

27th March 2020

**TO: Chief Executive Officers of All Listed Companies
Company Secretaries and Registrars of All Listed Companies**

CIRCULAR NO: 13-03-2020

Dear Sir/Madam,

Guidance Note: Hosting of Annual General Meetings

Taking into consideration the challenges faced by the Listed Entities regarding the hosting of the upcoming Annual General Meetings (AGMs) in light of the COVID-19 pandemic, the Colombo Stock Exchange has formulated a “Guidance Note” which may be used by the Listed Entities as a guideline.

The “Guidance Note” (attached) sets out the possible approaches that may be adopted by the Listed Entities in hosting the AGMs amidst the restrictions brought on by the COVID-19 pandemic.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Renuke', with a long horizontal line underneath it.

**Renuke Wijayawardhane
Chief Regulatory Officer**

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The Impact of COVID - 19 on Hosting Annual General Meetings:

“Guidance Note”

Certain Listed Entities on the Colombo Stock Exchange (CSE) have expressed concerns regarding the upcoming Annual General Meetings (AGMs) of such Entities in light of the Covid-19 pandemic. Holding physical meetings comprising of large number of shareholders may add to the risk of spreading the disease.

In the circumstances, certain Listed Entities have requested guidance from the CSE on possible alternative mechanisms which could be adopted in hosting AGMs with a view to circumvent the risks associated with the Covid-19 pandemic.

The Listing Rules of the CSE do not contain specific provisions relating to the date on which an AGM is to be hosted by a Listed Entity. As such, Listed Entities will be required to comply with the applicable provisions set out in the Companies Act No. 7 of 2007 (‘Companies Act’) and the Articles of Association of the Entity in this regard.

In view of the aforesaid, the CSE has formulated a Guidance Note intended to act as a guideline for Listed Entities setting out the possible approaches that may be adopted by the said Entities in hosting the AGMs amidst the restrictions brought about by the Covid-19 pandemic.

This Guidance Note is purely for information purposes and should be construed only as a guide. It is imperative that Listed Entities obtain appropriate legal advice in determining the most appropriate arrangement regarding the conduct of an AGM in the current context.

The following measures/factors can be considered by the Listed Entities with regard to convening AGMs:

1. Postponement of the AGM

In adopting this approach Listed Entities should consider the following measures:

- A Listed Entity which has not issued its Notice convening an AGM may choose to delay its issuance of notice.
- A Listed Entity which has already issued an AGM Notice may choose to postpone its AGM. In such event, a disclosure should be made to the CSE regarding the postponement of the AGM and preferably a notice may be published in the newspapers as well.
- Dividend payments – If the AGM is postponed, the payment of a final dividend, already announced by the Entity, which requires the approval of the shareholders at the AGM, would also be postponed.

In such event, the payment of an interim dividend in lieu of the final dividend may be considered by the Entity, provided adequate notice can be given to the market prior to the 'XD' date of the interim dividend.

- The Entity may have to dispatch a Supplementary Notice prior to the originally proposed AGM date.
- In view of the postal disruptions, the Entity may choose to serve/issue communications relating to its AGM through electronic means, subject to obtaining legal advice. In such event, a notification shall be made to the CSE for dissemination. In addition, the Entity shall host such communications on its website.
- Any postponement of the AGM will be subject to the timelines specified in Section 133 of the Companies Act. In the event the Entity is unable to comply with the same, please consult the Registrar General of Companies, under legal advice.

2. Virtual AGM

Listed Entities may choose to proceed with holding their AGM using technology (unless restricted by the Articles of Association and subject to obtaining legal advice) to comply with the restrictions imposed by the Covid-19 pandemic. This may include electronic and teleconference mechanisms to host the AGM such as Facebook Live, WEB Ex, Zoom, Webinar.

Listed Entity may also consider the options set out in Section 144 of the Companies Act, under legal advice.

3. Hybrid AGM

- A 'hybrid' AGM can be hosted concurrently, both at a physical location as well as a virtual location.
- The utilization of a hybrid AGM will enable the Listed Entity to conduct its AGM with minimal physical presence of its shareholders.
- If the Notice of Meeting has already been dispatched to the shareholders, it may be advisable to issue a Supplementary Notice, setting out the instructions. A disclosure in this regard must be made to the CSE, to be disseminated to the market.

4. Vote by Proxy

Listed Entities may choose to include specific provisions in the Notice of Meeting encouraging shareholders to vote by Proxy. In such instances, the shareholders may be presented with the option of authorizing an independent director to attend and vote at the AGM on their behalf.

5. Questions by shareholders prior to the AGM

Shareholders may be permitted to submit questions related to the business of the AGM, directly to the Listed Entity prior to the date of the AGM. The Listed Entity may include responses from the Board of Directors and management to substantial queries and relevant comments from shareholders in the minutes of the AGM.

6. Alternative arrangements for venues to facilitate the AGM

- Listed Entities may choose to segregate shareholders across various venues, ensuring that there will not be large groups of people together. Video-links could be provided to allow shareholders at each venue to participate.
- Listed Entities may be required to provide advance Notice to shareholders to inform them on the number of shareholders to be accommodated in one venue.
- The Listed Entity may also consider requesting the shareholders to pre-register themselves or their Proxies attending the AGM.
- Listed Entities may also implement temperature and health screening measures, allowing the Entities to turn away shareholders who fail to satisfy the health screen measures.