

DEFINITIONS

- ANNUAL REPORT** : means the Audited Financial Statements of the entity, Directors' Report and the disclosures required by Rule 8.7
- BANK RATE OF INTEREST** : means the weighted average deposit rate for Commercial Banks as declared by the Central Bank of Sri Lanka.
- BOARD** : means the Board of Directors of the Colombo Stock Exchange
- CDS** : means the Central Depository Systems (Pvt.) Ltd., a wholly owned subsidiary of the Colombo Stock Exchange (CSE) and includes its successors and assigns
- COMPANIES ACT** : means the Companies Act No.17 of 1982
- DIRECTORS HOLDINGS** : means securities held by
- a) The Director, his/her spouse and children under 18 years of age and/or their nominees.
 - b) An entity in which a director has a controlling interest. A controlling interest prevails where the Director owns at least 51% of the equity of the entity or can control the composition of the Board of Directors of such entity either directly or indirectly.
- ENTITY/COMPANY** : means a corporate body incorporated either in Sri Lanka or overseas and includes a statutory corporation
- EXCHANGE/CSE** : means the Colombo Stock Exchange
- FAMILY** : means spouse or any child under 18 years.
- MARKET DAY** : means any day on which the Colombo Stock Exchange (CSE) is open for trading.
- PUBLIC** : means excluding the Holdings by
- a) Parent, subsidiary or associate companies.
 - b) Subsidiaries or associates of the parent company.

- c) Directors, Chief Executive Officer, their spouses and children under 18 years of age and/or their nominees.
- d) Company in which a director's holding exceeds 50% of the equity of such company or where the Director controls the composition of the Board of Directors of such company either directly or indirectly.
- e) Shareholder whose holding exceeds 10% of the issued capital.

SEC : means Securities & Exchange Commission of Sri Lanka.

SECURITIES & EXCHANGE COMMISSION ACT : means the Securities & Exchange Commission of Sri Lanka Act No. 36 of 1987 (as amended)

SECURITIES : shall mean securities as defined in the Securities & Exchange Commission of Sri Lanka Act No.36 of 1987 (as amended)

SUBSTANTIAL : means 10% or above

SECTION 1 ADMISSION TO THE OFFICIAL LIST

1.1 Introduction

A Company seeking to list and have its securities traded on the Exchange should apply to the Exchange for admission to the 'Official List'.

A Company will be admitted to the official list upon a listing of its securities. The securities to be listed shall be decided by the Exchange from time to time. A security may be listed on the Main Board or the Second Board.

The Exchange retains the discretion to accept or reject applications for listing and to determine the requirements to be fulfilled in connection with a listing. Compliance with the relevant rules per se shall not confer eligibility on a company seeking a listing. The Exchange may impose additional requirements at its discretion in a particular case.

Any decision of the Exchange pursuant to these listing rules is binding on an applicant company.

The Exchange may vary or revoke its decision either on the application of an applicant company or of its own accord.

1.2 Companies eligible to be listed

A Public Company established under the Companies Act or any other statutory corporation, incorporated or established under the laws of Sri Lanka or established under the laws of any other State (subject to Exchange Control approval) may apply to the Exchange for admission to the Official List.

1.3 Waiver

The Exchange may, at its discretion subject however to the following procedure waive the application of any rule of this section.

- (i) In the event a waiver is to be granted by the CSE, the CSE shall notify the SEC in the first instance of the basis for the proposed grant of such waiver.
- (ii) The grant of such waiver will be communicated by the CSE to the party concerned after the expiration of three market days from the date on which the SEC is notified of such proposed waiver, unless otherwise directed by the SEC.

1.4 Convertible Securities

Where a company has issued convertible securities with a right of conversion to a class of shares for which a listing is sought, then the company must obtain a listing in principle for the shares arising from such conversion.

1.5 **Methods by which a Company may be listed**

(a) **Offer for Subscription**

An Offer for Subscription is an invitation to the public by or on behalf of a company to subscribe for its unissued debt or equity securities.

(b) **Offer for Sale**

An offer for sale is an invitation to the public by, or on behalf of, holder(s) or allottee(s) of debt or equity securities already in issue.

(c) **Introduction**

A company is entitled to be admitted to the official list of the Exchange through an introduction where the company has 10% of its equity held by the public.

1.6 **Listing Equity**

1.6-1 **General requirements**

a. **Shares may be listed on the Exchange provided**

that the listing should be for all shares of the class in respect of which the listing is sought

b. **Shares eligible to be listed on the Exchange shall be**

- (i) Ordinary shares (voting/non voting) or Preference shares
- (ii) fully paid
- (iii) free from all lien
- (iv) freely transferable subject to the provisions set out in section 5 of these rules.

c. **Listing by way of an Introduction**

- (i) the share capital of the Company shall be allotted at least six (06) months prior to the date of application to the Exchange
- (ii) at least 10% of the issued and paid up capital must be held by the public and the Company must have a fair spread of shareholders i.e. a minimum of 100 shareholders
- (iii) the Company shall not be entitled to a de-listing for a minimum period of 3 years from the date of listing

d Eligibility to be listed on the Main Board

- (i) an issued and paid up capital of Rs 75,000,000.00 (Seventy Five Million) or where the Company is incorporated/established outside Sri Lanka a value equivalent thereto
- (ii) a profit before tax for three consecutive years immediately preceding the date of application.
- (iii) 25% of the issued capital must be held by/ offered to the public.

e Eligibility to be listed on the Second Board

- (i) an issued and paid up capital of Rs 5,000,000.00 (five million) or where the Company is incorporated/ established/ situated outside Sri Lanka a value equivalent thereto
- (ii) at the time of listing 10% of the issued capital must be held by the public

f. Non-Voting and Preference Shares

Non-Voting or Preference shares may be listed only if the Applicant's Ordinary Shares (with voting rights) are listed on the Exchange.

g. Underwriting

Underwriting a share issue is not mandatory.

h Appointment of a Sponsor

A Sponsor registered with the Exchange is required to fulfill the requirements set out in Section 12 of these Listing Rules.

1.6-2 Initial Listing Application

An application for a listing shall constitute the following:

- a. An initial listing application which conforms to Appendix 1B of these Rules.
- b. Supporting documents as set out below:
 - (i) Certificate of incorporation certified by the Company Secretary to be a 'true copy'
The document equivalent thereto where the Company is incorporated/established outside Sri Lanka.

- (ii) Certificate to commence business, if any, certified by the Company Secretary to be a 'true copy'
The document equivalent thereto where the Company is incorporated/established outside Sri Lanka.
 - (iii) Memorandum and Articles of Association or any document equivalent thereto as amended to date certified by the Company Secretary to be a 'true copy' incorporating the additional clauses as set out in Section 5 of these Rules.
 - (iv) Board Resolution authorising the Initial Listing Application certified by the Company Secretary to be a 'true copy'.
 - (v) The 'Listing Undertaking' duly perfected in conformity with Appendix 1A.
 - (vi) A certified copy of every letter, report, balance sheet, valuation, contract or other document referred to in the Prospectus / Introductory Document.
- c. In the case of an Offer for Subscription or an Offer for Sale a draft Prospectus prepared in conformity with the requirements set out in Section 4 of the Listing Rules
or
In the case of an Introduction a draft Introductory Document prepared in conformity with the requirements set out in Section 4 (a) of the Listing Rules.
- d. Fees as may be prescribed.

1.6-3 **Approval from the Exchange**

The Listing Application may be approved pending and subject to due compliance with the requirements as set out in these rules and of such other additional requirement as may be specified by the Exchange.

1.7 **Listing Debt Securities**

1.7-1 **General Requirements**

- a. **Debt Securities to be eligible to be listed on the Exchange shall be**
 - (i) fully paid – the full consideration payable on the debt security should have been received by the company.
 - (ii) freely transferable
- b. **Listing by way of an Introduction**

The Debt Security shall have been allotted at least six (6) months prior to the listing application

c. **Eligibility to be listed on the Main Board**

The Applicant Company shall provide a guarantee (from a bank licensed by the Central Bank of Sri Lanka or a multilateral lending agency acceptable to the Exchange) for the repayment of capital and interest.

or

The Debt Security shall be secured against collateral. For the purpose of this rule 'collateral' shall mean land and buildings.

or

The Debt Security shall have an investment grade rating from a rating agency registered with the SEC.

d. **Eligibility to be listed on the Second Board**

The Applicant Company shall have been in business for a minimum period of 3 years, immediately preceding the date of application.

e. **Certification of Transferability:**

Debt certificates shall bear the following certification:

These Debt Securities shall be freely transferable and registration of such transfer shall not be subject to any restriction save and except to the extent required for compliance with statutory requirements.

f. **Appointment of a Sponsor**

A Sponsor registered with the Exchange is required to fulfill the requirements set out in Section 12 of these Listing Rules.

1.7-2 **Initial Listing Application**

An application for a listing shall constitute the following:

- a. An initial listing application which conforms with Appendix 1B to these Rules.
- b. Supporting documents set out below :-
 - (i) Certificate of incorporation certified by the Company Secretary to be a 'true copy'
The document equivalent thereto where the Company is incorporated/established outside Sri Lanka.
 - (ii) Certificate to commence business, if any, certified by the Company Secretary to be a 'true copy'
The document equivalent thereto where the Company is incorporated/established outside Sri Lanka.

- (iii) Memorandum and Articles of Association or any document equivalent thereto as amended to date certified by the Company Secretary to be a 'true copy' incorporating the additional clauses as set out in Section 5 of these Rules
 - (iv) Board Resolution authorising the Initial Listing Application certified by the Company Secretary to be a 'true copy'.
 - (v) The 'Listing Undertaking' duly perfected in conformity with Appendix 1A
 - (vi) A copy of the Trust Deed, Guarantee Agreement and Debenture Certificate each in draft form.
 - (vii) A certified copy of every letter, report, balance sheet, valuation, contract or other document referred to in the prospectus / Introductory Document.
- c. In the case of an Offer for Subscription or an Offer for Sale a draft Prospectus prepared in conformity with the requirements set out in Section 4 of the Listing Rules
- or
- in an Introduction a draft Introductory Document prepared in conformity with the requirements set out in Section 4 (a) of the Listing Rules.
- d. Fees as may be prescribed.

1.7-3 **Approval from the Exchange.**

The Application may be approved pending and subject to due compliance of the requirements as set out in these rules and of such other additional requirement as may be specified by the Exchange.

