

The Companies Ordinance 1984

Company Limited by Shares

ARTICLES OF ASSOCIATION

OF

PHILIP MORRIS (PAKISTAN) LIMITED

(Adopted by Special Resolution passed at the Extraordinary General Meeting of the Company held on September 25, 2014)

PRELIMINARY

Articles of
Association of the
Company

1. The regulations contained in Table 'A' in the First Schedule to the Ordinance shall not apply to the Company and the following shall be the Articles of the Company.

Interpretation

¹2. The marginal notes hereto shall not affect the construction hereof and in these presents, unless there be something in the subject or context inconsistent therewith:

“Board” means the Board of Directors of the Company for the time being.

“Central Depository” means a central depository as defined in clause (ca) of Section 2 of the Securities and Exchange Ordinance, 1969 (XVII of 1969) and registered with the Authority under Section 32A of that Ordinance.

“Chief Executive” means the Chief Executive for the time being of the Company.

¹ We have added certain terms which have been used a number of times throughout the Articles and therefore are desirable to define. Also the defined terms have been rearranged in alphabetical order.

“Commission” means the Securities and Exchange Commission of Pakistan established under the Securities and Exchange Commission of Pakistan Act 1997.

“Company” means “PHILIP MORRIS (PAKISTAN) LIMITED”.

“Directors” means the Directors of the Company for the time being or the Directors present at a duly convened meeting of Directors at which a quorum is present.

“Dividend” includes bonus.

“Member” means a person whose name is for the time being entered in the Register of Members by virtue of his being a subscriber to the Memorandum of Association of the Company or of his holding by allotment or otherwise any share, scrip or other security which gives him a voting right in the Company.

“Month” means calendar month according to the English Calendar.

“Office” means the registered office of the Company for the time being.

“Ordinance” means the Companies Ordinance 1984, applicable to Pakistan or any modification or re-enactment thereof for the time being in force.

“Persons” includes corporations, associations and firms as well as individuals.

“Register” means the register of Members to be kept pursuant to Section 147.

“Section” means section of the Ordinance.

“Special Resolution” has the meaning assigned thereto by clause (36) of Section 2(1).

“the Seal” means the Common Seal of the Company.

“the Secretary” means the Secretary for the time being of the Company.

“these Articles” means these Articles of Association as originally framed or as from time to time altered by Special Resolution.

“In Writing” and “Written” means written, type-written, lithographed, stamped or printed or words represented or reproduced through any other mode in a visible form or partly in one of the said forms and partly in another.

Words importing the singular number include the plural, and vice versa and words importing the masculine gender include the feminine gender.

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

REGISTERED OFFICE

The Office

³3. The Office shall be at such place as the Directors shall from time to time appoint.

BUSINESS

Directors may undertake or discontinue any business

⁴4. Any branch or kind of business which the Company is either expressly or by implication authorised to undertake may be undertaken by the Directors at such time or times as they shall think fit, and further may be suffered by them to be in abeyance whether such branch or kind of business may have been actually commenced or not so long as the Directors may deem it expedient not to commence or proceed with such branch or kind of business.

SHARES

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² Covered in the definition of Ordinance.

³ Provides power to the Directors to determine where the Office of the Company shall be located.

⁴ Section 196(1) of the Ordinance gives power to the Directors to exercise all powers required to be exercised by the Company in a General Meeting. Therefore it is advisable to add this in the Articles.

⁵ Previous Article 3 regarding share capital omitted as the share capital is not required to be specified in the Articles of Association. Under Section 92 of the Companies Ordinance the share capital may be increased by an

Issue of Shares

5. ⁶(1) Subject to any special rights or privileges for the time being attached to any issued shares, the shares in the capital of the Company for the time being remaining unissued, including any new shares resulting from an increase in the authorised share capital, shall be at the disposal of the Directors who may allot or otherwise dispose of the same to such persons (subject to the provisions of Article 34), on such terms and conditions, with such rights and privileges annexed thereto as the resolution creating the same shall direct, and if no such direction be given, as the Directors shall determine either at par or at premium or subject to Article 11 at a discount, with power to the Directors to give any person the right to call for and be allotted shares of any class of the Company at par or at a premium or, subject as aforesaid at a discount such option being exercisable at such times and in such manner and for such consideration, as the Directors think fit.

Power to issue shares of different classes

⁷(2) Subject to Section 90 and any rules in that regard made under the Ordinance, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such rights and restrictions as may from time to time be determined by the Company in General Meeting.

