**ARTICLES OF ASSOCIATION**

**OF**

**SIYOLIT (PVT) LTD**

1. **PRELIMINARY**

The Model Articles contained in the First Schedule of the Companies Act No. 7 of 2007 (hereinafter referred to as the Act) shall apply to the Company, except to the extent that they are excluded, modified or are inconsistent with the articles provided hereafter.

1. **DEFINITIONS**

In the construction of the Articles unless the context otherwise requires:

WORDS MEANING

Act shall mean the Companies Act No. 7 of 2007

Articlesshall mean the articles specified hereafter numbered with the prefix S and shall also include the Model Articles to the extent they are not excluded, modified or are inconsistent with the articles specified hereunder

Bank Nominated Director shall mean a director nominated in terms of Article S.8.1.2 *(b)* & *(c)*

Board shall mean the board of directors of the Company for the time being

Company shall mean SIYOLIT (PVT) LTD

Chief Executive Officer shall be a director appointed in terms of Article S. 8.2.2

Model Articles shall mean the Model Articles contained in the first schedule of the Companies Act No.07 of 2007 except to the extent they are excluded, modified or inconsistent with the articles specified herein

Month shall mean a Calendar month

Treasury Nominee Director shall mean the director nominated in terms of Article S.8.1.2 *(a)*

Office shall mean the Registered Office of the Company

Seal shall mean the Common seal of the Company

Shareholder Nominee Director shall mean a director nominated in terms of Article S.8.1.2 *(d)*

Special Majority of the Board shall mean a decision or a resolution in which atleast 3/4th of the directors for the time being (including the Treasury Nominee Director) have voted in favour of such resolution or decision or subscribe to such resolution in writing indicating their assent to such decision or resolution. For clarification abstaining from voting or signing shall not be construed as having voted in favour of such decision or resolution.

Year shall mean a Calendar year

**S.3 INTERPRETATION**

In the construction of the Articles unless the context otherwise requires:

i. words importing the masculine shall include the feminine

ii. The numbering with the prefix S in the Articles refers to the specific articles herein contained.

iii. The terms which are defined in the Act shall have the same meaning as those in the Articles.

iv. Whenever any communication is to be made to the Company it shall be sufficient if delivered to the Company at its registered office.

**S. 4 OBJECTS**

The objects of the Company shall be;

* 1. purchasing and arranging the purchasing of Liquid Petroleum Gas in bulk from international sources for sale in the geographical territory of Sri Lanka.
  2. such other objects as determined by a Special Majority of the Board.

**S.5 PRIVATE COMPANY**

The Company being a Private Company;

S.5.1 shall restrict the right to transfer shares issued by the Company in the manner hereinafter provided;

S.5.2 shall prohibit the Company from offering shares or other securities issued by the Company to the public

S.5.3 shall limit the number of shareholders to fifty (50) excluding employees or former employees who became shareholders whilst being in employment of the Company.

**S.6 SHARES**

1. **ISSUE OF SHARES**

S.6.1.1 The issuance of shares shall be under the control of the Board who shall issue shares in conformity with the provisions of the Act and the Articles, subject to the following;

1. The initial issuance of shares shall comprise as follows;

|  |  |  |
| --- | --- | --- |
| Secretary to the Treasury  for and on behalf of the Government of Sri Lanka | 01 share | 0.01% |
| Litro Gas Lanka Ltd. | 750 shares | 75% |
| LAUGFS Gas PLC | 249 shares | 24.99% |

1. All shares issued after the initial issue shall be first offered to the existing shareholders in proportion to their shareholding and given at least 14 working days to accept such offer.

**S.6.2 RE-PURCHASE OF SHARES**

The Company may agree to purchase or otherwise acquire its own shares in accordance with the provisions of the Act and Article S.8.4(c)

**S.6.3 TRANSMISSION OF SHARES**

In the event of any shareholder, being an incorporated entity, upon a resolution taken up by the shareholders to wind up the company, or a Court of competent jurisdiction takes action to wind up the company, the shares of that entity shall be deemed to be at the disposal of the Board, who shall determine who the successor shareholder is, subject to the condition that the Board may call upon the successor shareholder to pay a reasonable price as fair consideration for such shares.