1.8 **Procedure for an Offer for Subscription / Offer for Sale (IPO)**

- a. Directors of the Company shall be collectively and individually responsible for the accuracy and completeness of the information given in the prospectus.
- b. Company shall ensure that no offer is made to the public of its securities or any intimation given thereof to the public until approval is obtained from the Exchange.
- c. In granting such approval the Exchange may call upon the company to add to, clarify, amend or delete any information that is contained in the prospectus or in any document by which equity and/or debt securities of the company are offered to the public for sale in the course of an IPO.

- d. The Company shall be responsible to ensure that there is no contradiction or misstatement between the prospectus and the content of any advertisement proposed to be published in connection with the IPO. The content of such advertisement shall be disclosed to the Exchange for approval by the Exchange.
- e. The subscription list should open within twenty (20) market days from the date of receiving Exchange approval.
- f. Copies of the Prospectus and application forms relating to the offer shall be made available to the member firms of the Exchange and public at least seven (7) market days before the date of opening of the subscription list. It shall be the responsibility of the Company to arrange for adequate supply of prospectus and application forms in consultation with the Exchange.
- g. The offer period shall comprise of not more than fourteen (14) market days, computed from and including the date of opening.
- h. The Company shall open a separate bank account for the purpose of depositing payments received on applications.
- i. Cheques received by the company in response to the offer may not be banked until the day after the closure of the subscription list unless the applicant company undertakes to pay interest at 1 percentage point above the one year weighted average Treasury Bill yield of the immediately preceding week on payments received from the date of realization of the cheque up to the date of allotment of the securities.
- j. Allotment of debt or equity securities shall be made in a fair manner.
- k. When the issue is oversubscribed prior to the date scheduled as the closing date of the period for subscription the Company shall inform the Exchange in writing immediately of such fact and the subscription list shall be closed on the same day at 4:30 p.m. with the agreement of the Exchange.
- l. The Company shall refund payments due on applications rejected either in full or in part within twelve (12) market days excluding the date of closure of the issue. Applicants for debt or equity securities shall be entitled to 1 percentage point above the one year weighted average Treasury bill yield of the immediately preceding week on any refunds not made within this period.
- m. The Company shall credit the investor's CDS account with the securities allotted within a period of twenty (20) market days from the date of closure of the subscription list and shall dispatch the share/debenture certificates within a period of twenty five (25) market days from the date of closure of the subscription list.
- n. Upon the completion of crediting of securities into the investors' CDS Accounts, the Company shall send a written confirmation to the investors within two (02) market days of crediting the CDS Accounts.

- o. The Company shall submit to the Exchange a 'Declaration' as set out in Appendix 1C within 2 market days of completing the crediting of the investors CDS accounts.
- p. The securities shall be listed on or before the third (03) market day upon receipt of the Declaration by the Exchange.

1.9 Procedure for an Introduction

- a. The Directors of the Company shall be collectively and individually responsible for the accuracy and completeness of the information given in the Introductory Document.
- b. The Exchange may call upon the company to add to, clarify, amend or delete any information that is contained in the Introductory Document prior to granting approval.
- c. The Company shall be responsible to ensure that there is no contradiction or misstatement between the Introductory Document and the content of any advertisement proposed to be published in connection in any manner whatsoever to the Introduction. The content of such advertisement shall be disclosed to the Exchange for approval by the Exchange.
- d. Copies of the Introductory Document shall be made available to the member firms of the Exchange in consultation and agreement with the Exchange.
- e. The Declaration (Appendix 1D) shall be submitted by the Company to the Exchange within 30 market days of receiving approval of its listing application from the Exchange.
- f. The Company shall be admitted to the official list of the Exchange on or before the fifth (05) market day from the date of receipt of the Declaration by the Exchange.

LISTING UNDERTAKING BY

To:

Colombo Stock Exchange

In consideration of being admitted to the official list of the Colombo Stock Exchange,
..... (name of applicant company) being duly incorporated and having its
registered office/ principal place of business at hereby
undertakes and agrees:

to be bound by the Listing Rules and Circulars of the Exchange and the CDS as
amended from time to time.

to be listed at the sole discretion of the Exchange, and for such period as may be
determined by the Exchange;

to refrain from seeking a de-listing from the Exchange for a minimum period of
three(3) years from the date of listing (where the application relates to an
introduction)

Given under the common seal of the Company this day of in the
presence of

.....
(Name) Director

.....
(Name) Director/Secretary

Date :.....

INITIAL LISTING APPLICATION

Name of Company :

Address :.....
:.....

Date :

Colombo Stock Exchange
Level 4, 4-1, West Tower, World Trade Center
Echelon Square
COLOMBO 1

Dear Sir/Madam:

We hereby apply for admission to the official list of the Colombo Stock Exchange and a listing for the under-mentioned securities issued/to be issued by this Company on the basis of our undertaking that the rules of the Exchange as may be amended from time to time shall be complied with.

The particulars of securities to be listed are as follows:

1. Type of securities (eg. shares, debentures etc):
2. Number of securities to be listed:
3. Number of securities to be offered to the public:
4. Details of private placements effected during the last 12 months:
5. Whether offer is by an Offer for subscription, Offer for Sale, Introduction

This application is accompanied by the relevant documents
We confirm that the particulars supporting the application are true and correct.

Yours faithfully,

..... Limited

.....
Name and Signature of Director/Secretary

January 2004

DECLARATION

(Offer for Sale/ Offer for Subscription)

To:

Colombo Stock Exchange

(Name of Company)..... Limited (hereinafter called "The Company") hereby declare:

1. That all documents required by the Companies Act to be filed with the Registrar of Companies in respect of the issue has been filed on (date) / will be filed on or before(date)
2. That(quantity).....shares/debentures of Rs each have been subscribed/purchased for cash and duly allotted/transferred to the subscribers/purchasers.
3. That the direct uploads to the Central Depository System have been completed on the (date) and that the share certificate/debenture certificates will be posted on or before (date)
4. That the proceeds of the issue will be duly utilised for the objectives for which such proceeds were raised in terms of the Prospectus.
5. That all the shares/debentures of the class for which listing has been obtained are in all respects identical.
6. That there is no other fact bearing on the Company's application for listing which, should be disclosed to Colombo Stock Exchange.

Given under the common seal of the Company this day of in the presence of

.....
(Name) Director

.....
(Name) Director/Secretary

Date :.....

January 2004

APPENDIX 1D

DECLARATION

(Introduction)

To:

Colombo Stock Exchange

(Name of Company)..... Limited (hereinafter called "The Company") hereby declare:

- 1) that all legal requirements in connection with the incorporation of the Company have been complied with.
- 2) that copies of the Introductory Document have been forwarded to Colombo Stock Exchange and distributed among the member firms on the (date).
- 3) that the Company has complied with all the requirements for a listing of securities in the Colombo Stock Exchange by way of an Introduction.
- 4) that all the shares/debentures of the class for which listing has been obtained are in all respects identical.
- 5) that there is no other fact bearing on the Company's application for listing which, should be disclosed to Colombo Stock Exchange.

Given under the common seal of the Company this day of in the presence of

.....
(Name) Director

.....
(Name) Director/Secretary

Date :.....

January 2004

**SECTION 2
INITIAL LISTING APPLICATION**

***THIS SECTION HAS BEEN AMALGAMATED WITH SECTION 1
WITH EFFECT FROM JANUARY 2004***

SECTION 3

LISTING OF ADDITIONAL SHARES

3.1 Where shares of a particular class have been listed on the Exchange further shares of that class may not be issued by a listed company until the issue and listing of such shares is approved by the Exchange.

3.2 Discretion of the Exchange

i. The Exchange retains the discretion to accept or reject applications for additional listings and to determine the requirements to be fulfilled in connection with such listing.

ii. The requirements set out in this section are not exhaustive.

The Exchange reserves the right to impose further requirements as it may think relevant in the particular circumstances in which the additional listing is sought.

iii. The Exchange may, at its discretion subject however to the following procedure waive the application of any rule of this section.

(a) in the event a waiver is to be granted by the CSE, the CSE shall notify the SEC in the first instance of the basis for the proposed grant of such waiver.

(b) The grant of such waiver will be communicated by the CSE to the party concerned after the expiration of three market days from the date on which the SEC is notified of such proposed waiver, unless otherwise directed by the SEC.

3.3 An additional issue of shares may be by way of

i. an issue of shares through a private placement

ii. a Rights Issue of shares

iii. a Bonus Issue of shares

iv. an issue of securities with a right of conversion to shares

3.4 Private Placement

An issue of shares to persons other than existing shareholders.

The Company shall obtain shareholder approval by way of a special resolution for such issue at an extraordinary general meeting.

The application shall constitute the following:

i. The Board resolution authorizing the issue and listing of the shares, certified by the Company Secretary.

- ii. An Application in conformity with Appendix 3A of these Rules
- iii. A Circular to Shareholders stating, inter alia, the purpose for which the proceeds of the issue are to be utilised, details of the persons to whom the shares will be issued, benefits to the shareholders, the number of shares to be issued and the price at which such further issue will take place.
- iv. Fee payable to the Exchange for the listing as prescribed by the Listing Rules.

3.5 Securities with a right of conversion to Shares

A listed company issuing convertible securities with a right of conversion to a class of shares already listed on the Exchange must obtain a listing in principle for shares arising from such conversion.

The Company shall obtain shareholder approval by way of a special resolution for the convertible securities issue at an extraordinary general meeting of the holders of the class of shares already listed.

The application shall constitute the following:

- i. An Application in conformity with Appendix 3A of these Rules
- ii. The Board resolution authorizing the convertible security issue and listing of the shares, certified by the Company Secretary.
- iii. A Circular to Shareholders stating inter alia, the purpose of the convertible securities issue, the number of shares to be issued and the conversion price at which such issue will take place.
- iv. Fee payable to the Exchange for the listing as prescribed by the Listing Rules.

3.6 Rights Issue & Bonus Issue

a Written Notice to Exchange

The Applicant Company is required to give written notice to the Exchange of the Board of Directors' decision regarding a Rights/Bonus issue. This notice shall be communicated immediately upon such decision being made by the Board of Directors and shall include:-

- i. The Proportion of shares to be issued for the Rights Issue or Bonus Issue.