Power to modify rights

⁸(3) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Section 108 and whether or not the Company is being wound up, be varied extended or abrogated with the consent in writing of the holders of three-fourths of the issued shares of that class passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be holders of that class in holding or representing by proxy, twenty-five percent of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum is not present, the holders present shall form a quorum), and any holder of shares of the class present in person or by proxy may demand a poll.

Redeemable shares and securities

⁹6. Subject to Section 95(4)(a) and any rules in that regard made under the Ordinance, the Company may issue shares

ordinary resolution, special resolution being required only where there is reduction of share capital. However, if share capital is specified in the Articles of Association, then any change in the authorised share capital will result in the amendment of this Article, which can only be effected by the passing of a Special Resolution by the shareholders of the Company. As such, the capital clause may be retained only in the Memorandum of Association. Any amendments to the capital clause in the event of an increase in authorised share capital is effected by way of ordinary resolution and will be reflected in the Memorandum of Association.

⁶ Further elaborates old Article 4.

⁷ Reflects the authority of the Company to issue shares of different classes as provided in Section 90 of the Companies Ordinance.

⁸ Reflects the authority of the Company to issue shares of different classes as provided in Section 90 of the Companies Ordinance.

⁹ Desirable to add this Article since Section 95(4)(a) of the Companies Ordinance now clearly states that a company may utilise its funds to redeem any shares or any other redeemable securities.

which are to be redeemed or any other redeemable security, on such terms and in such manner as may be provided in the said section and rules.

**Underwriting
Commission and
Brokerage**

^{107.} The Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares or debentures of the Company or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares or debentures of the Company. In case any commission shall be paid the Company shall comply with the provisions of Section 82. The Company may also pay such brokerage as may be lawful on any issue of shares or debentures.

**Company may
purchase shares if
listed**

^{118.} Subject to Section 95A and any rules in that regard made under the Ordinance, the Company if it is a listed company may purchase its own shares on such terms and in such manner as may be provided in the said section and rules. Except as aforesaid no part of the funds of the Company shall be employed in the purchase of its own shares.

**Trust not
recognised**

^{129.} Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a share or (except only as by these Articles or by law otherwise provided) by other rights in respect of any share except an absolute right to the entirety there-of in the registered holder.

**Offer of new
shares**

^{1310.} No shares shall be offered for subscription except upon the condition that the amount payable on application shall be the full amount of the nominal value of the shares, except where shares are issued at a discount.

**Issue of shares at
discount**

^{1411.} With the previous authority of the Company in General Meeting and the sanction of the Commission and upon otherwise complying with the provisions of Section 84 it shall be

¹⁰ In order to pay a commission Section 82 of the Companies Ordinance 1984 requires the articles of association to authorize such payment.

¹¹ A Listed company may, subject to rules specified by the SECP, purchase its own shares - Section 95A.

¹² While a director must hold one share in his own name in the Company in order to be eligible to act as Directors of the Company, such a share may be transferred by the parent company to the name of the director, which would be in effect held in trust for the parent company. This fact is however not noted or mentioned in the Articles of Association, as shares held in trust are not recognised under the Companies Ordinance. Separate documents are put in place between the director and the parent company and the Company to manage such shares.

¹³ Desirable to add in light of the following Article.

¹⁴ Desirable to be included in the Articles since Section 84 of the Companies Ordinance allows for the issue of shares at a discount.

lawful for the Directors to issue shares in the capital of the Company at a discount.

Allotment of shares	12. The Directors shall, as regards any allotment of shares, duly comply with such of the provisions of Sections 68 to 73 and any rules made or notifications issued thereunder, as may be applicable thereto.
No Purchase of or Loans on Company's Shares	¹⁵ 13. Except as permitted in Section 95 and Section 95A and any rules in that regard made under the Ordinance, the Company shall not purchase or otherwise acquire any of its shares or the shares of its holding company (if any), and the Company shall not, whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, render any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of any shares of the Company or its holding company (if any) or give any loan upon the security of any shares of the Company or those of its holding company (if any).
Shares may be issued for consideration other than cash	¹⁶ 14. The Directors may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, or for services rendered, to the Company in the ordinary course of its business, and shares so allotted shall be issued as and shall be deemed to be fully paid shares
Who may be registered as share holders	¹⁷ 15. Shares may be registered in the name of any limited company or other corporate body but not in the name of a minor. Not more than four persons shall be registered as joint-holders of any shares except in the case of executors or trustees of a deceased member.
Joint share holders	¹⁸ 16. If any shares stand in the name of two or more persons, the person first named in the c shall, as regards receipt of dividend or bonus or service of notices and all or any other matters connected with the Company except voting at the meeting and the transfer of shares, be deemed the sole holder.
Death of joint share holders	¹⁹ 17. In the case of the death of any one or more of the persons named in the Register as the joint-holders of any share, the survivor or survivors shall be the only person or persons recognised by the Company as having any title to or interest in such share.

