

ARTICLES OF ASSOCIATION OF

PRIME FINANCE PLC

(CHANGE OF NAME WITH EFFECT FROM 2ND OCTOBER 2017)

A. PRELIMINARY

The 'Model Articles' contained in the First Schedule of the Companies Act, No. 07 of 2007 (hereinafter referred to as the Act) shall not apply to the Company. In the construction of these Articles words importing the masculine gender only shall include the feminine gender and vice versa and words importing the singular number only shall include the plural number and vice versa.

B. LIMITED COMPANY AND OBJECTS

1. Status of Company

The Company is a LIMITED COMPANY within the meaning of Section 3 (1) (a) and Section 6 (a) of the Act, No.07 of 2007.

OBJECTS

- (1)** To carry on the finance business in conformity with the provisions of the Finance Business Act, No. 42 of 2011 together with any amendments thereto, every other statute that may repeal, substitute and replace it and any other statute relating to finance companies and in conformity with regulations, directions, determinations, rules, orders or requirements made, given or imposed under the aforesaid statutes.
- (2)** To carry on finance leasing business in conformity with the provisions of the Finance Leasing Act, No. 56 of 2000 as amended from time and all other statutes for the time being in force with specific provisions relating to the conduct of finance leasing business and all regulations, directions, determinations, rules, order or requirements made, given or imposed thereunder.

- (3) To commence, undertake, engage in and carry on the business of Micro Finance activities. The Company shall in particular arrange Micro Finance for persons engaged in the cultivation of cash crops and other crops, micro enterprises, self-employed persons and other individuals and groups including those with minimal or no access to security and working capital.
- (4) To promote, guarantee, underwrite, participate in, manage, act as agents for and carry out any issue of shares, stocks, debentures or debenture stock of any company, corporation, or association and to undertake, perform and discharge any trust, trust agency business and any office of confidence.
- (5) To carry on business as financiers and investors, to lend money to any person, company, association or undertaking subject to the provisions of the Finance Companies (Lending) Direction No. 01 of 2007 and any Direction issued under the Finance Business Act No. 42 of 2011 together with any amendments thereto and every other statute that may repeal, substitute and replace it, and to invest the capital and other monies of the Company in real estate, property development, gold, projects for construction of commercial, residential or other buildings of every description, purchase of or upon the security of shares, stocks, debenture stocks, bonds, mortgages, obligations and securities of any kind issued or guaranteed by any company, corporation or undertaking of whatsoever nature.
- (6) To enter into partnership or into any arrangement for sharing profits, union of interest, co-operation, joint venture, reciprocal concession or otherwise, with any person or company carrying on or engaged in or about to carry on or engage in, any business or transaction which this Company is authorized to carry on or engage in or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to lend money, to guarantee the contracts of or otherwise assist any such persons or company and to take or otherwise acquire shares and securities of any such company and to sell, hold, reissue with or without guarantee or otherwise deal with the same.
- (7) To finance or assist in financing the sale of goods, articles or commodities of all kind or description by way of lease purchase, hire purchase, deferred payment or similar transactions and for these purposes to import, buy, sell, exchange, pledge, make advances upon and otherwise deal in vehicles, machinery, equipment, goods, produce and merchandise of all kinds, and to institute, enter into, carry on subsidies finance or assist in subsidising or financing the sale and maintenance of any goods, articles or commodities of all kind or description upon any terms whatsoever, and to undertake the provision of hire purchase and credit sales, finance and factoring of invoices.
- (8) To carry on the business of Pawn Broking and all matters incidental there to upon obtaining necessary licenses and approvals.
- (9) To provide medium and long term credit for development.
- (10) To undertake and administer estates as executor, trustee or otherwise.
- (11) To act as agents for Governments or local authorities or for any other person or persons, to carry on agency business of any description other than the business of a managing agent of any company, which is not a banking company, including the clearing and forwarding of goods, the power to act as attorneys and to give discharges and receipts.

