such consideration as the Company shall think fit; and in particular for shares (whether credited as partly or fully paid-up or otherwise), stocks, debentures, debenture stock, or securities of any other company, whether such company is registered in the Republic of Sri Lanka or elsewhere.
- (19) To sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account, or otherwise deal with, all or any part of the properties and rights of the Company.



- (20) To negotiate loans in any manner, and on any security, and in particular on the security of plantations, factories, growing crops, produce, bills of exchange, promissory notes, bonds, bills of lading, warrants, stocks, debenture stock, and book debts, or without any security at all.
- (21) To invest and deal with the monies of the Company not immediately required upon such manner, as may from time to time be determined.
- (22) To promote and establish any other company, having objects similar to those of the Company, and to subscribe to and hold the shares, debentures or securities of any other company, or stock of any other company having objects similar to those of the Company and to pay all the costs, charges and expenses, of the formation, promotions or establishment of any such company, and to work as agents, secretaries and treasurers of companies, and to obtain remuneration for such services.
- (23) To pay for lands and real, personal, immovable or movable, estate, property and assets of any kind acquired or to be acquired by the Company, or for any services rendered or to be rendered to the Company and generally to pay or discharge any consideration to be paid or given by the Company in money or shares, or debentures, or debenture stock, or obligations of the Company, or partly in one way and partly in another, or otherwise howsoever, with power to issue any shares either fully or partly paid-up for such purpose.
- (24) To accept as consideration for the sale or disposal of any lands, real and personal, immovable or movable, estate, property and assets of the Company of any kind sold or otherwise disposed of by the Company, or in discharge of any other consideration to be received by the Company in money or in shares, the shares (whether wholly or partly paid-up) of any company, or the mortgages, debentures, or obligations of any company or in any other kind or mode whatsoever.



- (25) To distribute among the members in specie any property of the Company whether by way of dividend or upon a return of capital; but so that no distribution amounting to a reduction of capital shall be made except with the sanction required by law.
- (26) To pay all or any part of the expenses of, and preliminary to, the promotion, formation, establishment and registration of the Company, or of any other company, whether promoted, formed, established or registered by or on behalf of the Company, or otherwise and all commissions, brokerage, discounts, underwriting and other expenses lawfully payable which may be deemed expedient for taking, placing or underwriting all or any of the shares, debentures or other obligations of the Company.
- (27) To purchase or otherwise acquire, and sell, shares, stocks, bonds, debentures and securities of all kinds.
- (28) To establish and support, or aid in the establishment and support of the associations, institutions, funds and arrangements calculated to benefit, employees or ex-employees of the Company, or its predecessors in business, or other dependants, or connections of such persons, and to grant pensions, gratuities and allowances, and to make donations for charitable, scientific, public or benevolent objects, or any objects calculated to promote the interests of the Company or its employees, ex-employees, and their dependants or connections, and to act as Trustees of, or for, any fund created for any such purposes, or for the benefit of any such persons, and generally to provide for the welfare of any or all of such persons.
- (29) To provide for the welfare of persons employed or previously employed and/or their wives, widows, families or dependants, by grants of money or of pensions, or provident funds, or other aid, or otherwise as the Company may think fit.



- (30) To subscribe to, or otherwise aid, benevolent, charitable, national or other institutions for objects of a public character (whether local or general) which have any moral or other claim to support or aid by the Company by reason of the locality of their operations, or otherwise howsoever, and to make donations to such persons, institutions, funds, or objects, and in such cases as may seem expedient.
- (31) To make pecuniary grants by way of donations, subscriptions, or otherwise, and to support and subscribe to, any national, public, educational, cultural, charitable, benevolent or religious objects, or organisation which the Company may think desirable.
- (32) To carry on all of any of the objects of the Company in any part of the world, either as principals, agents, trustees, contractors or otherwise, and either on its own or through agents, trustees, contractors, or otherwise.
- (33) To pay all expenses incidental to the formation or promotion of this or any other company, and to remunerate any person or company for services rendered, in placing, or assisting to place, or guaranteeing the placing of, any of the shares, debentures, or other securities of the Company, or in or about the promotion or formation of business of the Company, or any other company promoted wholly or in part by this Company.
- (34) To do all such things as are incidental or conducive to the above objects or any of them.

C.

STATEMENT OF OBJECTS

Generally to carry on any other business which may seem capable of being conveniently carried on in connection with the primary objects and/or ancillary powers aforesaid as, may be calculated directly or indirectly to enhance or otherwise render profitable the business of the Company.