¹⁵ The Company may purchase its own shares subject to fulfilling requirements of Section 95A (1) of Companies Ordinance. The revisions further clarify the Article.

¹⁶ Enables the Company to issue shares for consideration other than cash.

¹⁷ Desirable to insert the Article to determine who can and cannot be a shareholder of the Company.

¹⁸ Desirable to insert to clarify the rights of shares jointly held.

¹⁹ Desirable to insert to clarify what happens in the event of the death of a joint shareholder.

CERTIFICATE OF SHARES

Members' right to certificate and certificates in the case of jointholders

²⁰18. Every person whose name is entered as a Member in the Register shall, be entitled to receive, a certificate under the Seal of the Company for all his shares or several certificates each for one or more of his shares upon payment of such charge, if any, as the Directors may determine for every certificate after the first; provided that, in respect of shares held jointly by several persons, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for shares to one of several joint holders shall be sufficient delivery to all.

Issue of Certificates

²¹19. The certificate of title to shares and duplicate thereof, when necessary, shall be issued under the Seal of the Company. The Directors may by resolution determine, either generally or in any particular case, that the signatures of any Director and the Secretary may be printed by mechanical or electronic process to be specified in such resolution.

Time for issue of Certificates

²²20. Unless the conditions of issue of any shares, debentures or debenture stock of the Company otherwise provide, the Company shall within ninety days after the allotment and within forty-five days (or where the transferee is a Central Depository within five days) after receipt by the Company of the application for transfer of any such shares, debentures or debenture stock complete and have ready for delivery the certificate of all shares, the debentures and the certificate of all debenture stock allotted or transferred, and unless sent by post or delivered to the person entitled thereto within the period aforesaid the Company shall immediately thereafter give notice to that person in the manner prescribed in these Articles for the giving of notices to Members that the certificate is ready for delivery.

Issue of new certificate in place of one defaced, lost or destroyed

²³21. If a certificate of shares, debentures or debenture stock is proved to the satisfaction of the Company to have been lost or destroyed or, being defaced or mutilated or torn, is surrendered to the Company, and the Company is requested to issue a new certificate in replacement thereof, the Company shall, after making such enquiry as it may deem fit, advise the applicant within thirty days from the date of application the terms and conditions (as to indemnity and otherwise and as to payment of the actual expenses incurred on such enquiry and of a fee not exceeding ten rupees) on which the Company is prepared to issue a new certificate and a time for compliance therewith or of the reasons why the Company is unable to issue a new certificate, as the case may be, and in the former case if the applicant shall within the time allowed comply with the terms and conditions specified the Company shall issue a new certificate to the applicant within forty-five days from the date of

²⁰ The requirements set forth in Section 74 of the Companies Ordinance have been reflected in this Article.

²¹ How Seal is to be affixed to any instrument is already covered under the head Seal.

²² The requirements set forth in Section 74 of the Companies Ordinance have been reflected in this Article.

²³ Desirable to make this insertion as it elaborates the provisions of Section 75 of the Companies Ordinance.

application.

TRANSFER OF SHARES

A member may transfer his shares

22. Any Member may transfer all or any of his shares by instrument of transfer in writing in any usual or common form or any other form which the Directors may approve.

Instrument of transfer

23. The instrument of transfer of any share in the Company shall be duly stamped and executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the Register in respect thereof.

Instrument of transfer to be retained by the Company

²⁴24. All instruments of transfers, which shall be registered, shall be retained by the Company for a period as determined by the Directors from time to time and thereafter they may be destroyed, but any instrument of transfer which the Directors may decline to register shall be returned to the person depositing the same.