- (12) To carry on the business of contracting for public and private loans and negotiating and issuing the same.
- (13) To carry on the business of promoting, effecting, insuring, guaranteeing, underwriting, participating in managing and carrying out any issue, public or private, of State Municipal or other loans or of shares, stocks, debentures or debenture stock of any company, corporation or association and the lending of money for the purpose of any such issue.
- (14) To carry on and transact every kind of guarantee and indemnity business.
- (15) To promote or finance or assist in promoting or financing any business undertaking or industry, either existing or new, and developing or forming the same either through the instrumentality of syndicates or otherwise.
- (16) To establish or undertake and execute trusts.
- (17) To open, maintain and manage deposits, savings, fixed, and other similar accounts denominated in Sri Lanka rupees and/or any other designated foreign currency and also to engage in foreign currency changing and related business activities upon obtaining necessary licenses and approvals in accordance with the provisions of the Foreign Exchange Act, No. 12 of 2017 together with any amendments thereto and every other statute that may repeal, substitute and replace it and directions issued there under.
- (18) To engage in Management Consultancy business.
- (19) To carry on the business of finance leasing in conformity with the provisions of the Finance Leasing Act 56 of 2000 as amended from time to time and in conformity with the provision of any other law in force for the time being and regulations, directions, determinations, rules, or requirements issued thereunder of motor vehicles, all kinds of plant, machinery, equipment, tools, land and buildings, warehouses, factories, furniture and fittings, apparatus, utensils, materials and things for any purpose whatsoever including but not being limited to industrial, commercial, agricultural and other development purposes, ships, aero planes and all transportation equipment, medical and scientific apparatus and all other property movable or immovable of any kind whatsoever on such terms, covenants and conditions and at such rentals as may be thought fit and to buy, alter, repair and deal with, transfer, assign same.
- (20) To entertain lease purchase and hire purchase arrangements with the Company's customers and clients whether the same is in respect of vehicles, plant, machinery equipment or otherwise and on such terms and conditions, as may be considers prudent from time to time.
- (21) To advance or lend money with or without security upon such terms as may be arranged and also to make advances upon any security or investments or on the security of any property whether in any foreign country or state and to manage, supervise or control the business or operations and any Company or undertaking and for that purpose to appoint and remunerate and Directors, Secretaries, Accountants or other employees or agents.
- (22) To carry on the business of debt factoring and to undertake the purchase of debt portfolios at a discount from other establishments with the view to recover same. Act as managing agents for Companies or other such institutions whether incorporated or otherwise engaged in finance or finance related business.

C. SHARES

2. Issue of shares

- (1) Subject to articles 2 (2) and 2 (3) of these articles, the Board may issue such shares to such persons as it thinks fit in accordance with section 51 of the Act. Where the shares confer rights other than those specified in subsection (2) of section 49 of this Act, or impose any obligation on the holder, the Board must approve terms of issue which set out the rights and obligations attached to the shares as required by subsection (2) of section 51.
- (2) Before it issues shares, the Board must decide the consideration for which the shares will be issued. The consideration must be fair and reasonable to the Company and to all existing shareholders.
- (3) Where the Company issues shares which rank equally with or prior to existing shares, those shares must be offered to the holders of the existing shares in a manner which would, if accepted, maintain the relative voting and distribution rights of those shareholders, unless the shareholders have by special resolution resolved otherwise. The offer must remain open for acceptance for a reasonable time.
- (4) Subject to Article 2 (1) hereof, the Board may issue any shares with any preferential rights or privilege or subject to any special terms or conditions with or without any special designation and from time to time to modify, commute, abrogate or deal with any rights, privileges, terms conditions or designations for the time being attached to any class of shares in accordance with the provisions herewith.

(5) Reduction of Stated Capital & Power to Acquire Own Shares

- (1) The Company may by Special Resolution reduce its Stated Capital to such amount it thinks appropriate, in accordance with Section 59 of the Companies Act.
- (2) The Company shall issue a share certificate for the number of shares consequent to such reduction, in lieu of the share certificates held by the shareholder.
- (3) The Company may agree to purchase or otherwise acquire its own shares with the approval of the Board, in accordance with the provisions of sections 64 or 67 of the Act or otherwise in accordance with the terms of an order of court made in pursuant to the provisions of the Act, together with an Ordinary Resolution.
- (4) The share, which may be so purchased, shall be cancelled immediately upon purchase.

Provided however that the reduction of Stated Capital is subject to provisions of the Finance Companies (Structural Changes) Direction No. 01 of 2013 or any other Direction issued under the Finance Business Act No. 42 of 2011 together with any amendments thereto and every other statute that may repeal, substitute and replace it and in compliance with regulations on Capital Adequacy and Minimum Core Capital requirements.