It is hereby declared that in the foregoing paragraphs of this clause (unless a contrary intention appears) the word "person" includes any number of persons and a Company, and the word "Company" except where used with reference to this Company shall be deemed to include a corporation and a partnership or other body of persons whether incorporated or not and whether domiciled or incorporated or registered in Sri Lanka or elsewhere.

None of the sub-paragraphs of this paragraph or the objects specified therein or the powers conferred thereby shall be deemed in any way subsidiary or auxiliary to the objects mentioned in any other sub-paragraph of this paragraph, in any part of the world notwithstanding that the business, undertaking, property or acts proposed to be transacted, acquired, dealt with or performed do not fall within the objects of the first sub-paragraph of this paragraph.

4. The liability of the members is limited.

5. The share capital of the Company is Rs. 95.0 million.... divided into 95.0 million... of Rupees Ten (Rs.10/-) each, with power to increase or reduce the capital. The shares forming the capital (original, increased or reduced) may be sub-divided, consolidated or divided into such classes with any preferential, deferred, qualified, special, or other rights, privileges or conditions attached thereto, and be held upon such terms as may be prescribed by the Articles of Association and Regulations of the Company or otherwise.

I, the undersigned, as the Secretary to the Treasury hereby subscribe to the Conversion of the Government Owned Business Undertaking of Independent Television Network under the Act No. 23 of 1987 in pursuance of this Memorandum of Association and agree to take up the number of shares in the capital of the Company to be allotted in my favour (in the official capacity) by the Registrar of Companies Under Section 2 (3) of the said Act No. 23 of 1987.

Signed this Twenty Seventh (27th) day of February in the year One Thousand Nine Hundred and Ninety one Two

SECRETARY TO THE TREASURY

Attorney-at-law representing public





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ARTICLES OF ASSOCIATION  
OF  
INDEPENDENT TELEVISION NETWORK LIMITED

1. The Regulations contained in Table A Part 1 in the First Schedule to the Companies Act No. 17 of 1982 shall not apply to the Company, except in so far as they are repeated or contained in these Articles, but subject to repeal, alteration or addition by special resolution.

INTERPRETATION

2. In these presents, if not inconsistent with the subject or context, the words standing in the first column of the table next hereinafter contained shall bear the meaning set opposite to them respectively in the second column thereof: -

WORDS	MEANINGS
The Company	Independent Television Network Limited;
The Statutes	The Companies Act No. 17 of 1982, and Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act No. 23 of 1987 and every other Act for the time being in force;
These Presents	These Articles of Association as from time to time altered by special resolution;
Special Resolution & Extraordinary Resolution	Have the meanings assigned there to respectively by the statutes;
The Board	The Directors for the time being of the Company including (where the context so admits or requires) Alternate Directors;
Office	The Registered Office of the Company;

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Seal	The Common Seal of the Company;
Month	Calendar Month
Year	Calendar Year
In writing	Written or produced by any substitute for writing, or partly one and partly another;
Paid Up	Paid up or credited as paid up.

The expressions "debenture" and "debenture-holder" shall include "debenture-stock" and "debenture-stock holder" and 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, and words importing the masculine gender shall include the feminine gender, and words importing persons shall include corporations and companies.

Save as aforesaid any words or expressions defined in the statutes shall if not inconsistent with the subject or context, bear the same meaning in these presents.

#### CAPITAL

3. (a) The share capital of the Company is Rs. 95,00,000 divided into 9,50,000 shares of Rupees Ten (Rs.10) each.

- (b) In terms of Section 2 (3) of the Conversion of Public Corporations or Government Owned Business Undertakings into Public Companies Act No.23 of 1987, the entirety of the first issued share capital of the Company will be allotted by the Registrar of Companies to the Secretary of the Treasury (in his official capacity) for and on behalf of the State. Thereafter the Secretary to the Treasury is entitled to sell or dispose the entirety or any part of such shares at any given



interval on the basis of a written directive received from the Minister in Charge of Finance of the State.

4. The Company shall not give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or other wise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of any shares in the Company or, where the Company is a subsidiary Company, in its holding Company nor shall the Company make a loan for any purpose whatsoever on the security of its shares or those of its holding Company but nothing in this regulation shall prohibit transactions authorised by the statutes.

#### SHARE CAPITAL AND VARIATION OF RIGHTS

5. Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, and shares in the Company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the Company may from time to time by ordinary resolution determine.