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Refusal to register transfer

²⁶25. The Directors shall not refuse to register any transfer of fully paid shares unless the instrument of transfer is defective or invalid or is not accompanied by the certificate of the shares to which it relates. The Directors may also decline to recognise any instrument of transfer unless the duly executed instrument of transfer is accompanied by the certificate of the shares to which it relates, by such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

If the Directors refuse to register a transfer of shares, they shall, within thirty days (or where the transferee is a Central Depository within five days) after the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal indicating the reason for such refusal; provided that if the Directors refuse to register a transfer of shares on account of a defect or invalidity of the instrument of transfer, the transferee; shall, after removal of such defect or invalidity be entitled to re-lodge the instrument of transfer with the Company.

Renunciation of allotment of shares.

26. Nothing in these Articles shall preclude the Directors from recognising a renunciation of the allotment of any share by the allottee in favour of some other person.

Closure of transfer books

²⁴ Desirable to make the insertion to clarify the matter.

²⁵ Covered in the section on SHARES above (Article 15)

²⁶ Desirable to make the changes for purpose of clarity and as per the requirements of Section 74 of the Companies Ordinance.

²⁷27. The Directors may, on giving not less than seven days previous notice by advertisement in some newspaper circulating in the areas as provided in Section 151, suspend the register of transfers and close the Transfer Books and Register for any time or times, not exceeding in the whole forty-five days in each year, but not exceeding thirty days at a time.

TRANSMISSION OF SHARES

Nomination

²⁸28. Any Member may make and deposit with the Company a nomination in writing specifying one or more eligible persons who or each of whom, in the event of the death of the Member, may be entered in the Register as the holder of such number of shares specified in the nomination for such nominee or each such nominee of which the Member remains the registered holder at the date of his death. A person shall be eligible for nomination for the purposes of this Article only if he is a spouse, parent, brother, sister or child of the Member nominating him and the applicable relationship shall be specified in the nomination in respect of each nominee. A Member may at any time by notice in writing cancel, or by making and depositing with the Company another nomination before his death vary, any nomination already made by him pursuant to this Article. In the event of the death of a Member any person nominated by him in accordance with this Article may, on written application accompanied by the relative share certificates and evidence establishing the death of the Member, request the Company to register himself in place of the deceased Member as the holder of the number of shares for which the nomination in his favour had been made and deposited with the Company, and if it shall appear to the Directors that it is proper to do so, the Directors may register the nominee as the holder of those shares in place of the deceased Member.

Entitlement of shares of deceased

²⁹29. The nominee or nominees where a nomination under Article 28 is effective, and the legal personal representatives or the executors or administrators of the deceased where no such nomination has been made and deposited with the Company, as the case may be, of a deceased sole holder of a share, shall be the only persons recognised by the Company as having any title to his interest in the share. In the case of a share registered in the names of two or more holders, the survivor or survivors, or the executors or administrators of the deceased survivor shall be the only persons recognised by the Company as having any title to his interest in the share.

Registration of persons entitled to shares otherwise than by transfer

30. Any person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence as to the title being produced, as may be required by the Directors, and subject as hereinafter provided, elect either to be registered himself as holder of the share or to have some person

²⁷ Amendments further clarify the requirements of Section 151 of the Companies Ordinance.

²⁸ Desirable to be inserted. This Article elaborates Section 80 of the Companies Ordinance.

²⁹ Amendments reflect Regulation 11 of Table A of the First Schedule to the Companies Ordinance.

nominated by him registered as the transferee thereof, but the Directors shall in either case have the same right to decline or suspend registration as they would have had in the case of a transfer of the share by that Member before his death or bankruptcy as the case may be.

Transfer to a nominee

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

Dividend and other advantages before registration of transmission

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

INCREASE OF CAPITAL

The Company may increase share capital

³⁰33. The Company may, from time to time, by ordinary resolution and subject to compliance with the requirements of Section 92, increase the authorized share capital by such sum, to be divided into shares or such amount, as the resolution shall prescribe.

Offer of shares

³¹34. The Directors may from time to time increase the issued share capital by such sum as they think fit. Subject to the provisions of the Ordinance, all un-issued and any new shares shall, before issue, be offered to the Members in proportion, as nearly as the circumstances admit, to the amount of the existing shares held by each Member; provided that fractional shares shall not be offered and all fractions less than a share shall be consolidated and disposed of by the Company and the proceeds from such disposition shall be paid to such of the entitled Members as may have accepted such offer. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted will be deemed to be declined, and after the expiration of that time, or on the receipt of an earlier intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may from time to time, subject to the provisions of sub-section (7) of Section 86, dispose of the same to such persons, companies or corporations, whether Members or not, in such manner as they, in their absolute discretion, think fit. The Directors may likewise so dispose of any new shares which (by

³⁰ Reflects the proviso of Section 92 of the Companies Ordinance.