- ii. The proposed issue price and the purpose for which the proceeds of the issue are to be utilized.(in the case of a rights issue)

- b.
 - i. A Rights or a Bonus issue of the same class of shares already listed on the Exchange shall be listed in terms of Section 3 of these rules.
 - ii. A Rights or Bonus issue of another class of shares – listing of such shares will be in terms of Section 1 of these rules.

- c. A duly completed Application conforming to the requirements set out below shall be filed with the Exchange prior to the expiration of seven market days computed from and excluding the date of notice given under this Rule.

An Application shall constitute the following:

- i. The Board resolution authorizing the issue and listing of the shares certified by the Company Secretary
- ii. An Application in conformity with Appendix 3A of the Listing Rules
- iii. A Circular to Shareholders. The Circular for a Rights Issue must be in conformity with Appendix 3B
- iv. Provisional letter of allotment (in the case of a rights issue), Letter of allotment, Letter of Acceptance and Registration, Form of Renunciation, Form of Application for additional shares.
- v. In the case of a Bonus Issue
 - (a) Balance Sheet made up to one month prior to the date of the Application signed by two Directors of the Company
 - (b) Confirmation from the Auditors that the Reserves to be capitalised are adequate.
- vi. Fee payable to the Exchange for the listing as prescribed by the Listing Rules.

3.7 Procedure for a Rights Issue

- i. The Company shall obtain shareholder approval at an extraordinary general meeting and shall allot the shares within thirty (30) market days from the date of approval by the Exchange.

- ii. dates shall not be fixed for closing of books, entitlement, provisional allotment, splitting and renunciation until the application for the issue of shares is approved by the Exchange.
- iii. the period for renunciation shall not exceed fifteen (15) market days from the date of issue of the provisional letters of allotment while the period for splitting shall not exceed ten (10) market days from the date of issue of the provisional letters of allotment .
- iv. Cheques in respect of applications for additional shares shall not be banked until after the last date of renunciation.
- v. Refund cheques on applications for additional shares shall be despatched to the shareholders within twelve (12) market days from the last date of renunciation. Applicants will be entitled to 1 percentage point above the one year weighted average Treasury bill yield of the immediately preceding issue; as interest on refunds not made within this period.
- vi. The Share Certificates shall be dispatched or direct lodgments shall be made to the shareholder's account in the Central Depository System within twelve (12) market days from the last date of renunciation.
- vii. Upon the completion of the direct lodgments of shares into the CDS Accounts of the shareholders, the Company shall send a written confirmation to the shareholders within two (02) market days of lodging the shares in the CDS Account.
- viii. The company shall submit to the Exchange a 'Declaration' on the matters as set out in Appendix 3C within 5 market days of the dispatch of certificates and direct lodgement to the shareholders' CDS account.
- ix. A rights issue once announced cannot be cancelled or varied except with the prior permission of the Exchange.

3.8 Procedure for a Bonus Issue

- i. The Company shall obtain shareholder approval at an extraordinary general meeting and shall allot the shares within thirty (30) market days from the date of approval by the Exchange.
- ii. Dates shall not be fixed for closing of books, entitlement, provisional allotment, splitting and renunciation until the application for the issue of shares is approved by the Exchange.

- iii. The listed company may decide to dispense with the renunciation facility if sanctioned by an ordinary resolution passed at a general meeting of the members of the listed company. Where the right of renunciation is not given, the shareholders must be informed that bonus shares allotted to them on shares deposited in the CDS will be credited to their CDS account, unless instructions to the contrary are received.
- iv. Where a right of renunciation is given the period for renunciation shall not exceed fifteen (15) market days from the date of issue of the letters of allotment/provisional letters of allotment while the period for splitting shall not exceed ten (10) market days from the date of issue of the letters of allotment/provisional letters of allotment.
- v. The Share Certificates shall be dispatched and direct lodgments shall be made to the shareholder's account in the CDS within seven (07) market days from the last date of renunciation or if a renunciation facility is not given, from the date of allotment.
- vi. Upon the completion of the direct lodgments of shares into the CDS Accounts of the shareholders, the Company shall send a written confirmation to the shareholders within two (02) market days of lodging the shares in the CDS Account.
- vii. The company shall submit to the Exchange a 'Declaration' on the matters as set out in Appendix 3C within 5 market days of the dispatch of certificates and direct lodgement to the shareholders' CDS account.

APPENDIX 3A

ADDITIONAL LISTING APPLICATION

Name of listed company :

Address :

Date :

To:

Director General

Colombo Stock Exchange

Dear Sir:

Application for a listing of Securities

.....(name of Company) Limited hereby apply for a listing for the undermentioned shares issued by this listed company and agree and undertake, in the event the application is accepted to conform to the rules of the Exchange and any amendments that may be made thereto from time to time.

The particulars of securities to be quoted are as follows:

1. Type of shares to be listed:
2. Number of shares to be listed:
3. State type of offering (eg. rights, bonus, ESOP, private placements etc:)

The particulars of capital

Authorised capital:

Issued capital: (excluding that for which the present application is made)

January 2004

The shares will be identical in all respects with listed shares of the class proposed to be issued with existing shares (if not identical give details)

The particulars contained herein are correct.

Given under the common seal of the listed company this day of

in the presence of

.....

(Name) Director

.....

(Name) Director/Secretary

Date :.....

Certification by the sponsor to the effect that all requirements due to be complied with under the CSE Rules have been complied with.

.....

Name of the sponsoring firm

.....

*Name and signature of an officer of the sponsoring firm

*Note: (The name and signature of one of the staff members specified in rule 3(b) of section 12 of these rules should be included).

APPENDIX 3B

CONTENTS OF THE CIRCULAR TO SHAREHOLDERS FOR A RIGHTS ISSUE

1. the purpose for which the proceeds of the issue will be utilised and financial implications in terms of risk and return to shareholders.
2. the high, low and last traded price of the share during the preceding three months
3. Name and details of the Underwriter and in the event the issue is not underwritten and the issue is under subscribed what action the Company will take in this connection.
4. Declarations
 - a) **If you are in any doubt as to the action you should take, you should consult your stockbroker or other professional adviser immediately.**
 - b) Permission has been obtained from the Colombo Stock Exchange to issue and list the new shares. Trading of the "Rights" (allotment letters) shall commence after four (4) market days of despatch of the provisional letters of allotment.
 - c) the listing of the shares by the Colombo Stock Exchange will in no way be reflective of the merits of the issue. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports included.
 - d) the Directors of the Company collectively and individually accept full responsibility for the accuracy of the information given and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief that there are no other facts the omission of which would render any statement in the Circular misleading.

APPENDIX 3C

DECLARATION

(Further Issues)

To: Colombo Stock Exchange

(Name of Company)Limited (hereinafter called "The Company")
hereby declare:

1. that all documents required by the Companies Act to be filed with the registrar of companies in respect of the listed company have been duly filed and that all other legal requirements in connection with the issue of its shares have been complied with.
2. that(quantity).....shares of Rs each have been subscribed for cash and duly allotted/transferred to the subscribers and shares have been allotted to Non-Resident Shareholders.
3. that the share certificates have been dispatched on (date) and the direct uploads to the Central Depository System have been completed on (date).
4. that the proceeds of the issue will be duly utilised for the objectives for which such proceeds were raised in terms the Circular to Shareholders in respect of this issue.
5. that shares for which listing has been granted are in all respects identical with those of the same class already listed.
6. that there is no other fact bearing on the listed company's application for listing which, should be disclosed to Colombo Stock Exchange.

Given under the common seal of the listed company this day of
in the presence of

.....

(Name) Director

.....

(Name) Director/Secretary

Date :.....

SECTION 4 CONTENTS OF PROSPECTUS

4.1 GENERAL

This section sets out the basic requirements for the contents of a prospectus, which should be followed in addition to the requirements of the Companies Act No. 17 of 1982 and any amendments thereto.

The requirements of this section are not exhaustive. Additional information not required by the Rules could be included at the discretion of the entity according to the particular nature of the issuer and of the securities for which listing is sought.

The Exchange reserves the absolute right to require disclosure of any additional information as it considers appropriate in any particular case. If the Exchange requires such information, it shall inform the applicant in writing of the additional information required.

4.2 CORPORATE INFORMATION

4.2-1 Name and registered address

4.2-2 Date, place and authority of incorporation

4.2-3 Name and address of bankers, bankers to the issue, lawyers, registrars, secretaries, auditors, managers to the issue

4.3 OBJECTS OF THE ISSUE

4.3-1 Details of the intended application of the proceeds of the issue

4.3-2 If the full project cost exceeds the amount expected to be mobilised through the issue, the means of funding the full cost of the project

4.3-3 If the funds are utilised to acquire assets, a description of each asset, the name of the persons from whom the said assets will be acquired, basis of determination of the price of the assets, any relationship of the entity with the seller and any other material information regarding the acquisition

4.3-4 If the proceeds may or will be used to finance acquisitions of any other businesses, a brief description of such businesses and its future prospects. The entity should also provide the opinion of experts on the valuation of the acquisition where applicable.

4.3-5 If any material part of the proceeds is to be used to discharge, reduce or retire debt, state the interest rate and other details pertaining to such debt.

4.4 PARTICULARS OF SECURITIES FOR WHICH APPLICATION IS BEING MADE

Summary of the rights of the securities for which admission is sought, and in particular the voting rights, entitlement to share in the profits and, in the event of liquidation, in any surplus and any other special rights.

Where there is or is to be more than one class of securities of the entity in issue, like particulars shall be given for each additional class

4.5 BASIS OF ALLOTMENT

Number of securities to be offered to the public, employees, financial institutions etc by category. Details of discounts (if any) given for the subscription of the securities offered to any of the above.

4.6 COST OF THE ISSUE

An estimate of the total cost of the issue

4.7 PROFILE OF THE ENTITY

4.7-1 A comprehensive description of the business carried out by the entity. In situations where the entity carries on two or more activities which are material in respect of turn over and/or profit of the entity information as to the relative importance of each such activity has to be stated.

4.7-2 Description of the market and the entity's ability to remain competitive.

4.7-3 Details of patents, trademarks (including any expiration dates) and brands owned by the entity and its subsidiary and associate entities.

4.7-4 Degree of dependence on key customers and suppliers

4.7-5 Details of funds spent on Research and Development activities over the last three years.