6. Subject to the provisions of section 57 of the Act, any preference shares may, with the sanction of an ordinary resolution, be issued on the term that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as the Company before the issue of the shares may by special resolution determine.

7. Where at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued of that class; or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these rules relating to general meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the



sued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll.

8. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided in the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking in pari passu therewith.

9. The Company may exercise the powers of paying commissions conferred by section 54 of the Act, provided that the rate per centum of the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by such section and the rate of the commission shall not exceed the rate ten per centum of the price at which the shares in respect whereof the same is paid are issued or an amount equal to ten per centum of such price as the case may be. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares and partly in one way and partly in the other. The Company may also on any issue of shares pay such brokerage as may be lawful.

10. Except as required by law, no person shall be recognised by the Company, as holding any share upon trust, and the Company shall not be bound by or compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these rules or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

#### SHARE CERTIFICATES

1. Every person whose name is entered as a member in the register of members shall be entitled without payment to receive within two months after allotment or lodgement of transfer (or within such other period as the conditions of issue shall provide) one certificate for all his shares or several certificates each for one or more of his shares. Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid thereon.

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Provided that in respect of a share or shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

12. Where a share certificate is defaced, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and the payment of out-of pocket expenses of the Company of investigating evidence as the directors think fit.

#### LIEN

13. The Company shall have a first and paramount lien on every share (not being a fully-paid share) for all money (whether presently payable or not) called or payable at a fixed time in respect of that share and the Company shall also have a first and paramount lien on all shares (other than fully-paid shares) standing registered in the name of a single person for all monies presently payable by him or his estate to the Company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this rule. The Company's lien, if any, on a share shall extend to all dividends payable thereon.

14. The Company may sell, in such manner as the directors think fit, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days from the date of a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share, or the person entitled thereto by reason of his death, bankruptcy or insolvency.

15. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.



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16. The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable is existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

#### CALLS ON SHARES

17. The Board may from time to time make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call, and each member shall (subject to receiving at least fourteen days notice specifying the time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his shares. A call may be revoked or postponed as the Board may determine.

18. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by instalments.

19. The joint holders of a share shall be Jointly and severally liable to pay all calls in respect thereof.

20. Where a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding ten per centum per annum as the Board may determine, but the Board shall be at liberty to waive payment of such interest wholly or in part.

21. Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for the purposes of these rules be deemed to be a call duly made and payable on the date on which by the terms of issue



the same becomes payable, and in case of non-payment all the relevant provisions of these rules as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

22. The Board may, on the issue of shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

23. The Board may, if they think fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him, and upon all or any of the monies so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the Company in general meeting shall otherwise direct) ten per centum per annum, as may be agreed upon between the Board and the member paying such sum in advance.

#### TRANSFER OF SHARES

24. The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

25. The Board may at their absolute discretion and without assigning any reasons therefor decline to register any transfer of shares (not being fully paid shares) to a person whom they shall not approve and they may also decline to register any transfer of shares (not being fully paid shares) on which the company has a lien. If the Board refuses to register a transfer they shall within two months after the date on which the transfer was lodged with the company send to the transferee notice of refusal.

26. Subject to such restrictions of these rules as may be applicable, any member may transfer all or any of his shares by instrument in writing in any usual or common form or any other form which the Board may approve.

27. The Board may, in their absolute discretion and without assigning any reason thereto, decline to register any transfer of shares, not being fully paid shares.



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28. The Board may also decline to recognise any instrument of transfer unless -

- ( i ) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and
- ( ii ) the instrument of transfer is in respect of only one class of share.

29. Where the Board refuse to register a transfer they shall, within two months from the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

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

#### TRANSMISSION OF SHARES

31. In case of the death of a member the survivor or survivor or survivors where the deceased was a joint holder, and the legal representative of the deceased where he was a sole holder, shall be the only persons recognised by the Company as having any title to his interest in the shares; but nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which has been jointly held by him with other persons.



32. There shall be no restriction by way of limitation of number in regard to the persons to be registered as joint holders of a share where such persons are executors or trustees of deceased holder.

33. Any person becoming entitled to a share in consequence of the death, bankruptcy or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person nominated by him registered as the transferee thereof, but the Board shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that member before his death, bankruptcy, or insolvency, as the case may be.