³¹ Desirable to make the amendments as they reflect Section 86 of the Companies Ordinance clearly, which gives Directors the power to issue further capital.

reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article. Subject as aforesaid, the shares in the capital for the time being shall be at the disposal of the Directors, who may allot or otherwise dispose of the same to such persons, on such terms and conditions, and at such times as they may think fit. In respect of each such offer of shares the Directors shall comply with the provisions of Section 86 and in particular with the provisions of sub-sections (3), (4) and (5) thereof.

Condition for issue of new shares

35. Subject to any direction to the Company that may be given by the meeting of the Board which sanctioned the increase of the capital, all new shares shall be subject to the same provisions with reference to transfer and transmission, and otherwise as the shares in the original share capital.

ALTERATION OF CAPITAL

Consolidation, sub-division and cancellation of shares

36. The Company may by ordinary resolution:
- (1) Consolidate and divide its share capital into shares of larger amount than its existing share;
 - (2) Sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by the Memorandum of Association subject, nevertheless, to the provisions of Section 92;
 - (3) Cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Reduction of share capital

37. The Company may by special resolution reduce its share capital, or any share premium account in any manner and with, and subject to, any incident authorised, and consent required by law.

Share Premium Account

³²38. The share premium account maintained pursuant to Section 83(1) may, be applied by the Company:

- (a) in writing off the preliminary expenses of the Company;
- (b) in writing off the expenses of, or the commission paid or discount allowed on,

³² Desirable to include this Article as it reflects the provisions of Section 83 of the Companies Ordinance in regard to share premium account, if any, of the Company.

any issue of shares or debentures of the Company;

- (c) in providing for the premium payable on the redemption of any redeemable preference shares or debentures of the Company; or
- (d) in paying up un-issued shares of the Company to be issued as fully paid bonus shares.

GENERAL MEETINGS

Annual General Meeting

³³39. Except as may be allowed under Section 158(1), the Company shall hold, a General Meeting, as its Annual General Meeting, once at least in every calendar year within a period of four months following the close of its financial year and not more than fifteen months after the holding of its last preceding annual General Meeting, and shall specify the meeting as such in the notice calling it. Subject to the provisions of Section 158, the Annual General Meeting shall be held at such time as the Directors shall determine Unless otherwise allowed by the Commission, Annual General Meetings, shall be held in the town in which the Office is situate, and each such Meeting shall be held at such location in that town as the Directors may determine.

Extraordinary General Meeting

40. All General Meetings other than the Annual General Meetings shall be called Extraordinary General Meetings. The Directors may, whenever they think fit, convene an Extraordinary General Meeting, and Extraordinary General Meetings shall also be convened on such requisition, or in default, may be convened by such requisitionists, as provided by Section 159.

NOTICE OF GENERAL MEETINGS

Notice of General Meeting

³⁴41. (1) Notice of a General Meeting shall be sent in the manner hereinafter mentioned at least twenty-one days before the date on which the meeting is to be convened to all such persons as are under these Articles or the Ordinance entitled to receive such notices from the Company and shall specify the place and the day and hour of the meeting and the nature of the business to be transacted thereat. In addition a notice of a General Meeting shall be published in at least one issue each of a daily newspaper in the English language and a daily newspaper in the Urdu language having circulation in the Province in which each Stock Exchange listing the shares of the Company is situated. The accidental omission to give notice to, or the non-receipt of notice by, any

³³ The deleted part is now redundant. The insertions reflect the provisions of Section 158 of the Companies Ordinance.

³⁴ Desirable to be included as it covers notices for all general meetings consolidated in to one Article, along with all the requirements of giving such notices.

Member shall not invalidate the proceedings at any General Meeting.

(2) In the case of an emergency affecting the business of the Company an Extraordinary General Meeting may be convened by such shorter notice than that specified in Article 41(1) as the Registrar of Companies may authorise.

(3) Where any special business, that is to say business other than consideration of the accounts, balance-sheet and the reports of the Directors and Auditors, the declaration of dividend, the appointment and fixation of the remuneration of Auditors and the election of Directors (all such matters being herein referred to as ordinary business) is to be transacted at a General Meeting, there shall be annexed to the notice of such meeting a statement setting out all such facts as may be material for the consideration of such business including the nature and extent of the interest (whether direct or indirect) of any Director, and where the item of business involves approval of any document, the time and place appointed for inspection thereof, and to the extent applicable such a statement shall be annexed to the notice also in the case of ordinary business to be transacted at the meeting.