4.7-6 The names of the twenty largest holders of equity, the number of securities and the percentage of capital they hold as at the date of submission of the listing application to the Exchange.

4.7-7 If the entity is a holding company details of the group structure. If the entity is a subsidiary/associate, the name and number of shares held by the holding company.

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- 4.7-8 Number of employees in the entity or group and the details of labour unions and details of any significant agreements entered into between the labour unions and the entity.
- 4.7-9 Future plans, assumptions on which future plans are based and risks associated with such plans.

4.8 DIRECTORS

- 4.8-1 Name, address, age and business experience of directors and details of other directorships held.
- 4.8-2 Directors holdings in the entity at the date of submission of the listing application to the Exchange.
- 4.8-3 (a) The aggregate emoluments including bonus and/or profit sharing payments made to directors during the last completed financial year.
- (b) An estimate of the aggregate emoluments including bonus and/or profit sharing payments payable to directors for the current financial year.
- 4.8-4 Directors interest in any asset acquired, disposed or leased by the entity during the past two years preceding the issue; and proposed to be acquired, disposed or leased during the two years succeeding the issue including the consideration thereon or an appropriate negative statement.
- 4.8-5 Full particulars of any contract or arrangement in force at the date of the application in which a director of the entity is materially interested in relation to the business of the entity or an appropriate negative statement.
- 4.8-6 Summary of the provisions of the Articles of Association or other corresponding documents with regard to: -
- (a) any power enabling a director to vote on a proposal, arrangement, or contract in which he is interested.
- (b) borrowing powers exercisable by the directors and how such borrowing powers can be varied.
- (c) the number of shares, if any fixed as the qualification of a director and any provision as to the remuneration of directors.
- 4.8-7 Whether any director or a person nominated to become a director is or was involved in the following events:-
- (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer.
- (b) such person was convicted for fraud, misappropriation or breach of trust or any other similar offence which the Exchange considers a disqualification.

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- (c) such person was the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
- (d) or an appropriate negative statement.

4.9 SHARE CAPITAL

- 4.9-1 Details of the authorised and issued share capital including voting, non-voting, preference or any other class of shares for the last three years stating reasons for the increase or reduction as applicable.
- 4.9-2 Amount of any outstanding convertible debt securities and details regarding its conversion to equity.
- 4.9-3 If securities of the same or another class are subscribed or sold privately, in conjunction with the public issue of securities, details should be given of the number, price and features of the securities privately placed.
- 4.9-4 Any statutory restrictions on the free transferability of securities.

4.10 MANAGEMENT

- 4.10-1 Name, address and age of the chief executive.
- 4.10-2 Brief account of the business experience during the past 5 years of the chief executive including the principal business of any enterprise in which such occupation or employment was carried out.
- 4.10-3 Whether chief executive or a person nominated to become a chief executive is or was involved in the following events:-
 - (a) a petition under any bankruptcy laws filed against such person or any partnership in which he was a partner or any corporation of which he was an executive officer.
 - (b) such person was convicted for fraud, misappropriation or breach of trust or any other similar offence which the Exchange considers a disqualification.
 - (c) such person was the subject of any order, judgement or ruling of any court of competent jurisdiction temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
 - (d) or an appropriate negative statement.

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4.10-4 The name and business experience of the senior management and any employees and/or independent contractors such as scientists or designers upon whose work the entity is dependent.

4.11 FINANCIAL INFORMATION

4.11-1 The following financial statements should be included in the prospectus:

- (a) An audited profit & loss account, balance sheet and cash flow statement made up to a date not more than 6 months from the date of submission of the listing application
- (b) An unaudited profit & loss account, balance sheet and cash flow statement made up to a date not more than 3 months from the date of submission of the listing application. The unaudited financial statements should be the subject of a limited review by the Auditors.
- (c) Summarised Profit and Loss Account and Balance Sheet for the five years preceding the date of the Application stating the Accounting Policies adopted by the entity certified by the Auditors. Qualifications carried in any of the Auditors Reports covering the period in question and any material changes in Accounting Policies in the relevant period should be disclosed.

Where there has been substantial increase in revenue, state the extent to which such increase is attributable to increase in prices or increase in volume or amount of goods or services being sold or to the introduction of new products or services.

- (d) Comments expressed by the Auditors on the ability of the entity to continue as a going concern or an appropriate negative statement.

If the review of the listing application takes longer than usual the Exchange reserves the right to require such accounts to be made up to a more recent date.

4.11-2 Particulars of Debt and Loan Capital

- (a) Particulars of loan capital outstanding as at the date of application or an appropriate negative statement.
- (b) Particulars of term loans, other borrowings or indebtedness in the nature of borrowings, including bank overdrafts and liabilities under acceptance (Other than normal trading bills) or acceptance credits or an appropriate negative statement.

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- (c) Leasing, lease purchase and hire purchase commitments, or an appropriate negative statement
- (d) Guarantees and other material contingent liabilities or an appropriate negative statement.
- (e) A statement of mortgages and charges on the assets of the entity, as at the date of application or an appropriate negative statement.

4.11-3 Start-up Entities and New Entities

- (a) A statement showing the forecast Profit and Loss Account and Balance Sheet for a five year period together with the assumptions and risk factors on which such statements are based
or
- (b) A sector study including the details of how the Entity intends positioning itself in the market stating assumptions and risk factors.

4.11-4 Details and other information that would have a material impact in the understanding of the financial information provided in this section.

4.12 PROPERTIES

4.12-1 Particulars of Properties as per given in Rule

- (a) The address of each property
- (b) In respect of each property:-
 - (i) a brief description (eg: land or buildings, approximate areas, etc)
 - (ii) existing use (eg: shops, offices, factories, residential, etc.)
 - (iii) tenure (i.e. freehold, or leasehold, giving terms)
 - (iv) Encumbrances attached to the properties (if any)
 - (v) value of the property as stated in the books of the entity

4.12-2 Details of transactions in the acquisition or disposal of any of the properties listed above during the two years preceding the application with particular reference to those transactions in which the directors or promoters, either individually or collectively have been involved.

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4.13 TAKE OVER OFFERS

- 4.13-1 Information of take over offers by third parties in respect of the entity's shares during the past two years. Give details of price and other consideration of such offers
- 4.13-2 Take-over offers made by the entity in respect of shares of a third party. Give details of price and other consideration of such offers

4.14 MANAGEMENT AGREEMENTS

Details of any management agreement presently in force or currently being considered including particulars of any consideration passing to or from the entity.

4.15 BUSINESS TRENDS AND SENSITIVITIES

A statement giving an analysis of the sensitivities of the entity to identified business trends including the following:-

- (a) known trends, demands, commitments, events or uncertainties that would have a material impact on the entity's profits, cash flow and financial position.
- (b) material commitments for capital expenditures, the general purpose of such commitments and the anticipated source of funds to finance such capital expenditure ;
- (c) unusual or infrequent events or transactions or any significant economic changes that would have a material impact on the entity's profits, cash flow and financial position.

4.16 LITIGATION, DISPUTES AND CONTINGENT LIABILITIES

- 4.16-1 Details on any legal, arbitration or mediation proceedings which may have or have had in the recent past significant effects on the entity's financial position or profitability.
- 4.16-2 Details of penalties imposed by Regulatory and State authorities
- 4.16-3 A statement of contingent liabilities that would affect current and future profits of the entity.

4.17 CORPORATE GOVERNANCE PRACTISES

- 4.17-1 Details of Corporate Governance Practices adopted by the entity.
- 4.17-2 Details relating to the entity's audit committee and remuneration committee if any, including the names of committee members and a summary of the terms of reference under which the committee operates.

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4.18 REPORTS BY EXPERTS

In the case of a statement or report attributed to an expert, a statement that he has not withdrawn his written consent to the issue of the prospectus with the statement or report included in the form and context in which it is included.

4.19 UNDERWRITING

4.19-1 Name, and details of the Underwriter/Guarantor.

4.19-2 In the event the issue is not underwritten and the issue is under subscribed the prospectus shall specify what action the issuer will take in this connection.

4.20 TRUSTEES

Name and address of the Trustees to the Issue.

4.21 INSPECTION OF DOCUMENTS

- (i) A reasonable time (being not less than fourteen days) during which and a place In Colombo at which the following documents (or copies thereof) where applicable may be inspected:
 - (a) Memorandum & Articles of Association
 - (b) trust deed
 - (c) material contracts and management agreements or in the case of contracts not reduced into writing a Memorandum giving full particulars thereof
 - (d) Reports, letters, valuations and statements by any expert any part of which is extracted or referred to in the prospectus
 - (e) A written statement signed by the auditors or accountants setting out the adjustments made in the report on the profits and giving the reasons therefor
 - (f) The audited accounts of the entity for each of the two financial years immediately preceding the publication of the prospectus

- (ii) A period of not less than fourteen days during which the Prospectus and the Memorandum and Articles of Association of the entity shall be hosted in the entity's web site and/or the Colombo Stock Exchange's web site.

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4.22 DECLARATIONS:-

4.22-1 declaration by the Directors

Declaration by the directors of the entity in the following form:-

"This Prospectus has been seen and approved by the directors of the entity and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that provisions of the CSE Listing Rules and of the Companies Act No. 17 of 1982 and any amendments to it from time to time have been complied with and after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate. Where representations regarding the future performance of the entity have been given in the Prospectus, such representations have been made after due and careful enquiry of the information available to the entity and making assumptions that are considered to be reasonable at the present point in time in the best judgement of the Directors."

4.22-2 declaration by the Managers to the Issue

A statement by the entity managing the issue that to the best of its knowledge and belief the prospectus constitutes full and true disclosure of all material facts about the issue and issuer; and where appropriate, it has satisfied itself that profit forecasts have been stated by the directors after due and careful enquiry.

4.22-3 declaration by the Entity

A statement shall be made as follows:-

"An application has been made to the Colombo Stock Exchange for permission to deal in and for a quotation for all securities in a particular class issued by the entity and those securities of the same class which are the subject of this issue. Such permission will be granted when the entity has been admitted to the official list of the said Stock Exchange. The Colombo Stock Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports included in this prospectus. Admission to the official list is not to be taken as an indication of the merits of the entity or of the securities issued "

4.23 DOCUMENTS TO BE INCLUDED IN THE PROSPECTUS

The Trust Deed and the Guarantee Agreements shall be included in the Prospectus in respect of an issue of Debt Securities.