(6) Redeemable shares

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

- (i) At the option of the Company;
- (ii) At the option of the holder of the share;
- (iii) On a date specified in these presents;

In accordance with the provisions of the Act, which by the terms of issue thereof, is a redeemable share.

(7) Consolidation, Splitting & Capitalization

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

- (i) Consolidate and split (i.e. sub-divide) all or any of its shares in issue in such proportions as it may deem fit, in a manner which would leave the relative voting and distribution rights of all the shareholders substantially unaffected;
- (ii) Capitalize any part of the amounts for the time being standing to the credit of any of the company's reserve accounts in a manner which would leave the relative voting and distribution rights of all shareholders substantially unaffected;

(2) The consolidation, split or capitalization shall take effect on such day as may be determined in the said resolution or by the Board.

(3) The company shall within one-month issue a share certificate for the number of shares consequent to such consolidation and split in lieu of the share certificates held by the shareholder.

(4) In the event of a shareholder becoming entitled to a fraction of a share, consequent to the consolidation, split or capitalization, the Directors shall have the power to sell such fractional entitlements and donate the proceeds therefrom to a charity of their choice, net of any expenses relating to such sale.

3. Calls on shares

(1) Where a share imposes any obligation on the holder to pay an amount of money —

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

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

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

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

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

4. Distributions

- (1) The Company may make distributions to shareholders in accordance with section 56 of the Act. Subject to paragraph (2) of this article, every dividend must be approved by the Board. The Board must be satisfied that the Company will immediately after the distribution, satisfy the solvency test. The directors who vote in favour of the distribution must sign a certificate of their opinion to that effect.
- (2) The Board may from time to time approve the payment of an interim dividend to shareholders, where that appears to be justified by the company's profits, without the need for approval by an ordinary resolution of shareholders. The Board must be satisfied that the Company will immediately after the interim dividend is paid, satisfy the solvency test. The directors who vote in favour of the interim dividend must sign a certificate of their opinion to that effect.
- (3) Any dividend whether interim or final authorized by the Directors, may be paid by means of cash or by the distribution of specific assets and in particular of paid-up shares, debentures, or debenture stock of the Company or in any one or more of such ways.

Provided however that the payment of a final dividend shall be subject to being approved by the shareholders by an ordinary resolution.

Provided always that the interim or final dividend authorized by the Directors shall be in conformity with directions issued under the Finance Business Act No. 42 of 2011 together with any amendments thereto and every other statute that may repeal, substitute and replace it.

- (4) The Company is deemed to have satisfied the solvency test if—
 - (a) it is able to pay its debts as they fall due in the normal course of business; and
 - (b) the value of its assets is greater than the sum of the value of its liabilities and its stated capital.

5. Share register, share certificates, transfer and transmission of shares

- (1) The Company must maintain a share register, which complies with section 123 of the Act. The share register must be kept at the registered office of the Company or 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) Where shares are to be transferred, a form of transfer signed by the holder or by his legal representative shall be delivered to the Company. The transfer must be signed by the transferee if the share imposes any liability on its holder.
- (3) The Board may resolve to refuse to register a transfer of a share within six weeks of receipt of the transfer, if any amount payable to the Company in respect of the share is due but unpaid. The Board may decline to register any share in the name of more than three (03) persons as the joint holders (except in the case of executors, administrators or heirs of a deceased member). If the Board resolves to refuse to register a transfer for this reason, it must give notice of the refusal to the shareholder within one week of the date of the resolution.
- (4) Where a joint holder of a share dies, the remaining holder shall be treated by the Company as the holder of that share. Where the sole holder of a share dies, that shareholder's legal representative/s shall be the only person/s recognized by the Company as having any title to or interest in the share.
- (5) Any person who becomes entitled to a share as a consequence of the death, bankruptcy or insolvency or incapacity of a shareholder may be registered as the holder of that shareholder's shares upon making a request in writing to the Company to be so registered, accompanied by proof satisfactory to the Board of that entitlement. The Board may refuse to register a transfer under this article in the circumstances set out in paragraph (3) of this article.
- (6) Where the Company issues shares or the transfer of any shares is entered on the share register, the Company must within two months complete and have ready for delivery a share certificate in respect of the shares.