34. Where the person so becoming entitled elects to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. Where he elects to have another person registered he shall testify his election by executing to that person a transfer of the share. All the limitations, restrictions and provisions of these rules relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death, bankruptcy or insolvency of the member has not occurred and the notice or transfer were a transfer signed by the member.

35. A person becoming entitled to a share by reason of the death, bankruptcy or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

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



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## FORFEITURE OF SHARES

36. Where a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

37. The notice shall name a further day (not earlier than the expiration of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed the shares in respect of which the call was made will be liable to be forfeited.

38. Where the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

39. A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Board think fit.

40. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, but his liability shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

41. A statutory declaration in writing that the declarant is a director or the secretary of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share. The Company may receive the consideration, if any, given for the share in any sale or disposition thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of and he shall



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thereupon be registered as the holder of the share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

42. The provisions of these rules as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time whether on account of the nominal value of the share or by way of premium as if the same had been payable by virtue of a call duly made and notified.

#### CONVERSION OF SHARES INTO STOCK

43. The Company may by ordinary resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.

44. The holders of stock may transfer the same or any part thereof, in the same manner, and subject to the same rules as and subject to which the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances permit; and the Board may from time to time fix the minimum amount of stock transferable but so that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

45. The holder of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage, (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

46. Such of the rules of the Company as are applicable to paid up shares shall apply to stock and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

#### ALTERATION OF CAPITAL

47. The Company may from time to time by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.



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48. The Company may by ordinary resolution: -

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum of association subject, nevertheless, to the provisions of paragraph (d) of subsection (1) of section 62 of the Act;
- (c) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

49. The Company may by special resolution reduce its share capital out of any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by law.

#### GENERAL MEETINGS

50. The Company shall in each year hold a general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that, so long as the Company holds its first annual general meeting within eighteen months of its incorporation, it need not hold it in the year of its incorporation or in the following year. The annual general meeting shall be held at such time and place as the Board shall appoint.

51. All general meetings other than annual general meetings shall be called extraordinary general meetings.

52. The Board may, whenever they think fit convene an extraordinary general meeting and extraordinary general meetings shall also be convened on such requisition, or, in default, may be convened by such requisitionists, as provided by section 128 of the Act. Where at any time there are not within Sri Lanka sufficient directors capable of acting to



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form a quorum, any director or any two members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the directors.

#### NOTICE OF GENERAL MEETINGS

53. An annual general meeting and a meeting called for the passing of a special resolution shall be called by twenty-one day's notice in writing at the least, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and, in case of special business, the general nature of that business, shall be given in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in general meeting to such persons as are under the rules of the Company, entitled to receive such notices from the Company.

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 members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than ninety-five per centum in nominal value of the shares giving that right.

54. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

#### PROCEEDINGS AT GENERAL MEETINGS

55. All business shall be deemed special that is transacted at an extraordinary general meeting with the exception of declaring a dividend, the



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consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.

56. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business: save as herein otherwise provided five members present in person shall be a quorum.

57. Where within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the present, the meeting, if convened upon the requisition of members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and where at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the members present shall be a quorum.

58. The Chairman, if any, of the Board of Directors shall preside as Chairman at every general meeting of the Company, or where there is no such Chairman, or where he is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act the directors present shall elect one of their number to be Chairman of the meeting.

59. Where at any meeting no director is willing to act as Chairman or where no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their number to be Chairman of the meeting.

60. The Chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.



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61. At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded -

- (a) by the Chairman; or
- (b) by at least three members present in person or by proxy; or
- (c) by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid-up on all the shares conferring that right.

unless a poll be so demanded a declaration by the Chairman that a resolution has on a show hands been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minute of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may also be withdrawn.

62. Except as provided in rule 64, where a poll is duly demanded it shall be taken in such manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

63. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

64. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.



## VOTES OF MEMBERS

65. Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands every member present in person shall have one vote, and on a poll every member shall have one vote for each share of which he is the holder.

66. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of members.

67. A member of unsound mind or mentally deficient or in respect of whom an order has been made by any court having jurisdiction in cases relating to persons of unsound mind or mentally deficient persons may vote, whether on a show of hands or on a poll, by his manager or curator or other person in the nature of a manager or curator appointed by the court, and any such manager or curator or other person may, on a poll, vote by proxy.

68. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

69. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

70. On a poll votes may be given either personally or by proxy.

71. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or where the appointor is a corporation, either under seal, or under the hand of an officer or attorney duly authorized. A proxy need not be a member of the Company.