**S.7 MEETINGS OF SHAREHOLDERS**

**S.7.1 NOTICE OF MEETINGS**

S.7.1.1 Written notice of the time and place of a meeting of shareholders shall be given to every shareholder entitled to receive notice of the meeting and to every director and the auditor of the Company: -

1. of not less than fifteen (15) working days before the meeting, in the case of an Annual General Meeting or a meeting for the passing of a special resolution.
2. of not less than five working days before the meeting in the case of any other general meeting subject to sub clause (d) below.
3. the notice shall set out:-
   * 1. the nature and business to be transacted at the meeting in sufficient detail to enable a shareholder to form a reasoned judgement in relation to it; and
     2. the text of any special resolution to be submitted to the meeting.
4. an irregularity in a notice of a meeting is waived if all the shareholders entitled to attend and vote at the meeting attend the meeting without protest as to the irregularity, or if all such shareholders agree to the waiver – in writing

S.7.1.2 If a meeting of shareholders is adjourned for less than 30 days it is not necessary to give notice of the time and place of the adjourned meeting, other than by announcement at the meeting which is adjourned.

**S.7.2 METHODS OF HOLDING MEETINGS**

A meeting of shareholders may be held by:

1. a number of shareholders who constitute a quorum, being assembled together at the place, date and time appointed for the meeting; or
2. means of audio or audio and visual communication where all of the shareholders holding ordinary shares constituting a quorum is able to simultaneously hear each other throughout the meeting.

**S.7.3 QUORUM FOR SHAREHOLDER MEETINGS**

S.7.3.1 Subject to Clause S.7.3.3 no business may be transacted at a meeting of shareholders if a quorum is not present.

S.7.3.2 A quorum for a meeting of shareholders is present if the shareholders or their proxies are present who are between them able to exercise a majority of the total votes to be cast on the business to be transacted by the meeting.

S.7.3.3 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 that meeting, a quorum is not present within thirty minutes after the time appointed for the meeting, the shareholders present or their proxies shall be deemed to form a quorum.

**S.7.4 CHAIRPERSON FOR SHAREHOLDER MEETINGS**

If the chairperson is not present within fifteen minutes of the scheduled time for the meeting, the directors present (failing which the shareholders present) shall appoint another director as the the pro tem chairperson of such meeting

**S.7.5 VOTING AT SHAREHOLDER MEETINGS**

S.7.5.1 In the case of a meeting of shareholders held under Clause S.7.2, unless a poll is demanded, voting at the meeting shall be by a show of hands

S.7.5.2 At meeting of shareholders a poll can be demanded before or after a vote on a resolution is taken by a show of hands, by:

1. not less than five shareholders having the right to vote at the meeting; or
2. 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.

S.7.5.3 If a poll is taken votes must be counted according to the votes attached to the shares of each shareholder present by person or by proxy and voting on the resolution.

S.7.5.4 A declaration by the chairperson of the meeting that a resolution has been carried:

a. on a show of hands if a poll is not demanded or

b. if a poll is demanded upon the number of votes tendered at the poll

is prima facie conclusive that such resolution was carried

**S.7.6 PROXIES**

S.7.6.1 A shareholder may exercise the right to vote either by being present in person or by proxy.

S.7.6.2 A proxy for a shareholder is entitled to attend and be heard at a meeting of shareholders as if the proxy were the shareholder.

S.7.6.3 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.

S.7.6.4 No proxy is effective in relation to a meeting, unless a copy of the notice of appointment is given to the Company not less than twenty-four hours before the start of the meeting.

**S.7.7 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.

**S.7.8 MINUTES OF A SHAREHOLDER MEETING**

S.7.8.1 The Board must ensure that minutes are kept of all proceedings at meetings of shareholders.

S.7.8.2 Minutes which have been signed correct by the chairperson of the meeting are *prima facie* evidence of the proceedings.