Notwithstanding anything to the contrary in these Articles, as long as the shares of the Company are quoted in the Colombo Stock Exchange or any other Licensed Stock Exchange,

- (a) Such shares shall be freely transferable and registration of the transfer of such listed shares shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- (b) The Board may register without assuming any liability therefore any transfer of shares which is in accordance with the rules and regulations in force for the time being and from time to time as laid down by such Licensed Stock Exchange and any agency whose primary object is to act as depository for such exchange.

D. MEETINGS OF SHAREHOLDERS

6. Rules relating to meetings of shareholders

Articles 06 to 20 herein contain rules regarding meetings of shareholders or Interest Groups. If and when such rules do not provide for or cover any matters essential in relation to meetings of shareholders or Interest Groups such relevant General Meeting or Interest Group (class) Meeting may decide upon and observe the same at that Meeting. Unless and until a subsequent Meeting changes or revokes such decision, the relevant meeting shall observe the said rules.

7. Notice of meetings

- (1) Written notice of the time and place of a meeting of shareholders must be given to every shareholder entitled to receive notice of the meeting and to every director and the auditor of the company—
 - (a) not less than fifteen working days before the meeting, in the case of an AGM or a meeting of the adoption of a Special Resolution in any other case by not less than ten working days.
 - i. The notice must set out—
 - (a) the nature of the business to be transacted at the meeting in sufficient detail to enable a shareholder to form a reasoned judgment in relation to it; and
 - (b) the text of any resolution to be submitted to the meeting.
 - ii. 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.
 - iii. If a meeting of shareholders is adjourned for less than thirty days, it is not necessary to give notice of the time and place of the adjourned meeting, other than by announcement at the meeting which is adjourned.

8. Methods of holding meetings

A meeting of shareholders may be held either—

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

9. Quorum

- (1) Subject to paragraph (3) of this Article, no business may be transacted at a meeting of shareholders if a quorum is not present.
- (2) A quorum for a meeting of shareholders is present if two (2) shareholders or their proxies are present who are between them able to exercise a majority of the votes to be cast on the business to be transacted by the meeting.
- (3) If a quorum is not present within thirty minutes after the time appointed for the meeting, the meeting is adjourned to the same day in the following week at the same time and place, or to such other date, time and place as the directors may appoint. If at the adjourned meeting, a quorum is not present within thirty minutes after the time appointed for the meeting, the shareholders present or their proxies shall constitute a quorum.

10. Chairperson

- (1) If the directors have elected a chairperson of the Board, and the chairperson of the board is present at a meeting of the Board or of shareholders, he or she 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, the Directors or the shareholders(as the case maybe) present may choose one of their number to be chairperson of the meeting.

11. Voting

- (1) In the case of a meeting of shareholders held under Article 8(1), unless a poll is demanded, voting at the meeting shall be by show of hands ; or

- (2) In the case of a meeting of shareholders held under Article 8(2), unless a poll is demanded, voting at the meeting shall be by shareholders signifying individually their assent or dissent by show of hands.
- (3) A declaration by the chairperson of the meeting that a resolution is carried by the requisite majority is conclusive evidence of that fact, unless a poll is demanded in accordance with paragraph (4) of this Article.
- (4) At a meeting of shareholders, a poll may be demanded by —
 - (a) not less than two shareholders having the right to vote at the meeting; or
 - (b) a shareholder or shareholders representing not less than ten *per centum* of the total voting rights of all shareholders having the right to vote at the meeting.
- (5) A poll may be demanded either before or after the vote is taken on a resolution.
- (6) If a poll is taken, votes must be counted according to the votes attached to the shares of each shareholder present and voting.
- (7) The chairperson of a shareholders' meeting is not entitled to a casting vote.

12. Proxies

- (1) A shareholder may exercise the right to vote either by being present in person or by proxy.
- (2) A proxy for a shareholder is entitled to attend and be heard at a meeting of shareholders as if the proxy were the shareholder.
- (3) A proxy must be appointed by notice in writing signed by the shareholder. The notice must state whether the appointment is for a particular meeting, or for a specified term.
- (4) No proxy is effective in relation to a meeting, unless a copy of the notice of appointment is given to the Company not less than forty eight (48) hours before the scheduled start of the meeting.