(4) Where a resolution is intended to be proposed for consideration at a General Meeting in some special or particular form, a copy thereof shall be annexed to the notice convening such meeting.

(5) If a Special Resolution is intended to be passed at a General Meeting, the notice convening that meeting shall specify the intention to propose the resolution as a Special Resolution.

(6) A notice for a General Meeting convened for the election of Directors shall state the number of Directors to be elected at that meeting and the names of the retiring Directors.

(7) The notice of every General Meeting shall prominently specify that a proxy may be appointed who shall have the right to attend, demand and join in demanding a poll and vote on a poll and speak at the meeting in the place of the Member appointing him and shall be accompanied by a form of proxy acceptable to the Company.

PROCEEDINGS AT GENERAL MEETINGS

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**Quorum of
General Meeting**

³⁶42. No business shall be transacted at any General Meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Save as in these Articles otherwise provided, ten Members present in person who represent

³⁵ This has been transposed to the Article appearing immediately above.

³⁶ Desirable to reword as it gives clarity to the Article.

not less than 25% of the total voting power either on their own account or as proxies shall be a quorum. A person appointed under Article 61 to represent another company or corporation which is a Member of the Company, at the General Meeting, shall be deemed to be a "Member personally present" for the purpose of meeting the quorum requirement under this Article.

If quorum not present meeting dissolved or adjourned

43. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of or by Members, shall be dissolved, in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Members present, being not less than two, shall be a quorum.

Chairman

44. The Chairman of the Board of Directors shall preside as Chairman at every General Meeting. If there is no such Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, the Directors present shall choose someone of their number to be Chairman. If no Director is willing to act as Chairman or no Director is present within fifteen minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be Chairman of the meeting.

While chair remains vacant

³⁷45. No business shall be discussed at any General Meeting except the election of a chairman so long as the chair is vacant.

Chairman may adjourn Meeting

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

Questions how decided

³⁸47. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by:

- (a) the Chairman of the meeting; or
- (b) at least five Members present in person or by proxy; or
- (c) any Member or Members present in person or by proxy holding not less than one-tenth

³⁷ Desirable to be inserted in the new Articles.

³⁸ Desirable to be included as it reflects Sections 165 to 167 of the Companies Ordinance.

of the issued capital which carries voting rights.

Unless a poll is so demanded, a declaration by the Chairman of the meeting that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall, until the contrary is proved, be evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn at any time before such poll is taken.

Poll

³⁹48. Except as provided in the following Articles and subject to the provisions of the Ordinance, if a poll is demanded (before or on the declaration of the result of the show of hands) by the Chairman or at least five Members present in person or by proxy and entitled to vote on the resolution or by any Member or Members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution, or by any Member or Members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up, which is not less than one-tenth of the total sum paid up on all shares conferring that right a declaration by the Chairman that a resolution has been carried or carried by a particular majority, or lost, or not carried by a particular majority, and an entry to that effect in the book of proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

Poll how taken

⁴⁰49. If a poll is demanded it shall be taken in such a manner as the Chairman of the meeting directs. The votes given on a poll shall be scrutinized by the Chairman or a scrutineer nominated by him and, where Members or proxies have demanded the poll also by a scrutineer nominated by them. The result of the poll shall be announced by the Chairman and shall be deemed to be the decision of the meeting on the resolution in respect of which the poll was demanded.

Poll when taken

⁴¹50. A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time, not more than fourteen days from the date on which it is demanded, as the Chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll. The demand for a poll may be withdrawn at any time by the person or persons who made the demand before such poll is taken.

Chairman to have casting vote

51. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which

³⁹ Desirable to be amended as it correctly reflects Section 168 of the Companies Ordinance.

⁴⁰ Desirable to be amended as it correctly reflects Section 168 of the Companies Ordinance.

⁴¹ Amendment reflects proviso of Section 167(2) of the Companies Ordinance.

the show of hands takes place or at which the poll is demanded, shall be entitled to a second or casting vote.

VOTES OF MEMBERS

Entitlement of votes

⁴²52. Subject to any special conditions or restrictions as to voting upon which any shares may be issued or may for the time being be held, on a show of hands every Member present in person shall have one vote, and on a poll every Member present in person or by proxy shall have one vote for every share held by him in respect of which he is entitled to vote, provided that for election and removal of Directors the provisions of Section 178 and Articles 99 and 105 respectively shall apply.