4.24 Waiver

The Exchange may, at its discretion subject however to the following procedure waive the application of any rule of this section.

- (i) in the event a waiver is to be granted by the CSE, the CSE shall notify the SEC in the first instance of the basis for the proposed grant of such waiver.
- (ii) The grant of such waiver will be communicated by the CSE to the party concerned after the expiration of three market days from the date on which the SEC is notified of such proposed waiver, unless otherwise directed by the SEC.

SECTION 4(a)

CONTENTS OF AN INTRODUCTORY DOCUMENT

1. COMPANY DETAILS

- Name and address of entity
- Date and place of incorporation
- Name of the Company Secretary
- Name and address of the auditors

2. DETAILS OF THE BOARD OF DIRECTORS

- Name
- Age
- Qualifications
- Experience
- Directorships on other Boards

3. CAPITAL STRUCTURE

- Authorised Share Capital
- Issued Share Capital and date of Allotment

4. DETAILS OF THE TEN LARGEST SHAREHOLDERS

- Name
- Number of Shares
- Shareholding Percentage

5. PROFILE OF THE COMPANY

- Nature of Business
- Details of Senior Management.
- If the company is a holding company details of the group structure. If the company is a subsidiary/associate, the name and number of shares held by the holding company.
- Overview of the Current Financial Position.
- Future Plans and Prospects of the Company including assumptions and risk factors.

6. DETAILS OF LITIGATION AND SIGNIFICANT CONTINGENT LIABILITIES

7. ACCOUNTS

- Audited financial statements for the Past 3 Years (As Applicable)
- Unaudited financial statements made upto 3 months prior to the date of application (as applicable).

8. DECLARATION BY THE DIRECTORS

This Introductory Document has been seen and approved by the directors of the entity and they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading or inaccurate.

9. ANY OTHER INFORMATION THAT THE EXCHANGE MAY REQUIRE

SECTION 5

ARTICLES OF ASSOCIATION OR OTHER CORRESPONDING DOCUMENTS

The Articles of Association or other corresponding documents shall contain the following provisions:-

1. **Transfer and Registration of Shares**

- a) Notwithstanding any provision in these Articles suggesting the contrary, shares quoted on the Colombo Stock Exchange shall be freely transferable and registration of the transfer of such quoted shares shall not be subject to any restriction, save and except to the extent required for compliance with statutory requirements.
- b) Notwithstanding anything to the contrary in these articles, as long as the shares of the entity are quoted in the Colombo Stock Exchange, the board may register without assuming any liability therefor 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 the Colombo Stock Exchange and/or by the Central Depository of the Colombo Stock Exchange.

2. **Rights:**

The rights and entitlements attached to quoted shares shall not be varied without the consent of at least three fourths of the holders of such shares

3 **Notices:**

- a) where notice is given by an advertisement, such advertisement, shall be published in Sinhala, Tamil and English national daily newspapers.
- b) that, where it is provided that notices will be given only to those members whose registered addresses are within Sri Lanka, any member whose registered address is not within Sri Lanka, may name an address within Sri Lanka which for the purpose of notice, shall be considered as his registered address.

Section 6

Rules on Corporate Governance

The implementation of the rules will be as follows:

1. It shall be mandatory for listed companies to publish a Table in the Annual Report relating to the financial year commencing on or after 01st April 2007 confirming that as at the date of the Annual Report they comply with the Corporate Governance rules and if not, explain why the company has not complied with identified rules.
2. It shall be mandatory for listed companies to comply with the Corporate Governance Rules with effect from the financial year commencing on or after 01st April 2008 and the Annual Report must contain the relevant affirmative statements.

SECTION 6 RULES ON CORPORATE GOVERNANCE

A company listed on the Exchange and a company which makes an application for listing, whether or not such listing has taken place or such application for listing has been made prior to the coming into force of the listing requirements of the Exchange, shall comply with the following rules, including any amendments, additions and variations that may be made to them from time to time.

6.1 Non – Executive Directors

- (a) The board of directors of a listed company shall include at least,
- two non-executive directors; or
 - such number of non-executive directors equivalent to one third of the total number of directors
- whichever is higher.
- (b) The total number of directors is to be calculated based on the number as at the conclusion of the immediately preceding annual general meeting.
- (c) Any change occurring to this ratio shall be rectified within 90 days from the date of the change.

6.2 Independent directors

- (a) Where the constitution of the board of directors includes only two non-executive directors in terms of clause 1 above, both such non-executive directors shall be 'independent'. In all other instances two or 1/3 of non-executive directors appointed to the board of directors, whichever is higher shall be 'independent'.
- (b) The board shall require each non-executive director to submit a signed and dated declaration annually of his/her independence or non-independence against the specified criteria. A specimen of the said declaration is given in Appendix 1 of this section.

6.3 Disclosures relating to directors

- (a) The board shall make a determination annually as to the independence or non-independence of each non-executive director based on such declaration and other information available to the board and shall set out in the annual report the names of directors determined to be 'independent'.
- (b) In the event a director does not qualify as 'independent' against any of the criteria set out below but if the board, taking account all the

circumstances, is of the opinion that the director is nevertheless 'independent', the board shall specify the criteria not met and the basis for its determination in the annual report.

- (c) In addition to disclosures relating to the independence of a director set out above, the board shall publish in its annual report a brief resume of each director on its board which includes information on the nature of his/her expertise in relevant functional areas.
- (d) Upon appointment of a new director to its board, the company shall forthwith provide to the Exchange a brief resume of such director for dissemination to the public. Such resume shall include information on the matters itemized in paragraphs (a), (b) and (c) above.

6.4 Criteria for defining 'Independence'

Subject to Clause 6.3 (a) and (b), a non-executive director shall not be considered independent if he/she:

- (i) has been employed by the Listed Company during the period of two years immediately preceding appointment as director;
- (ii) currently has/had during the period of two years immediately preceding appointment as director, a Material Business Relationship with the Listed Company, whether directly or indirectly;
- (iii) has a Close Family Member who is a director, Chief Executive Officer (and/or an equivalent position) in the Listed Company;
- (iv) has a Significant Shareholding in the Listed Company;
- (v) has served on the board of the Listed Company continuously for a period exceeding nine years from the date of the first appointment;
- (vi) is employed in another company or business,
 - a) in which a majority of the other directors of the Listed Company are employed or are directors; or
 - b) in which a majority of the other directors of the Listed Company have a Significant Shareholding or Material Business Relationship; or
 - c) that has a Significant Shareholding in the Listed Company or with which the Listed Company has a Business Connection;
- (vii) Is a director of another company,

- a) in which a majority of the other directors of the Listed Company are employed or are directors; or
 - b) that has a Business Connection in the Listed Company or a Significant Shareholding;
- (viii) Has a Material Business Relationship or a Significant Shareholding in another company or business,
- a) in which a majority of the other directors of the Listed Company are employed or are directors; and/or
 - b) which has a Business Connection with the Listed Company or Significant Shareholding in the same;

For the purposes of this Clause:

- Close Family Member shall mean and include the director's spouse, parents, grandparents, children, brothers, sisters, grandchildren and any person who is financially dependent on such director.
'Financially dependent' individuals include any person who received more than half of their support for the most recent fiscal year from a director and/or his or her spouse
- Listed Company shall mean the listed company to the board of which the director is appointed, its parent and/or subsidiary company, and a subsidiary of the parent company.
- Material Business Relationship shall mean a relationship resulting in income/non-cash benefits equivalent to 10% of the director's annual income.
- Business Connection shall mean a relationship resulting in transaction value equivalent to 10% of the turnover of that company or business.
- Significant Shareholding shall mean a shareholding carrying not less than 10% of the voting rights of a company.

6.5 Remuneration Committee

A listed company shall have a remuneration committee in conformity with the following:

A “listed company” for the purposes of this clause shall mean a company listed in the Colombo Stock Exchange in accordance with these Listing Rules.

a) *Composition*

The remuneration committee shall comprise a minimum of;

two independent non-executive directors (in instances where a company has only two directors on its board); or

non-executive directors a majority of whom shall be independent,

whichever shall be higher.

In a situation where both the parent company and the subsidiary are ‘listed companies’, the remuneration committee of the parent company may be permitted to function as the remuneration committee of the subsidiary.

However, if the parent company is not a listed company, then the remuneration committee of the parent company is not permitted to act as the remuneration committee of the subsidiary. The subsidiary should have a separate remuneration committee.

One non-executive director shall be appointed as chairman of the committee by the board of directors.

b) *Functions*

The Remuneration Committee shall recommend the remuneration payable to the executive directors and Chief Executive Officer of the listed company and/or equivalent position thereof, to the board of the listed company which will make the final determination upon consideration of such recommendations.

c) *Disclosure in the Annual Report*

The annual report should set out the names of directors (or persons in the parent company’s committee in the case of a group company) comprising the remuneration committee, contain a statement of the remuneration policy and set out the aggregate remuneration paid to executive and non-executive directors.

The Term “remuneration” shall make reference to cash and all non-cash benefits whatsoever received in consideration of employment with the

listed company. (excluding statutory entitlements such as Employees Provident Fund and Employees Trust Fund)

6.6 Audit Committee

A listed company shall have an audit committee in conformity with the following:

A 'listed company' for the purposes of this clause shall mean a company listed in accordance with the Listing Rules.

a) Composition

The audit committee shall comprise a minimum of;

two independent non-executive directors (in instances where a company has only two directors on its board); or

non-executive directors a majority of whom shall be independent,

whichever shall be higher.

In a situation where both the parent company and the subsidiary are 'listed companies', the audit committee of the parent company may function as the audit committee of the subsidiary.

However, if the parent company is not a listed company, then the audit committee of the parent company is not permitted to act as the audit committee of the subsidiary. The subsidiary should have a separate audit committee.

One non-executive director shall be appointed as chairman of the committee by the board of directors.

Unless otherwise determined by the audit committee the chief executive officer and the chief financial officer of the listed company shall attend audit committee meetings.