13. Minutes

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

14. Shareholders proposals

Shareholders entitled to do so may give notice of resolutions to the Company in accordance with section 142 of this Act and it shall be the duty

of the Company to give notice of the resolution or circulate the statement, or both, as the case may be, in accordance with section 142. The Company is not required to give notice of a resolution or circulate a statement in the circumstances set out in subsections (4) or (5) of section 142.

15. Corporations may act by representative

A body corporate which is a shareholder may appoint a representative to attend a meeting of shareholders on its behalf in the manner set-out in section 138 of the Act .Such representative shall be deemed to be that Corporate (Member) present in person.

16. Votes of joint holders

Where two or more persons are registered as the holders 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 holder.

17. Loss of voting right if calls unpaid

If a sum due to the Company in respect of a share has not been paid, that share may not be voted at a shareholders' meeting other than a class meeting.

18. Annual General Meetings and Extraordinary General Meetings of shareholders

- (1) Subject to paragraphs (2) and (3) of this Article, the Board must call an Annual General Meeting of the Company to be held —
 - (a) once in each calendar year;
 - (b) not later than six months after the balance sheet date of the Company; and
 - (c) not later than fifteen months after the previous Annual General Meeting.

The meeting shall be held on the date on which it is called to be held, unless adjourned in accordance with the Act.

- (2) The Company need not hold its first annual general meeting in the calendar year of its incorporation, but shall hold that meeting within eighteen months of its incorporation.
- (3) An extraordinary general meeting of shareholders entitled to vote on an issue may be called at any time by the Board, and shall also be called by the Board on the written request of shareholders holding shares, carrying not less than ten percent of votes which may be cast on that issue.

- (4) A resolution in writing signed by not less than eighty-five *per centum* (85%) of the shareholders who would be entitled to vote on the resolution at a meeting of shareholders, who together hold not less than eighty-five *per centum* (85%) of the votes entitled to be cast on that resolution, is as valid as if it had been passed at meeting of those shareholders. The Company need not hold an annual general meeting if every thing required to be done at the meeting (by resolution of otherwise) done by resolution in accordance with this clause.
- (5) Within five working days of a resolution being passed under paragraph (4) of this Article, the Company shall send a copy of the resolution to every shareholder who did not sign the resolution.
- (6) A resolution may be passed under paragraph (4) of this article without any prior notice being given to shareholders.

19. Voting in interest groups (“Class Rights”)

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

20. Shareholders entitled to receive distributions, exercise preemptive rights, and attend and vote at meetings

- (1) The shareholders who are entitled to receive notice of a meeting of shareholders for any purpose shall be —
 - (a) if the Board fixes a date for the purpose, those shareholders whose names are registered in the share register on that date;
 - (b) if the Board does not fix a date for the purpose, those shareholders whose names are registered in the share register at the close of business on the day immediately preceding the day on which the notice is given.
- (2) A date fixed under paragraph (1) of this Article shall not precede by more than thirty working days, the date on which the meeting is to be held.
- (3) Before a meeting of shareholders, the Company may prepare a list of shareholders entitled to receive notice of the meeting arranged in alphabetical order, and showing the number of shares held by each shareholder—
 - (a) if a date has been fixed under paragraph (1) of this article, not later than ten working days after that date; or

- (b) if no such date has been fixed, at the close of business on the day immediately preceding the day on which the notice is given.
- (4) A person named in a list prepared under paragraph (3) of this Article is entitled to attend the meeting and vote in respect of the shares shown opposite his name in person or by proxy, except to the extent that—
 - (a) that person has, since the date on which the shareholders entitled to receive notice of the meeting were determined, transferred any of his shares to some other person; and
 - (b) the transferee of those shares has been registered as the holder of those shares, and has requested before the commencement of the meeting that his or her name be entered on the list prepared under paragraph (3) of this Article.
- (5) A shareholder may examine a list prepared under paragraph (3) of this article during normal business hours, at the registered office of the Company.