Voting shares in different ways

⁴³53. On a poll a Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Votes by Proxies

⁴⁴54. On a poll votes may be given either personally (including without limitation a representative of a company or corporation authorized under Article 61) or by proxy.

Votes in case of joint holders

⁴⁵55. Where there are joint registered holders of any share any one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto, and if more than one of such joint holders be present at any meeting or at any poll personally or by proxy, that one of the said persons so present whose name stands first in the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased Member in whose sole name any share stands for the purpose of this Article be deemed joint holders thereof and their seniority shall be determined by the order in which their names are entered in the Company's records.

Vote of a Member of unsound mind

56. A Member of unsound mind, or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may on a poll vote by proxy, provided that such evidence as the Directors may require of the authority of the person claiming to vote shall have been deposited at the Office not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which such person claims to vote.

Objection against a vote

57. No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed

⁴² Desirable to amend as it provides further clarity.

⁴³ Provides further clarity in the voting procedure.

⁴⁴ Provides clarity in terms of voting by proxies.

⁴⁵ Desirable to be amended as it provides clarity in case a conflict may arise in case of a deceased Member.

at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting, whose decision shall be final and conclusive.

Instrument appointing a proxy

⁴⁶58. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a body corporate, either under seal, or under the hand of an officer or attorney duly authorised.

Who can be appointed as a proxy

⁴⁷59. A proxy must be a Member of the Company provided that a company or corporation which is a Member, may appoint as its proxy one of its officers or some other person though not a Member. Members not present in Pakistan may appoint and revoke proxies by telex message or facsimile transmission or electronic mail.

Instrument of proxy to be deposited

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

Representation of a Company

61. A Company which is a Member may, by resolution of the Directors, authorise any person to act as its representative at any and every meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the Company which he represents as if he were an individual shareholder.

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Form of Proxy

62. The appointment of a proxy shall be in the form following or to the like effect :-

"I, _____ of _____ a Member of PHILIP MORRIS (PAKISTAN) LIMITED hereby appoint _____ of _____ or failing him _____ of _____ or failing him either of them may in writing appoint any other person to act as my proxy at the (annual or extraordinary, as the case may be) General Meeting of the Company to be held on the _____ day of _____

⁴⁶ For listed companies Proxy must be witnessed in accordance with the guidelines as laid down in Circular 1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan for CDC holders.

⁴⁷ Desirable to amend as it further clarifies the appointment of proxies for General Meetings.

⁴⁸ There are no general and special proxies any more. A proxy has to be appointed for a specific meeting and usually the companies have a standard proxy form attached to the notice of the meeting or their accounts.

_____ 20 _____ and at any and every adjournment thereof.

Signed this _____ day of _____ 20 _____ ”

When vote by proxy valid though authority revoked

⁴⁹63. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Proxy may demand poll

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

DIRECTORS

Directors to be elected.

⁵¹65. Subject to the provisions of these Articles and the Ordinance the Directors shall all be elected by the Members in General Meeting.

Number of Directors

⁵²66. The Company shall have at least seven (7) Directors. Subject to the said minimum, the number of Directors that the Company shall have shall be determined by the Directors themselves in the manner provided in this Article. Before every General Meeting at which Directors are to be elected, and not less than thirty-five days preceding the date of such meeting, the Directors shall fix the number of Directors to be elected at such Meeting. Except with the prior approval of the Company in General Meeting, the number of Directors so fixed shall not be increased or reduced by the Directors so as to have effect before the effective date of election at the next such General Meeting at which Directors are to be elected.

Who can be appointed as a Director

67. Save as provided in Section 187, no person shall be appointed as a Director unless he is a Member.

Directors may fill up casual vacancies

⁵³68. Any casual vacancy occurring among the elected Directors may be filled up by the Directors A person so appointed

⁴⁹ Desirable to be inserted for sake of clarity.

⁵⁰ Desirable as it clarifies that a proxy may join in demanding of a poll.

⁵¹ Reflects the requirements of the Companies Ordinance.

⁵² Revisions made to clarify the Article and to reflect the provisions of Section 178 of the Companies Ordinance.

shall hold office for the remainder of the term of the Director in whose place he is appointed. The Company shall prior to every such appointment secure in the form prescribed for this purpose, the consent and certificate of the person concerned consenting to act as a Director and certifying that he is not ineligible to become a Director and shall within fourteen days of his appointment file such consent with the Registrar of Companies as required by Section 184.