**S.7.9 ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS OF SHAREHOLDERS**

S.7.9.1 The Board must call for an annual general meeting of the Company to be held:-

(*a*) once in each calendar year;

*(b*) not later than six months after the date of the Financial Statements of the Company; and

(*c*) not later than fifteen months after the previous annual meeting.

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

S.7.9.2 An extraordinary meeting of shareholders entitled to vote on an issue may be called at any time by the Board and must be called by the Board on the written request of shareholders holding shares, carrying not less than ten *per centum* of votes which may be cast on that issue.

S.7.9.3 A resolution in writing signed by not less than eighty-five *per centum* of the shareholders entitled to vote on the resolution at a meeting of shareholders, who together hold not less than eighty-five *per centum* of the votes entitled to be cast on that resolution, is as valid as if it had been passed at a meeting of those shareholders. The Company need not hold an annual meeting if everything required to be done at the meeting (by resolution or otherwise) is done by resolution and is in accordance with this clause. Within five working days of a resolution being passed, the Company must send a copy of the resolution to every shareholder who did not sign it.

**S.8 DIRECTORS, CHAIRPERSON AND SECRETARY**

**S.8.1 APPOINTMENT AND REMOVAL OF DIRECTORS**

S.8.1.1 The number of directors shall not be less than Five (05) (of whom at least One shall be the Treasury Nominated Director), nor more than Nine (09).

S.8.1.2 The composition of the Board to comprise as follows;

1. a director nominated in writing to the Company under the hand of the Secretary to the Treasury;
2. a director nominated in writing to the Company by the People’s Bank under the authority of its board of directors;
3. a director nominated in writing to the Company by the Bank of Ceylon under the authority of its board of directors;
4. directors nominated in writing to the Company by any shareholder for each tranche of Twelve (12%) per centum of the total issued shares having voting rights, held by such shareholder subject to a maximum of three (03) nominee directors by any one shareholder;
5. the Chief Executive Officer.

S.8.1.3 A director vacates office if such director —

1. resigns by notice in writing to the Company;
2. dies; or becomes physically and/or mentally incapable of acting as a director
3. be removed pursuant to an ordinary resolution
4. is disqualified from being a director pursuant to Section 202 of the Act;
5. being the Treasury Nominee Director, his nomination is revoked in writing by the Secretary to the Treasury
6. being a Bank Nominee Director, his nomination is revoked in writing by the bank
7. being a Shareholder Nominee Director, his nomination is revoked in writing by the shareholder who is entitled to make such nomination.
8. being a Shareholder Nominee Director and the shareholding of the shareholder that nominated such director falls below the number of shares entitling such shareholder to nominate a director. Provided that if more than one Shareholder Nominee Director is nominated then the shareholder shall determine the Shareholder Nominee Director vacating office
9. being the Chief Executive Officer, is removed by a Special Majority of the Board

**S.8.2 POWERS AND DUTIES OF DIRECTORS/ CHIEF EXECUTIVE OFFICER**

S.8.2.1 The business and affairs of the Company shall be under the direction and supervision of the Board and the Board shall have all the powers necessary for managing and for directing and supervising the management of the Company subject to the Articles and the provisions in the Act.

S.8.2.2 The overall management of the Company subject to general and special directions of the Board shall vest on the Chief Executive Officer who shall be appointed as a director by a Special Majority of the Board.

S.8.2.3 The directors other than the Chief Executive Officer shall not be entitled to any remuneration except to claim reasonable expenses for travelling to attend meetings.

**S.8.3 ALTERNATE DIRECTORS**

S.8.3.1 An alternate director may be appointed to act in a director’s place in the event such director is unable to perform the duties or exercise his rights as a director, by the shareholder, entity or authority that nominated him.

S.8.3.2 Such appointment shall be made by notice in writing to the Company.

S.8.3.3 An alternate director so appointed shall be entitled to exercise all the powers of the director who appointed such alternate director to the Board in addition to the entitled powers in such director’s own capacity.

S.8.3.4 In determining the quorum of the Company an alternate director shall be taken into account as if such person was the director who appointed him/her.