E. DIRECTORS AND SECRETARY

21. Appointment and removal of directors

- (1) (a) The number of directors shall not be less than Five (05) or more than Thirteen (13).
- (b) An employee of a finance company may be appointed, elected or nominated as a director of the finance company provided that the number of executive directors shall not exceed one-half of the number of directors of the Board. In such an event, one of the executive directors shall be the chief executive officers of the Company.
- (c) With effect from three years from 1st January 2009 the number of independent non-executive directors of the Board shall be at least one fourth of the total number of directors. Section 204 will not be applied to the Company, and the director shall have power at any time and from time to time to appoint any person subject to the Finance Companies (Corporate Governance) Direction No. 03 of 2008 or any other Direction issued under the Finance Business Act No. 42 of 2011 together with any amendments thereto and every other statute that may repeal, substitute and replace it 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 Articles.

- (2) 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.
- (3) A director vacates office if he—
- (a) resigns in accordance with paragraph (2) of this Article;
 - (b) is removed from office in accordance with the provisions of the Act or these Articles;
 - (c) is disqualified from being a director pursuant to section 202 of the Act;
 - (d) dies; or
 - (e) is disqualified in terms of the Finance Companies (Corporate Governance) Direction No. 03 of 2008 and Finance Companies (Assessment of Fitness and Propriety of Directors and Officers Performing Executive Functions) Direction No. 03 of 2011 or any other Direction issued under the Finance Business Act No. 42 of 2011, together with any amendments thereto and every other statute that may repeal, substitute and replace it or any other law in force for the time being..
- (4) Any Director may at any time, by notice in writing left at the Registered office appoint any person approved by the Directors to be an Alternate Director of the Company to act in his place, and the following provisions of this article shall apply to any person so appointed.
- (a) A person appointed to be an Alternate Director shall not, in respect of such appointment, ipso facto only be entitled to any privileges or entitlements of this appointment or other than upon, his giving an Address for such notice to be served upon him be entitled to receive notices of all meetings of the Directors and of the Company to attend and vote as Director at any such Board meeting at which the Director appointing him is not personally present and generally to perform all the functions of the Director who appointed him in the absence of such Director, subject to restrictions placed by the Directors and/or his Appointer.
 - (b) 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 as per Articles 21(3)
- (5) If the appointment of the Alternate Director is revoked by notice in writing left at the office of the Company; or
- (6) If the Directors resolve that the appointment of the Alternate Director be terminated; provided that such termination shall not take effect until the expiration of thirty days after the date of the resolution of the Directors.

22. 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 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) (a) The Board may delegate to a committee of directors or to a director or to an officer or an employee of senior rank any of its' powers which it is permitted to delegate under section 186 of the Act.

(b) The Board shall not delegate any matters to a board committee, chief executive officer, executive directors or key management personnel, to an extent that such delegation would significantly hinder or reduce the ability of the Board as a whole to discharge its functions.

(c) The Board shall review the delegation process in place in a periodic basis to ensure that they remain relevant to the needs of the finance company.
- (3) The Directors may from time to time at their discretion raise, borrow with or without security the payment of any sum or sums of money without limitation and obtain other accommodation for the purposes of the Company and may give or not give security for the same by mortgage or pledge or issue of bonds debentures or debenture stock of the Company or other form of security charged upon all or any part of the company both present and future including its uncalled capital for the time being or in such other manner and upon such terms and conditions in all respects as the Directors decide upon.
- (4) The directors have the duties set out in the Act, and in particular—

(a) each director must act in good faith and in what he believes to be the best interest of the company;

(b) no director shall act or agree to the company acting, in a manner that contravenes any provisions of this Act or these articles.

23. Directors Interests

- (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 of the company is interested in a transaction to which the Company is a party, 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;
 - (e) 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
 - (f) is otherwise directly or indirectly materially interested in the transaction.
- (3) A director of the Company is not interested in a transaction to which the Company is a party, if the transaction comprises only the giving by the Company of security to a third party which has no connection with the director, at the request of the third party, in respect of a debt or obligation of the company for which the director or another person has personally assumed responsibility in whole or in part, under a guarantee, indemnity or by the deposit of a security.
- (4) Paragraph (2) of this article does not apply to any remuneration or other benefit given to a director in accordance with section 216 of the Act, or, to any insurance or indemnity provided in accordance with section 218 of the Act.
- (5) A director of the company who is interested in a transaction entered into or to be entered into by the Company, shall not—
- (a) vote on a matter relating to the transaction;
 - (b) attend a meeting of directors at which a matter relating to the transaction arises and be included among the directors present at the meeting for the purpose of a quorum;
 - (c) sign a document relating to the transaction on behalf of the Company; and
 - (d) do any other thing in his capacity as a director in relation to the transaction,
- as if he were not interested in the transaction.
- (6) A director of the company who has information in his capacity as a director or employee of the Company which would not otherwise be available to him, must not disclose that information to any person or make use of or act on the information, except—
- (a) for the purposes of the Company;
 - (b) as required by law; or
 - (c) in accordance with paragraph (7) of this article.