The chairman or one member of the committee should be a Member of a recognized professional accounting body.

b) Functions

Shall include,

- Oversight of the preparation, presentation and adequacy of disclosures in the financial statements of a listed company, in accordance with Sri Lanka Accounting Standards.
- Oversight of the Company's compliance with financial reporting requirements, information requirements of the Companies Act and other relevant financial reporting related regulations and requirements.
- Oversight over the processes to ensure that the Company's internal controls and risk management, are adequate, to meet the requirements of the Sri Lanka Auditing Standards.
- Assessment of the independence and performance of the Company's external auditors.
- To make recommendations to the board pertaining to appointment, re-appointment and removal of external auditors and to approve the remuneration and terms of engagement of the external auditors.

c) *Disclosure in the Annual Report*

The names of the directors (or persons in the parent company's committee in the case of a group company) comprising the audit committee should be disclosed in the annual report.

The committee shall make a determination of the independence of the auditors and shall disclose the basis for such determination in the annual report.

The annual report shall contain a report by the audit committee, setting out the manner of compliance by the Company in relation to the above, during the period to which the annual report relates.

APPENDIX 1

SPECIMEN DECLARATION

I,full name ofplace of residence
being a Christian make oath and say .../
not being a Christian solemnly, sincerely and truly affirm and declare as follows
in terms of rule of the Listing Rules:

- a. I am a non-executive director of(Company) being so appointed on
- b. I have been / have not been employed by the Listed Company*, during the period of two years immediately preceding my appointment as director of the Company.
- c. I currently have / do not have a Material Business Relationship with the Listed Company, directly or indirectly.
- d. I had / did not have during the period of two years immediately preceding appointment as director, a Material Business Relationship with the Listed Company, directly or indirectly.
- e. I have / do not have a Close Family Member(s) who is a director or chief executive officer (or equivalent position) in the Listed Company;
- f. I have / do not have a Significant Shareholding in a Listed Company;
- g. I have / have not served on the board of the Listed Company for a period exceeding nine years from the date of the first appointment;
- h. I am / am not employed in another company or business,
 - (i) in which a majority of the other directors of the Listed Company are employed or are directors; or
 - (ii) in which a majority of the other directors of the Listed Company have a Significant Shareholding or Material Business Relationship; or
 - (iii) that has a Significant Shareholding in the Listed Company or with which the Listed Company has a Business Connection;
- i. I am / am not a director of another company,
 - (i) in which a majority of the other directors of the Listed Company are employed or are directors; or
 - (ii) that has a Business Connection in the Listed Company or a Significant Shareholding;

- j. I have / do not have a Material Business Relationship or a Significant Shareholding in another company or business,
 - (i) in which a majority of the other directors of the Listed Company are employed or are directors; and/or
 - (ii) which has a Business Connection with the Listed Company or Significant Shareholding in the same;
- k. Disclosure of such other information which the applicant believes could reasonably be construed to have a bearing on the independence of such director.

* **Listed Company as referred to in this clause shall be the listed company to the board of which the director is appointed and would include any parent or subsidiary company of the Listed Company and any subsidiary of the parent company.**

.....

(Sgd.)

Director

.....

Date

SECTION 7

EMPLOYEE SHARE OWNERSHIP PLAN (ESOP)

- 7.1 Prior approval of the Shareholders by way of a special resolution at a General Meeting shall be obtained, for the purpose of creating or establishing an Employee Share Ownership Plan, a Stock Option Scheme, any scheme, plan or arrangement whereby shares of the entity will be allotted to or held by any person on trust on behalf of Directors and or employees of the entity.
- 7.2 Prior approval of the Shareholders by way of a special resolution at a General Meeting shall be obtained where a listed entity, directly or indirectly, provides funds, whether by means of a loan, guarantee, the provision of security or otherwise, for the purpose of creating or establishing an Employee Share Ownership Plan, a Stock Option Scheme, any scheme, plan or arrangement whereby shares of the entity will be allotted to or held by any person on trust on behalf of Directors and or employees of the entity.
- 7.3 If an entity is issuing additional shares, which rank pari pasu with shares for which a quotation has already been obtained from the Exchange, the entity must obtain a quotation for such shares in terms of Rule 3.1 of the Listing Rules.
- 7.4 The circular to shareholders in the context of Rules 7.1 and 7.2 shall disclose details of the scheme including information relating to allotment, pricing & funding and must receive prior approval of the Exchange.
- 7.5 Details of Employee Share Ownership or Stock Option Schemes must be disclosed in the Annual Report as detailed in Rule 8.7

SECTION 8 CONTINUING LISTING REQUIREMENTS

While an Entity remains on the official list it shall comply with the following requirements and such requirements as may be introduced from time to time at the discretion of the Board and provide forthwith any explanations requested by the Exchange.

All entities whose securities are listed on the Exchange whether or not such listing has taken place prior to these requirements shall, where applicable be bound by these requirements and such additions, variations etc. made from time to time.

It is the duty of the Board of Directors of an entity to ensure that all the requirements are met on a continuing basis so long as the entity remains on the official list of the Exchange.

8.1 DIVIDEND PAYMENT

- i. any decision to pay an interim dividend specifying the dividend percentage, books closure date and date of payment (which must be within twenty one (21) **market days** of the date of announcement).
- ii. any decision to pay a final dividend specifying the dividend percentage, books closure date and date of payment (which must be within five (5) **market days** of the date of the Annual General meeting).
- iii. Once a dividend has been announced, an Entity shall not alter the Dividend percentage without consulting the CSE.

8.2 RESOLUTIONS

The Exchange must be notified at the same time as shareholders regarding any resolution to be voted on at any members' meeting. The Exchange is to be notified within 3 market days of the meeting whether the resolution was passed or not.

Entities shall send proxy forms duly stamped to share holders.

8.3 INTERIM FINANCIAL REPORTS

- a) An Entity shall prepare an 'Interim Financial Report' (Report), which shall:
 - conform to the Sri Lanka Accounting Standards (SLAS) 35 and include group and company results separately in the case of a Holding Company
 - include the additional notes and ratios as set out in Appendix 8 to these rules
 - be signed by two Directors / a Director and its Chief Executive Officer
 - state that the Report is subject to audit

b) **Where the Entity is listed on the Main Board (Equity) :**

such Report shall be prepared on a quarterly basis and sent to the Exchange and Shareholders within a period of two months from the end of such quarter.

c) **Where the Entity is listed on the Second Board (Equity) :**

such Report shall be prepared on a half yearly basis and sent to the Exchange and Share holders within a period of two months from the end of such half year.

d) **Where the Entity is listed on the Debt Securities Board (Main Board or Second Board) :**

such Report shall be prepared on a half yearly basis and sent to the Exchange and Holders of Debt Securities within a period of two months from the end of such half year.

e) **Provision of the Report to the Exchange :**

Forty five (45) copies of the Report and a soft copy of the Report (on a diskette in the format of a text file) shall be sent to the Exchange.

f) **Provision of the Report to Shareholders / Holders of Debt Securities:**

Simultaneously with the provision of the Report to the Exchange the Report shall be despatched to each shareholder/holder of Debt Securities

OR

published in Sinhala, Tamil & English Newspapers acceptable to the Exchange.

The minimum size of the publication shall not be less than 1/8th of a page.

g) Where an Entity provides the Exchange and shareholders with the Annual Report before the expiry of 3 months from the end of the financial year; it will be exempted from the requirement of circulating accounts for the fourth quarter or second half year.

8.4 **(Deleted)**

8.5 The following documents are to be sent to the Exchange at the same time as they are despatched to the holders of securities.

- a. 45 copies of the Annual Report and Accounts.
- b. 45 copies of all resolutions increasing the capital and all notices relating to further issues of capital, call letters, and any other circulars of importance to shareholders.

8.6 CIRCULATION OF ANNUAL REPORT

The entity shall prepare and circulate the Annual Report to the Exchange and to all holders of quoted securities before the expiry of 6 months from the close of the financial year. The audited accounts shall be prepared and presented in accordance with the Sri Lanka Accounting Standards. Where the entity is a holding/parent entity the financial statement should include a Profit and Loss statement and a Balance Sheet both for the entity as well as for the group.

8.7 CONTENTS OF ANNUAL REPORT

An entity must include in its Annual Report and accounts;

- a) Names of persons who were during the financial year, Directors of the entity.
- b) Principal activities of the entity and its subsidiaries during the year and any changes therein.
- c) A statement of each Director's holding in Securities of the entity at the beginning and end of each financial year including the price and number of shares acquired by way of an Employee Stock Option Scheme, if any.
- d) The sum of contributions made to charities by the entity, if it exceeds Rs.50,000/=.
- e) A full list of investments (quoted and unquoted) held outside the group as investments by the entity.
- f) A distribution schedule of the number of holders in each class of equity securities, and the percentage of their total holdings in the following categories:-

No. of Holders	Holdings	Total	Holdings %
	1-1000 shares		
	1,001-5,000 shares		
	5,001-10,000 shares		
	10,001-50,000 shares		
	50,001-100,000 shares		
	100,001-500,000 shares		
	500,001-1,000,000 shares		
	Over 1,000,000 shares		

- g) The names of the 20 largest holders of equity, the number of securities and the percentage of capital each of them holds.

- h) The percentage of shares held by the public.
- i) The following financial and securities information:

Equity

- 1. Earnings per Share
- 2. Dividend per share
- 3. Net assets value per share
- 4. Market value per share
 - highest and lowest values recorded during the financial year
 - value as at end of financial year

Debt (only if listed)

- 1. Interest rate of comparable government security
- 2. Debt/equity ratio
- 3. Interest cover
- 4. Quick asset ratio
- 5. The market prices during the year (ex interest)
 - Highest Price
 - Lowest Price
 - Last traded price (as at dd/mm/yy)
- 6. Interest yield as at date of last trade (dd/mm/yy)
- 7. Yield to maturity of trade done on (dd/mm/yy)

- j) Significant changes in the entity's or its subsidiaries' fixed assets and the market value of land, if the value differs substantially from the book value.

- k) Where items are shown in the Directors Report instead of in the accounts of the entity, the corresponding amounts for the immediately preceding year must also be shown.
- l) Any material change in the use of funds raised through a Securities Issue
- m) If any shares or debentures have been issued, the number, class and consideration received and the reason for the issue
- n) The following information should be disclosed in respect of each Employee Share Ownership or Stock Option Scheme.
 - Total number of shares allotted during the financial year
 - Price at which shares were allotted
 - Highest, lowest & closing price of the share recorded during the financial year
 - Details of funding granted to employees (if any)

8.8 SECURITIES CERTIFICATES

Entities shall issue Definitive Certificates printed in letter press or off-set in 8"x10 1/2" two tone (colour), preferably rainbow, sensitised 95 gsm security printing paper with a visible water mark and an invisible print and a border unique to each entity.