S.8.3.5 The appointment of an alternate director shall cease upon either;

1. when the director to whom such alternate director is appointed ceased to be a director of the Board or
2. upon the shareholder, entity or authority who appointed such person revoking the appointment in writing to the Company or
3. if the alternate director resigns from the position as an alternate director in writing to the Company. Such resignation shall not affect his/her position as a director of the Board nor will it affect his/her position as an alternate director to those directors who wishes to continue to act in the capacity of an alternate director
4. dies; or becomes physically and/or mentally incapable of acting as an alternate director

**S.8.4 PROCEDURE AT MEETINGS OF DIRECTORS/ WRITTEN RESOLUTIONS**

Decisions and resolutions of directors shall be implemented only;

1. subject to Article S. 8.4 (c) if at a Board meeting it has been voted in favour by a majority of the Board.
2. if a written resolution has been signed by such number of directors constituting at least 3/4th of the total number of directors for the time being, indicating their assent in favour of such resolution including and may consist of several counterpart documents (including facsimile or e mail or other similar means of communication) in like form, and a copy of any such resolution shall be entered in the minute book of Board proceedings.
3. Provided that any decision or resolution of the Board with respect to the following shall not be given effect to unless passed by a Special Majority of the Board;

1. terms of employment and remuneration of the Chief Executive Officer
2. appointment and removal of the auditors and the secretaries
3. issuance of share capital other than initial issuance of shares
4. repurchase of shares by the Company
5. payment of dividends, whether interim or others
6. incurring of any debt or liability over Rs. 30 million
7. to carry on any objects by the Company over and above the objects specified in Article S. 4.1.

**S.8.5 CHAIRPERSON**

S.8.5.1 The chairperson shall be the Chief Executive Officer unless the Board by a Special Majority of the Board resolves otherwise.

S.8.5.2 If at a Board meeting the chairperson is not present within five minutes after the time appointed for the commencement of the meeting, the directors present may choose one of their number to be the pro tem chairperson of such Board meeting

**S.8.6** **NOTICE OF BOARD MEETINGS**

S.8.6.1 A Board meeting shall be convened by the secretary if requested by a director or the Board to do so by giving at least 24 hours’ notice of a meeting in writing or by e-mail or by such other means as the Board shall determine and the notice shall indicate the date, time, place of such meeting and the agenda for the meeting.

S.8.6.2 An irregularity in the notice of a meeting is waived if all directors entitled to receive notice of the meeting attend the meeting without protest as to the irregularity or if all directors entitled to receive notice of the meeting agree to the waiver.

**S.8.7 METHODS OF HOLDING BOARD MEETINGS**

A meeting of the Board may be held either—

1. by a number of the directors 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 all directors participating and constituting a quorum can simultaneously hear each other throughout the meeting.

**S.8.8 QUORUM FOR BOARD MEETINGS**

No business may be transacted at a meeting of the Board if a quorum is not present. The quorum for a Board Meeting shall be at least five (05) directors or a majority of the directors for the time being whichever is the higher, of whom one (01) shall be the Treasury Nominee Director.

**S.8.9 MINUTES/RESOLUTIONS OF THE BOARD**

The Board must ensure that minutes of all proceedings at Board meetings and the written resolution shall be kept.

**S.9 SECRETARY**

S.9.1 The Company shall at all times have a secretary.

S.9.2 The Board shall appoint the secretary for such term and on such conditions as it thinks fit. The remuneration of the secretary shall be agreed to by the Board and the secretary.

S.9.3 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.

**S.10 ACCOUNTS AND AUDIT**

**S.10.1 ACCOUNTING RECORDS, FINANCIAL STATEMENTS, AUDIT ETC*.***

S.10.1.1 The Board shall ensure that the Company keeps accounting records which —

1. correctly record and explain the Company’s transactions;

(*b*) will at any time enable the financial position of the Company to be determined with reasonable accuracy;

(*c*) will enable the Board to prepare Financial Statements in accordance with the Act; and

(*d*) will enable the Financial Statements of the Company to be readily and properly audited.

S.10.1.2 The accounting records must comply with Subsection (2) of Section 148 of the Act.