- (7) A director of the company may disclose, make use of or act on information if—
 - (a) the director is first authorized to do so by the Board under paragraph (8) of this Article; and
 - (b) particulars of the authorization are entered in the interests register.
- (8) The board may authorize a director to disclose, make use of or act on information, if it is satisfied that to do so will not be likely to prejudice the company.
- (9) A director 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.

F. MEETINGS OF DIRECTORS

24. Procedure at meetings of directors

- (1) Articles 25 to 31 sets out the procedure to be followed at meetings of directors.
- (2) A meeting of directors may determine its own procedure, to the extent that it is not governed by these Articles.

25. Chairperson

- (1) Subject to Article 10 and Article 22(1), in the absence of a chairperson the directors may elect one of their number to be the chairperson of the Board and may determine the period for which the chairperson is to hold office.
- (2) If no chairperson is elected or if at a meeting of the board the chairperson is not present within five minutes after the time appointed for the commencement of the meeting, the directors present may choose one of their number to chair of the meeting,

26. Notice of meeting

A notice of at least 7 days shall be given of a regular Board meeting to provide all directors an opportunity to attend. For all other Board meetings, a reasonable notice shall be given.

27. Methods of holding meetings

A meeting of the Board may be held either—

- (a) by not less than 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 as a quorum can simultaneously hear each other throughout the meeting.

28. Quorum

- (1) The quorum necessary for the transaction of business of Directors shall be the majority of Directors of the Company which constitutes the Board at any particular time, subject to the provisions of the Finance Companies (Corporate Governance) Direction No. 03 of 2008 or any other Direction issued under the Finance Business Act No. 42 of 2011 together with any amendments thereto and every other statute that may repeal, substitute and replace it. Directors participating in a meeting of Directors by teleconference shall be counted as present at that meeting for the purpose of ascertaining the quorum.
- (2) No business may be transacted at a meeting of directors if a quorum is not present.
- (3) With effect from three years from 1st January 2009, a meeting of the Board shall not be duly constituted, although the number of directors required to constitute the quorum at such meeting is present, unless at least one-half of the number of Directors that constitute the quorum at such meeting are non-executive directors.

29. Voting

- (1) Every director has one vote.
- (2) The chairperson has a casting vote.
- (3) A resolution of the Board is passed if it is agreed to by all directors present without dissent or if a majority of the votes cast on it are in favour of it.
- (4) A director present at a meeting of the Board shall clearly express his vote in favour of or against a resolution of the Board, unless he or she expressly abstains.

30. Minutes

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

31. Unanimous resolutions

- (1) A resolution in writing signed or assented to by all Directors for the time being in Sri Lanka, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held, subject to the quorum being maintained.
- (2) Any such resolution may consist of several documents (including

facsimile or other similar means of communication) in like form, each signed by one or more directors.

- (3) A copy of any such resolution must be entered in the minute book of Board proceedings.

32. Managing Director and other Executive Directors

- (1) The Board may from time to time appoint a director as managing director for such period and on such terms as it thinks fit.
- (2) Subject to the terms of a managing director's appointment, the Board may at any time cancel an appointment of a director as managing director.
- (3) A director who holds office as managing director ceases to hold office as managing director, if he ceases to be a director of the Company.
- (4) The managing director shall be paid such remuneration as may be agreed between him and the Board. His remuneration may be by way of salary, commission, participation in profits or any combination of these methods or any other method of fixing remuneration.
- (5) A director other than the managing director who is employed by the Company shall be paid such remuneration as may be agreed to between him and the Board. His remuneration may be by way of salary, commission, participation in profits or any combination of these method or any other methods or any other methods of fixing remuneration.