A Definitive Certificate shall be issued within:

- a. Seven (7) market days of lodging of a valid transfer (including for the balance if any). If for any reason, the transfer cannot be registered, notice shall be given to the CDS within 3 market days with reasons for such refusal.
- b. Seven (7) market days from the last date of renunciation or if the renunciation facility is not given from the date of allotment of a bonus issue.
- c. Twelve (12) market days from the last date of renunciation of rights issue.

8.9 SHARE/DEBENTURE REGISTER

The entities shall disclose to the Exchange on request an extract of the share/debenture register showing full details of all entries relating to the registration of shares/debentures entered or deleted under any particular name and the names into which any shares/debentures may have been transferred.

8.10 LOSS OF CERTIFICATES

The entities shall inform the Exchange as and when a report is lodged with the Entity on any loss of certificates or when the Entity discovers a forgery in a certificate of the Entity.

8.11 Private Transfers

All securities of Entities listed with the Exchange shall be sold only through the Exchange.

Provided however, if a securities holder intends to effect a transfer outside the trading procedure of the Exchange such transaction shall be in terms of the provisions of the Securities & Exchange Commission Act. Such persons shall apply through the Exchange to the Securities & Exchange Commission for prior approval to effect such transaction. The application form would be set out in the SEC rules.

In every instance the brokers may assist the parties involved to finalise the transfers and levy a nominal fee instead of brokerage.

8.12 General

All entities whose securities are listed in the Exchange, inclusive of entities listed prior to the coming into force of these requirements made regardless of whether such entities have executed any undertaking to be bound by these requirements or not, shall be bound by these requirements and any additions alterations or amendments to such requirements as may be made from time to time.

It is the duty of the Board of Directors of an Entity to ensure that all the requirements are met on a continuing basis so long as the Entity remains on the official list of the Exchange.

Appendix 8

a) Additional Notes

- Liability to management fees or any other similar expenditure not provided for in the interim accounts.
- Any material change in the use of funds raised through an IPO/Rights/Debenture Issue.

b) Entities listed on the Main Board and Second Board should include the following in the Interim Financial Report

	<u>Current Interim Period</u>	<u>Comparative Period</u>
Net Asset Value Per share	Current Period	Immediately preceding Financial year
Share price during the Interim Period		
- Highest price	Current Period	Previous Comparative Period
- Lowest price	Current Period	Previous Comparative Period
- Last traded price	Current Period	Previous Comparative Period

c) Entities listed on the Debt Securities Board should include the following in the Interim Financial Report

	<u>Current Period</u>	<u>Comparative Period</u>
Debt/equity ratio	Current half year	Immediately preceding Financial year
Quick asset ratio	Current half year	Immediately preceding Financial year
Interest cover	Current half year	Previous Comparative half year
Interest yield as at date of last trade (dd/mm/yy)	Current half year	Previous Comparative half year
Yield to maturity of trade done on (dd/mm/yy)	Current half year	Previous Comparative half year
Interest Rate of comparable Government security	Current half year	Previous Comparative half year
The market prices during the year/half year (ex interest)		
- Highest price	Current half year	Previous Comparative half year
- Lowest price	Current half year	Previous Comparative half year
- Last traded price	Current half year	Previous Comparative half year

SECTION 9 CORPORATE DISCLOSURE

It is important that a Public Entity should maintain high standards of disclosure. A Public Entity has an obligation to fully disclose to the public, the information necessary to make informed investment decisions. Where a Public Entity is listed, the Entity should secure the immediate release of information, which might be reasonably expected to have a material effect on the market activity and price of its listed securities. This would ensure the maintenance of a fair and orderly securities market and help to ensure that all investors have simultaneous and equal access to the same information.

9.1 IMMEDIATE DISCLOSURE OF MATERIAL INFORMATION

- (i) Immediate disclosure should be made of information about an Entity's affairs or about events or conditions in the market for the Entity's securities which meets either of the following standards:
 - a. Where the information is likely to have a significant effect on the price of any of the Entity's securities, or
 - b. Where such information (after any necessary interpretation by securities analysts or other experts) is likely to be considered important, by a reasonable investor in determining his choice of action.

- (ii) Material information is any information of a factual nature that has a bearing on the value of an Entity's securities or on investor decisions as to whether or not to invest or trade in such securities. Included is information, known to the Entity, concerning the Entity's property, business financial conditions and prospects, mergers and acquisitions; and dealings with employees, suppliers, customers and others; as well as information concerning a significant change in ownership of the Entity's securities owned by insiders or representing control of the Entity.

- (iii) The Exchange does not normally consider disclosure of an Entity's internal estimates or projections of its earnings or of other data relating to its affairs to be necessary. If such estimates or projections are released, they should be prepared carefully, on a reasonable factual basis, and should be stated realistically, with appropriate qualifications. Should subsequent developments indicate that performance will not match earlier estimates or projections, this too should be reported promptly and the reasons for the variance adequately explained.

- (iv) The following events would require prompt announcement:

1. non payment of interest on the 'due date' on account of debt securities
2. non payment of Capital on the Redemption date on account of debt securities
3. a joint venture, mergers, acquisitions or take-overs.
4. a decision either to declare or not declare a dividend
5. any decision to change the capital structure of the Entity including a Rights Issue or a Bonus Issue
6. change in the Directors, Company Secretary, Registrars or Auditors of the Entity
7. full details of any trade which amounts to 10% or more of the voting rights of the Entity.
8. a change in control
9. change of address of the registered office of the Entity or of any offices at which the register of the securities of the Entity is kept.
10. a call of securities for redemption.
11. an event of default on interest and/or principal payments in respect of loans.
12. Resignation, suspension or removal of the Chief Executive Officer
13. occurrence of any event which would result in the winding up of the Entity or any of its subsidiaries or the appointment of a receiver or liquidator of the entity or any of its subsidiaries.
14. when mortgages or pledges on assets exceeds 20% of the Entity's net worth as per the Balance Sheet Value (details not required)
15. details of guarantees and sureties granted if the total exceeds 20% of the Entity's net worth as per the Balance Sheet Value. Financial institutions shall only report those guarantees and sureties granted beyond the regular course of business.
16. any purchase of stock or convertible debt securities when the total amount exceeds 20% of the Entity's net worth based on the Balance sheet value.
17. penalties imposed on the Entity by a Regulatory Authority

18. alteration or amendment of the rights and privileges of any unlisted securities issued by the Entity.

19. a tender offer for another entities securities.

(v) The following information would require a prompt announcement if considered material in the opinion of the Board of Directors.

1. the acquisition or loss of a contract.

2. a new product or discovery.

3. the borrowing of funds.

4. the public or private sale of additional securities.

5. the purchase or sale of an asset.

6. a change in capital investment plans.

7. a labour dispute or dispute with sub-contractors or suppliers.

8. any changes in the Corporate Purpose and any material alterations in the Entity's activities or the initiation of new ones.

9. any investment that will have a material impact on the Entity

10. judicial or quasi judicial actions of any nature initiated by or against the Entity which are of material importance

11. any Licensing or Franchising Agreement or its cancellation which may materially affect the issuer's operations.

12. any occurrence of an event of default under the terms and conditions of any issue of debentures, promissory notes, bonds or any other security issued by the Entity.

13. any penalties if material imposed by state authorities.

14. any acquisition of voting rights which results in the Entity becoming the holding Entity

15. any other information or event which in the opinion of the Board is material

- (vi) All announcements mentioned above that have to be intimated to the CSE shall be in writing, and shall be signed by an authorised officer of such Entity.
- (vii) The following circumstances where disclosures can be withheld are limited and constitute an infrequent exception to the normal requirement of immediate public disclosure. Thus, in cases of doubt, the presumption must always be in favour of disclosure.
 - i. when immediate disclosure would prejudice the ability of the Entity to pursue its corporate objectives.
 - ii when the facts are in a state of flux and a more appropriate moment for disclosure is imminent.
 - iii when the listed Entity is holding negotiations and has not reached an agreement in-principle.
- (viii) Whenever the material information is being temporarily withheld, the strictest confidentiality must be maintained, and the Entity should be prepared to make an immediate public announcement, if required by the Exchange.

If rumours concerning such information should develop, immediate public disclosure is required.

9.2 THOROUGH PUBLIC DISSEMINATION

Public disclosure of material information should be made by an announcement released to the Exchange. To facilitate the dissemination of information, copies of the announcement may be made simultaneously to the news media.

However, under no circumstances should disclosure of material corporate developments be made on an individual or selective basis to analysts, shareholders or other persons unless such information has previously been disclosed and disseminated to the public.

9.3 CLARIFICATION OR CONFIRMATION OF RUMOURS AND REPORTS AND RESPONSE TO UNUSUAL TRADING ACTIVITY

- (i) Where unusual price movement or trading activity, or both occur without any apparent publicly available information the listed Entity shall respond promptly to any inquiries made by the Exchange.
- (ii) A listed Entity should respond promptly to any inquiries made by the Exchange concerning rumours or reports regarding the Entity.

9.4 TRADING BY CONNECTED PERSONS

Connected persons should not trade on the basis of material information that is unknown to the investing public. Moreover, connected persons should refrain from trading even if the information has been released to the Exchange for a period of at least 2 market days, to permit thorough public dissemination and evaluation of the information. In computing this period of 2 market days, the day on which disclosure is made will be excluded.

For the purposes of this Rule, an individual is connected with a company if, and only if -

a) he is a director of that company or a related company;

or

b) he occupies a position as an officer (other than director) or employee of that company or a related company or a position involving a professional business relationship between himself (or his employer or a company of which he is a director) and the first company or a related company which in either case may reasonably be expected to give him access to information which, in relation to listed securities of either company, is unpublished price sensitive information and which it would be reasonable to expect (a person in his position not to disclose except) for the proper performance of his function.

SECTION 10 ENFORCEMENT

10.1 VIOLATION AND/OR NON-COMPLIANCE OF LISTING REQUIREMENTS

In the event of any violation and/or non-compliance with any of the listing rules of the CSE by any entity whose securities are listed on the Exchange, the CSE shall transfer the securities of such entity to the "Default Board" and may publicly reprimand such entity and/or suspend trading of securities of such entity for any period of time and/or delist the entity from the official list.