S.10.1.3 The Board shall ensure that within five (05) months after the end of a financial year, 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 the date of the Financial Statements and are dated and signed on behalf of the Board by two directors or if the Company has only one director, by that director.

S.10.1.4 At every annual general meeting, the Company must appoint an auditor for the following year in accordance with Section 154 of the Act. An auditor who is appointed at an annual meeting is deemed to be reappointed at the following annual meeting, unless —

1. he is not qualified for re-appointment;
2. the Company resolves at that meeting to appoint another person in his place; or
3. the auditor has given notice to the Company that he does not wish to be re-appointed.

S.10.1.5 The Board must within five months after the date of the Financial Statements 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 twenty (20) working days before the date fixed for holding the annual meeting of the shareholders.

**S.11 BORROWING POWERS**

The directors may from time to time at their discretion raise, borrow or secure the payment of any sum or sums of money and obtain other accommodation for the purposes of the Company and may 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 think fit.

**S.12 ASSOCIATE / SUBSIDIARY / OTHER COMPANIES**

S.12.1 *(a)* The Company or any director, secretary, manager or officer shall not exercise any influence or direct or make any request or nomination for the appointment of a director to the board of any associate, subsidiary or other company in which the Company has an interest in, unless prior authorization is obtained by a resolution of the Board.

1. Where the Board is required to authorise with respect to the appointment of a director to the board of any company in terms of sub clause (a) above, the Board shall take into consideration the entitlement of the shareholders of the Company to nominate directors to the Board.

**S.13. DOCUMENTS TO BE KEPT BY THE COMPANY**

S.13.1 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 within the last ten years;

*(c)* an interests register, unless dispensed with in terms of the provisions of the Act;

*(d)* minutes of all meetings and resolutions of directors and directors’ committees within the last ten years;

*(e)* certificates given by directors under this Act within the last ten years;

1. the register of directors and secretaries required to be kept under section 223 of the Act;

*(g)* copies of all written communication to all shareholders or all holders of the same class of shares during the last ten years, including annual reports.

(*h*) copies of all Financial Statements and group financial statements required to be completed under the Act for the last ten completed accounting periods of the Company;

(*i*) the copies of instruments creating or evidencing charges and the register of charges required to be kept under sections 109 and 110 of the Act;

(*j*) the share register required to be kept under section 123 of the Act; and

*(k)* the accounting records required by section 148 of this Act for the current accounting period and for the last ten completed accounting periods of the Company.

S.13.2 Rights of directors and shareholders to documents etc*.*

The directors of the Company are entitled to have access to the Company’s records in accordance with Section 118 of the Act.

S.13.3 A shareholder of the Company is entitled—

1. to inspect the documents referred to in Section 119 of the Act, in the manner specified in Section 121 of the Act; and
2. 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.

**S.14 SEAL**

The directors may cause a Seal to be maintained which can be used only with the authority of the Board and affixed to any instrument if such affixation is signed either by;

* + - 1. Any one director and the secretary or
      2. Any two directors or
      3. Any one director and any other person authorised by the Board.

**S.15 NOTICES**

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.

**S.16 INSURANCE AND INDEMNITY**

S.16.1 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.

S.16.2 The Company may indemnify a director or employee in circumstances where paragraph (1) does not apply, to the extent permitted by subsection (3) of section 218 of the Act if the Board considers it appropriate to do so.

We the initial shareholders whose names, addresses and descriptions are stated below hereby sign the Articles of Association of the proposed Company marked Annexure A

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| --- | --- |
| **Names, Addresses and**  **Description of Shareholders** | **Signatures** |
| Secretary to the Treasury  Ministry of Finance  The Secretariat  Colombo 01, Sri Lanka. |  |
| Litro Gas Lanka Ltd.  No. 267,  Union Place,  Colombo 02  Company Incorporated in Sri Lanka | Director Director |
| LAUGFS Gas PLC  No. 101,  Maya Avenue,  Colombo 06  Company Incorporated in Sri Lanka | Director Director |

Dated: 12th August 2021