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72. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place within Sri Lanka as is specified for that purpose in the notice convening the meeting not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, and in default the instrument of proxy shall not be treated as valid.

73. An instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances permit.

INDEPENDENT TELEVISION NETWORK LIMITED

I/We

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

Signed this ..... day of ..... 19  
.....

74. Where it is desired to afford members an opportunity of voting for or against a resolution and/or to speak at the meeting the instrument appointing a proxy shall be in the following form or a form as near thereto as circumstances permit -



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INDEPENDENT TELEVISION NETWORK LIMITED

I/We ..... of .....  
being a member/members of the above-named Company,  
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 ..... 19  
....., and at any adjournment thereof.

Signed this ..... day of .....  
19....

Note - \* Strike out whichever is not desired.  
(Unless otherwise instructed the proxy will vote as  
he thinks fit).

75. The instrument appointing a proxy shall be  
deemed to confer authority to demand or join in  
demanding a poll.

76. 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  
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 as aforesaid shall  
have been received by the Company at the office  
before the commencement of the meeting or adjourned  
meeting at which the proxy is used.

CORPORATIONS ACTING BY  
REPRESENTATIVES AT MEETINGS

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



# DIRECTORS

78. The Board of Directors of the Company shall not be less than three nor more than seven in number. The names of the first directors shall be determined in writing by the Secretary to the Treasury in consultation with the Minister in charge of Finance and the Minister in charge of Information as at the date of conversion.

79. The remuneration of the Directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

Provided further, the remuneration of the "Nominee Directors" shall be determined by the Secretary to the Treasury in consultation with the "Minister".

80. The share holding qualification for Directors may be fixed by the Company in general meeting and unless and until so fixed no qualification shall be required.

81. A Director of the Company may be or become a Director or other officer of, or otherwise interested, in any Company, promoted by the Company or in which the Company may be interested as shareholder of otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him as a Director or officer of, or from his interest in, such other Company unless the Company otherwise directs.



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## ALTERNATE DIRECTORS

82. i) Any Director who is abroad or about to go abroad may at any time by notice in writing left at the Office, appoint any person to be an Alternate Director of the Company to act in his place during his absence abroad and the following provisions of this Article shall apply to any person so appointed.
- 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 but the Directors may repay the Alternate Director such reasonable expenses as he may incur in attending and returning from meetings of the Directors which he is entitled to attend or which he may otherwise properly incur in or about the business of the Company or may pay such allowances as they may think proper in respect of these expenses.
- iii) An Alternate Director shall (on his giving an address for such notices to be served upon him) be entitled to receive notices of all meetings of the Directors and to attend and vote as Director at any such meeting at which the Director appointing him is not personally present and generally at such meeting (except where otherwise specifically provided in these presents) to perform all the functions of his 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 arrival or return to the island of his appointor;
- (b) if his appointor ceases for any reason to be a Director; Provided that if any Director retires by rotation but is re-elected at the meeting at which such retirement took effect, any appointment made by him pursuant to this Article which was in force immediately prior to his retirement shall continue to operate after his re-election as if he had not so retired;
- (c) if the Alternate Director shall have a receiving order made against him or compound with his creditors or is adjudicated an insolvent.
- (d) if the Alternate Director be a lunatic or become of unsound mind.
- (e) if the appointment of the Alternate Director is revoked by notice in writing left at the office by his appointor or by a notice purporting to have been sent by his appointor or by a notice purporting to have been sent by his appointor and received at the office.

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### POWERS AND DUTIES OF DIRECTORS

83. The business of the Company shall be managed by the Board of Directors, who may pay all expenses incurred in promoting and registering the Company, and may exercise all such powers of the Company as are not, by the Act, or by these rules, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these rules, to the provisions of the Act and to such rules, being not inconsistent with the aforesaid rules or provisions, as may be prescribed by the Company in general meeting; but no rule made by the company in general meeting shall invalidate any prior act of the director which would have been valid if that rule had not been made.

84. The directors may from time to time and at any time by power of attorney appoint any Company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these rules) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

85. The Company may exercise the powers conferred by section 37 of the Act with regard to having an official seal for use abroad and such powers shall be vested in the Board.

86. The Company may exercise the powers conferred by sections 116 to 119 (both inclusive) of the Act, with regard to the keeping of a branch register, and the directors may (subject to the provisions of those sections) make and vary such rules as they may think fit respecting the keeping of any such register.