33. Secretary

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

G. ACCOUNTS AND AUDIT

34. Accounting records, financial statements, audit etc.

- (1) The Board must ensure that the company keeps accounting records which—

- (a) correctly record and explain the Company's transactions.
 - (b) will at any time enable the financial position of the Company to be determined with reasonable accuracy;
 - (c) will enable the Board to prepare financial statements in accordance with this Act; and
 - (d) will enable the financial statements of the Company to be readily and properly audited.
- (2) The accounting records must comply with subsection (2) of section 148 of this Act.
- (3) The Board shall ensure that within five months after the balance sheet date of the Company, financial statements which comply with section 151 of the Act (and if applicable, group financial statements which comply with section 153 of the Act) are completed in relation to that balance sheet date and are dated and signed on behalf of the board by two directors.
- (4) At each Annual General Meeting, the Company must appoint an auditor for the following year in accordance with section 154 of the Act. An auditor who is appointed at an annual 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 five months after the balance sheet date of the Company, prepare an annual report on the affairs of the Company during the accounting period ending on that date which complies with section 166 of the Act. The Board must send a copy of the annual report to every shareholder not less than fifteen (15) working days before the date fixed for holding the annual general meeting of shareholders.

H. LIQUIDATION AND REMOVAL FROM THE REGISTER

35. Resolution to appoint liquidator

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

36. 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

I. MISCELLANEOUS

37. Documents to be kept by Company

- (1) The Company must keep at its registered office or at some other place notice of which has been given to the Registrar in accordance with subsection (4) of section 116 of the Act, the following documents :—
 - (a) the certificate of incorporation and the articles of the Company;
 - (b) minutes of all meetings and resolutions of shareholders passed within the last ten years;
 - (c) an interests register, unless it is a private Company which has dispensed with the need to keep such register.
 - (d) minutes of all meetings and resolutions of directors and directors' committees held within the last ten years;
 - (e) certificates required given by directors under this Act within the last ten years;
 - (f) the register of directors and secretaries required to be kept under section 223 of the Act;
 - (g) copies of all written communications to all shareholders or all holders of the same class of shares during the last ten years, including annual reports prepared under section 166.
 - (h) copies of all financial statements and group financial statements required to be completed under the Act for the last ten completed accounting periods of the Company;
 - (i) the copies of instruments creating or evidencing charges and the register of charges required to be kept under sections 109 and 110 of the Act;
 - (j) the share register required to be kept under section 123 of the Act; and
 - (k) the accounting records required to be kept under 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 may approve, by notice in writing to the Company.

38. Rights of access 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.

39. Name of company

- (1) The Company may change its name by special resolution in accordance with section 8 of the Act.

40. Notices

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

41. Insurance and indemnity

The Company shall indemnify every director, auditor and secretary of the Company for the time being against any costs incurred in the course of defending any proceeding that relates to any act or omission in his capacity as

director, auditor or secretary, in which judgment is given in his favour or in which, he is acquitted or which is discontinued.

42. Company Seal

- (1) The Board shall provide for the safe custody of the seal and the seal shall only be used by the authority of the Board or of a Committee of the Board authorized by the Board in that behalf. The Seal of the Company shall not be affixed to any instrument except in the presence of two of the Directors or of one Director and the Secretary or two of the other officers of the Company authorized by the Board by resolution who shall attest the sealing thereof. Such attestation on the part of the Secretary, in the event of a firm being the Secretaries, shall be, signified by a partner or duly authorized agent of the said firm signing under the firm's name or for and on behalf of the said firm as such Secretaries. In the event of a company being the Secretary, such attestation shall be signified by a Director or the Secretary or the duly authorized agent of such company signing for and on behalf of such company as Secretaries. The sealing shall not be attested by one person in the dual capacity of Director and Secretary or Director and other officer of the Company or representative of the Secretaries.
- (2) Any document sealed in accordance with the foregoing provisions of the Articles shall be presumed to have been executed by the Company.

43. Notwithstanding anything to the contrary in the Articles the provisions of the Finance Business Act No. 42 of 2011 together with any amendments thereto and every other statute that may repeal, substitute and replace it and the Directions and Rules issued thereunder (as may be amended from time to time) will prevail.

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

45. Interpretation

- (1) In these articles "the Act" means the Companies Act, No. 07 of 2007, and terms which are defined in the Act, shall have the same meaning in these articles.