If an entity fails to pay interest on the debt securities listed on the CSE on the 'due date' the security shall be transferred to the "Default Board".

10.2 TRANSFER TO THE DEFAULT BOARD

Prior to transferring the securities of the company to the Default Board the CSE shall inform the company, in writing, of the default and that the securities of the company would be transferred to the Default Board.

The securities shall be transferred out of the Default Board upon the company complying with the relevant Listing Rules.

In the event the security continues to be on the Default Board for a period in excess of one (01) month, the CSE, in consultation with the SEC, shall have the right to issue a press notice informing the public of the nature of the violation.

If the company continues to be on the Default Board for a period in excess of three (03) months from the date of transferring the securities of the company to the Default Board, the CSE, at its discretion, may refer the matter to the SEC for necessary action.

10.3 FINES FOR FAILURE TO COMPLY WITH CONTINUING LISTING REQUIREMENTS

In the event of any violation of the following continuing listing requirements of the Exchange, the entities shall pay to the Exchange fines prescribed below:

- a. Delays in submission of half yearly reports:
- Rs.500/- per day
- b. Delays in submission of Annual Provisional accounts:
- Rs.500/- per day
- c. Delays in despatching audited accounts:
- Rs.500/- per day

- d. Delays in payment of Annual Listing Fees:
- Rs.500/- per day
- e. Delays in the registering of share transfers:
- Rs.100/- per day

10.4 TRADING HALTS AND SUSPENSIONS

a. Trading Halts

The Exchange may at its discretion impose a Trading Halt on the securities of a listed Entity in the following instances:

- (i) Prior to an announcement of any price sensitive information of a listed Entity.
- (ii) To obtain a clarification from the Entity on a rumour/report regarding the Entity.
- (iii) When an unusual movement in price/volume of a security is noted.
- (iv) If the Exchange deems it necessary for the purpose of disseminating information.
- (v) To do so upon being directed by the SEC.

The duration of a trading halt will be determined by the Exchange or the SEC as the case may be and may be extended beyond one market day.

b. Suspensions

The Exchange may at any time suspend the trading of securities of a listed Entity if in the Exchange's opinion any of the following applies:

- (i) The Entity is unable or unwilling to comply with, or violates, a listing rule
- (ii) The Exchange's rules require the suspension

The SEC may at its sole discretion direct the CSE to suspend the securities of any listed entity.

SECTION 11 FEES

11.1 QUOTATION FEES

Where the quotation is for a further issue of securities in respect of an entity already listed, the fee payable would be computed as follows:

- * where a rights issue of shares is to be made, the fee payable shall be Rs.25,000/= or one twentieth percentage (0.05%) of the issue price of the security for which a quotation is applied for, whichever is more but subject to a maximum fee of Rs.50,000/=.
- * where a bonus issue of shares is to be made, the fee payable shall be Rs.12,500/= or one twentieth percentage (0.05%) of the nominal value of the security for which a quotation is applied for, whichever is more but subject to a maximum fee of Rs.25,000/=.
- * where the quotation is for any other purpose, including an employee share option scheme or a share swap arrangement, the fee payable shall be Rs.5,000/= or one twentieth percentage of the issue price of the security for which a quotation is applied for, whichever is more but subject to a maximum fee of Rs.50,000/=.

Fees shall be payable with the application and are non-refundable whether or not a quotation is granted.

No fees shall be payable for an initial listing of a company, for securities issued by the Government of Sri Lanka or for securities issued in lieu of dividends or the conversion of option rights.

11.2 ANNUAL LISTING FEES

All entities whose securities are quoted on the official list by the Exchange shall pay an annual fee to the Exchange on or before the 31st day of March in each calendar year based on the ordinary issued capital as at 1st January immediately preceding.

The rates currently applicable are as follows:

Upto Rs.10,000,000/-	Rs.15,000/-
Above Rs.10,000,001/- and upto Rs.15,000,000	Rs.22,500/-
Above Rs.15,000,001 and upto Rs.25,000,000	Rs.30,000/-
Above Rs.25,000,001 and upto Rs. 50,000,000	Rs.40,000/-
Above Rs. 50,000,001 and upto Rs.100,000,000	Rs.60,000/-
Rs. 100,000,001/- and over	Rs. 75,000/-

An entity which has obtained a quotation only for its debt securities shall pay an annual fee of Rs.50,000/= to the Exchange on or before the 31st day of March in each calendar year.

If the quotation is granted during the year, the fee payable shall be pro-rated.

11.3 FEES FOR REGISTRATION AND RENEWAL OF SPONSORS

Entities applying for registration as sponsors shall pay a fee of Rs.10,000/=. Entities applying for renewal of registration as sponsors shall pay an annual fee of Rs.5000/=. Fees shall be payable with the application and are non refundable.

11.4 SERVICE CHARGES PAYABLE TO CDS

All entities whose securities are quoted on the official list of the Exchange shall pay to the CDS a service charge of Rs. 15/- for each transaction of its securities traded on the Exchange. Such service charge shall be for the clearing function provided by the CDS.

SECTION 12 SPONSORS

12.1 SPONSORS

The Colombo Stock Exchange (Exchange) needs to ensure that all applicants seeking an initial or additional listing on the Exchange satisfy certain conditions. In order to provide the Exchange with a degree of comfort that these conditions are in fact satisfied, entities are required to have their listing applications to the Exchange sponsored by an institution registered with the Exchange as a sponsor.

12.2 APPOINTMENT OF SPONSORS

A member firm of the Exchange or a merchant bank or an entity listed on the Colombo Stock Exchange or any other institution of professional advisors could seek a registration as a sponsor firm.

12.3 CRITERIA FOR APPROVAL

The CSE shall not grant approval and register a sponsor firm unless the CSE is satisfied that:

- (a) the necessary infrastructure facilities like adequate and suitable office accommodation, necessary equipment and staff resources are available.
- (b) at least two staff members who possess a qualification which makes them eligible to act as a company secretary in a public entity (in accordance with the provisions of the Companies Act No 17 of 1982) and who have gained experience or training in the preparation of initial and additional listing applications to the Exchange.
- (c) the partners or directors and/or principal officer of such firm have not at any time been convicted or are presently involved in litigation relating to securities market or found guilty by a court of law of an offence which has an adverse bearing on the business of such firm.

The acceptance or rejection of an application for registration of sponsors shall be at the discretion of the Exchange and any decision of the Exchange shall be final and binding.

12.4 RESPONSIBILITIES OF THE SPONSOR

- (a) The sponsor shall in the case of an initial listing application satisfy itself to the best of its knowledge and belief, having made due and careful inquiry of the issuer, that the issuer has satisfied all relevant conditions and requirements for listing.
- (b) Ensure that the issuer is guided and advised as to the application of the listing rules.
- (c) Ensure that all documents required by the Exchange are included in the application. Such applications should be made in duplicate and should be in a bound form.
- (d) The sponsor shall be satisfied before any application for initial listing is made, that the directors of the issuer:
 - (i) have had explained to them by the sponsor the nature of their responsibilities and obligations as directors of a listed entity under the listing rules and
 - (ii) in particular, understand what is required of them to enable holders of the issuers quoted securities and the public to appraise the position of the issuer and avoid the creation of a false market in its securities once they are listed.

12.5 REGISTRATION

The Exchange shall maintain a register of all approved sponsors and a copy of same shall be made available to any issuer/offer or entity, upon request.

12.6 RIGHT TO REQUEST INFORMATION

The Exchange reserves the right to request at any time the name, qualifications, experience or training gained by a director/partner or a person employed by the sponsor firm to be furnished to the Exchange together with such other information in respect of such director/partner or employee and such other information on any matter as it may deem appropriate, to permit the Exchange to enforce compliance with the rules of the Exchange.

12.7 DISCLOSURE

Any material information of a factual nature that may have a bearing on the performance of the sponsor firm shall be immediately disclosed to the Exchange. These include:

- (a) Information concerning a significant change in the ownership of the entity.
- (b) Any changes on the directorate/partners or in the professional staff.
- (c) Any change in the criteria for approval as specified in item 12.3 above.

12.8 REVIEW SPONSOR PERFORMANCE

The Exchange shall review the performance of all sponsor firms annually to determine if their performance is satisfactory and whether they consistently maintain a high standard of service.

The Exchange shall have the sole discretion to either cancel or revoke at any time an approval granted to any sponsor firm if it is satisfied that the criteria set-out above is not being satisfactorily met.

12.9 RENEWAL OF SPONSOR'S REGISTRATION

The letter of registration issued by the Exchange shall be valid for a period of one year from the date of registration/renewal as the case may be.

Application for renewal of registration by a sponsor firm shall be in such form as specified in appendix 12A & 12B and shall be submitted to the Exchange at least 2 months prior to the date of the expiry.

Appendix 12A

Application for a registration/renewal of a registration as a sponsor:

To:

Director General
Colombo Stock Exchange

1. We.....of.....hereby apply for a registration as a sponsor and agree to undertake, in the event of our application being accepted, to abide by the rules and procedures of the Colombo Stock Exchange.

2. The following documents are enclosed.
 - (a) A list of names and addresses of the directors
 - (b) A copy of the appendix 12B duly completed
 - (c) A copy of the letter of registration in the preceding year, where the application relates to renewal of a registration.

3. We confirm that the information supplied in the appendix 12B is correct.

Yours faithfully,

.....
Signature of applicant

.....
Name and designation of applicant

Date:.....

Appendix 12B

1. Name of applicant company

.....

2. Address of the applicant company

.....

3. Telephone numbers:

Fax numbers:.....

4. Please confirm that:

(a) The entity /partnership has never been denied a registration as a sponsor
.....

(b) The entity/partnership has never been subjected to the removal of its registration as sponsor.....

(c) None of the partners/directors or principal officer have at any time been convicted or are presently involved in litigation relating to securities market or found guilty by a court of law of an offence which has an adverse bearing on the business of such firm.

5. Please name the director/s and employees who are qualified as per rule 12.3(b) and state their qualifications and experience.

.....
.....
.....

6. We confirm that all attachments supplied in the appendix 12A are correct.

.....
Signature of applicant

.....
Name and designation of applicant

Date:.....

**SECTION 13
DE-LISTING OF ENTITIES**

Delisting of entities shall be in accordance with the Rules gazetted by the Securities & Exchange Commission of Sri Lanka.