87. (1) A director who is in any way, whether directly or indirectly, interested in



a contract or proposed contract with the Company shall declare the nature of his interest at a meeting of the Boards in accordance with the provisions of section 203 of the Act.

(2) A Director shall not vote in respect of any contract or arrangement in which he is interested, and if he shall do so his vote shall not be counted, nor shall he be counted in the quorum present at the meeting, but neither of these prohibitions shall apply to -

(a) any arrangement for giving any Director any security or indemnity in respect of money lent by him to or obligations undertaken by him for the benefit of the Company; or

(b) to any arrangement for the giving by the Company of any security to a third party in respect of a debt or obligation of the Company for which the Director himself has assumed responsibility in whole or in part under a guarantee of indemnity or by the deposit of a security; or

(c) any contract by a Director to subscribe for or under-write shares or debentures of the Company; or

(d) any contract or arrangement with any other Company in which he is interested only as an officer of the Company or as holder of shares or other securities and these prohibitions may at any time be suspended or relaxed to any extent, and either generally or in respect of any particular contract, arrangement or transaction, by the Company at a general meeting.

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- (3) A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Directors may determine and no Director or proposed

Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

- (4) A Director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat he or any other Director is appointed to hold any such office or place of profit under the Company or whereat the terms of any such appointment are arranged and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof.

- (5) Any Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he was not a Director provided that nothing herein contained shall authorise a Director or his firm to act as auditor to the Company.



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88. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys, paid to the Company shall be signed drawn, accepted endorsed, or otherwise executed, as the case may be, in such manner as the Board shall from time to time by resolution determine.

89. The Directors shall cause minutes to be made in books provided for the purpose -

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

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

90. The Board on behalf of the Company may pay gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependents and make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.



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## DISQUALIFICATION OF DIRECTORS

91. The office of Director shall be vacated if the Director

- (a) ceases to be a Director by virtue of the provisions of section 180 or 181 of the Act; or
- (b) becomes bankrupt or insolvent or makes any arrangement or composition with his creditors generally; or
- (c) becomes prohibited from being a Director by reason of any order made under the provisions of section 186 of the Act; or
- (d) becomes of unsound mind or mentally deficient; or
- (e) resigns his office by notice in writing to the Company; or
- (f) shall for more than six months have been absent without permission of the Directors from meetings of the Directors held during that period.
- (g) is requested in writing by all his co-Directors to resign.
- (h) is removed from office by an ordinary resolution of the Company.



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- (1) being required to hold any qualification does not obtain his qualification within two months after his appointment or at any time after his appointment ceases to hold his qualification.

#### ROTATION OF DIRECTORS

92. At the first annual general meeting of the Company all the Directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the Directors for the time being, or, if their number is not three of a multiple of three, then the number nearest one-third, shall retire from office.

93. The Directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

94. A retiring Director shall be eligible for re-election.

95. The Company at the meeting at which a Director retires in manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring Director shall if offering himself for re-election be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacated office or unless a resolution for the re-election of such Director shall have been put to the meeting and lost.

96. No person other than a Director retiring at the meeting, shall unless recommended by the Directors be eligible for election to the office of Director at any general meeting unless not less than three nor more than twenty-one days before the date appointed for the meeting there shall have been left at the registered office of the Company notice in writing, signed by a member duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election, and also notice in writing signed by that person of his willingness to be elected.



97. The Company may from time to time by ordinary resolution increase or reduce the number of Directors, and may also determine in what rotation the increased or reduced number is to retire from office.

98. The Directors shall have power at any time, and from time to time, to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors, but so that the total number of Directors shall not at any time exceed the number fixed in accordance with these rules. Any Director so appointed shall hold office only until the next following annual general meeting, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

99. The Company may by ordinary resolution, of which special notice has been given in accordance with section 138 of the Act, remove any Director before the expiration of his period of office notwithstanding anything in these regulations or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company.

100. The Company may by ordinary resolution appoint another person in place of a Director removed from office under the provisions of rule 91 and without prejudice to the powers of the Directors under the provisions of rule 98, the Company in general meeting may appoint any person to be a Director either to fill a casual vacancy or as an additional Director. A person appointed in place of a Director so removed or to fill such a vacancy shall be subject to retirement at the same time as if he had become a Director on the day on which the Director in whose place he is appointed was last elected a Director.



## PROCEEDINGS OF DIRECTORS

101. The Board may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In case of an equality of votes, the chairman shall have a second or casting vote. A Director may, and the secretary on the requisition of a Director shall, at any time summon a meeting of the Board. It shall not be necessary to give notice of a meeting of Board to any Director for the time being absent from Sri Lanka.

102. (a) The quorum necessary for the transaction of the business of the Board may be fixed by the Directors, and unless so fixed shall be four.

(b) The continuing Directors may act notwithstanding any vacancy in their body, but, if and so long as their numbers is reduced below the number fixed by or pursuant to the rules of the Company as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

103. The Board may elect a chairman of their meetings and determine the period for which he is to hold office; but where no such chairman is elected or where at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Board present may choose one of their number to be chairman of the meeting. The Chairman of the first Board of Directors referred to under clause 78(1) shall be determined by the Secretary to the Treasury in consultation with or on the advice of the "Minister".

104. The Board may delegate any of their powers to committees consisting of such member or members of their body as they think fit; any committee so formed shall, in the exercise of the powers so delegated, conform to any rules that may be imposed on it by the Board.

105. A committee may elect a chairman of its meeting and, if no such chairman is elected or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.



106. A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes the chairman shall have a second or casting vote.

107. All acts done by any meeting of the Board or of a committee of Directors or by any person acting as a Director shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director.

108. A resolution in writing, signed by all the Directors for the time being entitled to receive notice of a meeting of the Board shall be as valid and effectual as if it had been passed at a meeting of the Board duly convened and held.

#### EXECUTIVE DIRECTORS

109. The Board may from time to time appoint one or more of their body to be the holder of any executive office including the office of managing Director or joint managing Director or manager for such period and on such terms as they think fit, and, subject to the terms of any agreement entered into in any particular case, may revoke such appointment. A Director so appointed shall not, whilst holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of Directors, but his appointment shall be automatically determined if he ceases from any cause to be a Director. The Executive Director of the first Board of Directors referred to under Article 78(1) shall be determined by the Secretary to the Treasury in consultation with or on the advice of the "Minister."

110. An executive Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the Board may determine.

111. The Board may entrust to and confer upon an executive Director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.



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SECRETARY

111. The secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit, and any secretary so appointed may be removed by them.

112. No person shall be appointed or hold office as secretary who is -

- (a) the sole Director of the Company; or
- (b) a corporation the sole Director of which is the sole Director of the Company; or
- (c) the sole Director of a corporation which is the sole Director of the Company.

114. The provision of the Act or these rules requiring or authorizing a thing to be done by or to a Director and the secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the secretary.

BORROWING POWERS

115. The Board may exercise all the powers of the Company to borrow money, and may mortgage or charge its undertaking property and uncalled capital, and issue debenture, debenture-stock, convertible loan stock and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party, provided that the aggregate amount at any one time outstanding of monies borrowed by the Company exclusive of :

- (i) any temporary borrowing secured or unsecured from bankers or others in the ordinary course of business to meet temporary requirements; and
- (ii) monies with or without security for the purpose of conversion, redemption, renewal or payment off of previously existing debentures, debenture-stock, or other loan capital.

shall not without the previous sanction of any ordinary resolution of the Company exceed ten times the total of:



- (a) The issued and paid up share capital of the Company for the time being, and
- (b) The amount for the time being standing to the credit of the Share Premium Account in the books of the Company.

but nevertheless no person dealing with the Company shall be concerned to see or inquire whether these limits are observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual unless the lender or the recipient of the security had, at the time when the debt was incurred or security given, express notice that the limit hereby imposed had been or would thereby be exceeded.

#### THE SEAL

116. The Directors shall provide for the safe custody of the seal, which shall only be used by the authority of the Directors or of a committee of the Directors authorised by the Directors in that behalf, and every instrument to which the seal shall be affixed shall be signed by a Director and shall be countersigned by the secretary or by a second Director or by some other person appointed by the Directors for the purpose.

#### DIVIDENDS AND RESERVES

117. The Company at a general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

118. The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company.

119. No dividend shall be paid otherwise than out of profit.

120. The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the Company) as the Board may from time to time think



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110. The Board may also without placing the same to reserve carry forward any profits which they may think prudent not to divide.

111. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a share, in advance of calls shall be treated for the purposes of these rules as paid on the share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares, during any portion or portions of the period in respect of which the dividend is paid; but where any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

122. The Board may deduct from any dividend payable to any member all sums of money (if any) presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

123. Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets and in particular of paid-up shares, debentures or debenture stock of any other company or in any one more of such ways, the Board shall give effect to such resolution, and where any difficulty arises in regard to such distribution, the Board may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board.

124. Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post direct to the registered address of the holder or, in the case of joint holders to the registered address of that one of the joint holders who is first named on the register of members or to such person and to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. Any one of two or more



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joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the share held by them as joint holders.

125. No dividend shall bear interest against the Company.

126. There shall be no forfeiture of unclaimed dividends before the expiration of six years after the declaration thereof.

#### ACCOUNTS

127. The Board shall cause proper books of accounts to be kept with respect to -

- (a) all sums or moneys received and expended by the Company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchases of goods by the Company; and
- (c) the assets and liabilities of the Company.

Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

128. The books of account shall be kept at the registered office of the Company, or, subject to the provisions of subsection (3) of section 143 of the Act, at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

129. The Directors shall, from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of members not being Directors, and no member (not being a Director) shall have any rights of inspecting any account or book or document of the Company except as conferred by statute or authorized by the Directors or by the Company in general meeting.

130. The Directors shall from time to time, in accordance with the provisions of section 144, 146 and 152 of the Act, cause to be prepared and to be laid before the Company in general meeting such



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profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in these sections.

131. A printed copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the auditor's report, shall not less than twenty-one days before the date of the meeting be sent to every member of, and every holder of debentures of the Company, and to every person registered under the provisions of rule 34.

Provided that this rule shall not require a copy of these documents to be sent to any person of whose address the Company is not aware or to more than one of the joint-holders of any shares of debentures.

#### CAPITALISATION OF PROFITS

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

Provided that, a share premium account and a Capital Redemption Reserve Fund may, for the purposes of this rule, only be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares.

133. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the undivided profits resolved to be capitalised thereby; and all allotment and issues of fully-paid shares or debentures, if any, and generally shall do all acts



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and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificates or by payment in cash or otherwise as they think fit in the case of shares or debentures becoming distributable in fractions, and also to authorize any person to enter on behalf of all members entitled thereto into an agreement with the Company providing for the allotment to them respectively, credited as fully paid-up, of any further shares or debentures to which they may be entitled upon such capitalisation, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing shares, and any agreement made under such authority shall be effective and binding on all such members

#### AUDIT

134. Auditors shall be appointed and their duties regulated in accordance with the provisions of sections 156 to 159 of the Act.

#### NOTICES

135. A notice may be given by the Company to any member either personally or by sending it by post to him or to his registered address or (if he has no registered address within Sri Lanka) to the address, if any, within Sri Lanka, supplied by him to the Company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice and to have been effected in the case of notice of a meeting at the expiration of twenty four hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.

136. Notice may be given by advertisement in any leading Colombo daily newspaper, in addition to the manner of notice herein before provided.

137. Notwithstanding the provision of rule 131, any member whose registered address is not within Sri Lanka, may name an address within Sri Lanka which, for purposes of notices shall be considered as his registered address.



138. A notice may be given by the Company to the joint-holders of a share by giving the notice to the joint-holder first named in the register of members in respect of the share.

139. A notice may be given by the Company to the persons entitled to a share in consequence of the death, bankruptcy or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or insolvent, or by any like description, at the address, if any, within Sri Lanka supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

140. Notice of every general meeting shall be given in any manner herein before authorized to :-

- (a) every member except those members who (having no registered address within Sri Lanka) have not supplied to the Company an address within Sri Lanka for the giving of notices to them;
- (b) every person upon whom the ownership of a share devolves by reason of his being a legal representative or a trustee in bankruptcy or insolvency of a member where the member but for his death or bankruptcy would be entitled to receive notice of the meeting;
- (c) the auditor for the time being of the company; and
- (d) the Registrar

No other person shall be entitled to receive notices of general meetings.



WINDING UP

141. Where the Company shall be wound up the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act divide amongst the members in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

INDEMNITY

142. Every Director, managing Director, agent, auditor, secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under the provisions of section 446 of the Act in which relief is granted to him by the court.

I, the undersigned, as the Secretary to the Treasury having subscribed to the Memorandum of Association do hereby agree to the foregoing Articles of Association.

Signed this twenty seventh (27<sup>th</sup>) day of February in the year One Thousand Nine Hundred and Eighty Nine Ninety Two.

SECRETARY TO THE TREASURY

To the Signatures.

Attorney - a.k. Law & Notary Public