**Directors'
remuneration**

- ⁵⁴69. (1) The ordinary remuneration of a Director for attending meetings of the Directors or a Committee of such Board attended by him, other than the regularly paid Chief Executive and full time working Directors, shall from time to time be determined by the Directors.
- (2) A Director may also be paid all travelling, hotel and other expenses properly incurred by him in attending and returning from meetings of the Board or of any Committee of such Board or General Meetings of the Company or in connection with the business of the Company which shall be charged as part of the Company's ordinary working expenses.
- (3) Subject to such consents or approvals being granted and within such limits as may be prescribed by the Ordinance or any other law for the time being in force, the Board may from time to time authorise the payment of remuneration (in addition to the ordinary remuneration referred to in paragraph (1) of this Article and whether payable as salary, commission, bonus, allowances, consultancy fees or otherwise) or the grant of benefits other than remuneration to any Director, either in respect of or in connection with any office of profit held by him under the Company whether as salaried executive, consultant or otherwise or for the performance by him of extra service otherwise than in connection with such office of profit and outside the scope of the ordinary duties of a Director.

Alternate Directors

⁵⁵70. A Director who is about to leave or is absent for a period of three months or more from Pakistan may with the approval

⁵³ Amendments reflect the requirements of Section 184 of the Companies Ordinance regarding consent to act as Director.

⁵⁴ Directors fees for attending Board and other meetings may now be determined by the Directors (previously restricted to Rs. 5,000 per meeting) - Section 191(2) of the Companies Ordinance permits Directors to determine this fee if so allowed by the articles of the company.

of the Directors appoint any person who is eligible under Section 187 to be an alternate Director during his absence and such appointment shall have effect and such appointee, whilst he holds office as an alternate Director, shall be entitled to exercise in place of his appointer all the functions of his appointer as a Director of the Company and shall be entitled to receive notice of the meetings of the Directors and to attend and vote thereat accordingly; but shall ipso facto vacate office when his appointer returns to Pakistan or vacates office as a Director, or removes the appointee from office. Any appointment or removal under this Article shall be effected by notice in writing to the Company under the hand of the Director making the same. Such Alternate Director may be one of the Directors of the Company. In such case he shall be entitled to act in both capacities.

POWERS TO BORROW/RAISE FINANCE

Directors' authority
to borrow/raise
finance for the
Company

- ⁵⁶71. (1) The Directors may exercise all the powers of the Company to raise money otherwise than by the issue of shares and to borrow money, and to mortgage or charge its undertaking, property and uncalled capital or any part thereof, and to issue debentures, debenture stock, and other securities, whether out-right or as security for any debt, liability or obligation of the Company or of any third party.
- (2) The Directors may, from time to time, at their discretion and on such terms and conditions as they think fit, obtain finance for the purposes of the Company on the basis of mark-up, musharika, mudaraba, or any other approved mode of non-interest based financing from banks, financial institutions or from any other institution setup by the Government of Pakistan or by any provincial Government and may secure such finance by the issue of participation term certificates, musharika certificates, mudaraba certificates, term finance certificates or any other security or obligation not based on interest, other than the ordinary shares of the Company, representing an instrument or a certificate of a specified denomination, called the face value or nominal value, evidencing investment of the holder in the capital of the Company on terms and conditions of the agreement for the issue of such instrument or certificate or such other certificate or instrument as the Federal Government may permit.

⁵⁵ Amendments provide more clarity.

⁵⁶ Desirable to make amendments as it further elaborates on the power of the Directors to borrow or raise money for the Company. The deleted part was removed because it put a limit to the borrowing power of the Directors.

- (3) Subject to the provisions of the Ordinance the Directors may exercise all the powers of the Company under Sections 19(2), 87, 120 and sub-section (2) of Section 196 and in particular the Directors may issue any security as defined in Section 2(1)(34) or may issue any instrument or certificate representing redeemable capital as defined in Section 2(1)(30A) or participatory redeemable capital as defined in Section 2(1)(25).

Register of mortgages to be kept

⁵⁷72. The Directors shall cause a proper register to be kept in accordance with Section 135 of all mortgages and charges specifically affecting the property of the Company, and shall duly comply with the requirements of Sections 121, 122, 128 and 129 in regard to the registration of mortgages and charges and modifications thereof therein specified and otherwise and shall also duly comply with the requirements of Section 130 as to keeping a copy of every instrument creating any mortgage or charge at the Office. The Directors shall also comply with Section 132 as to giving intimation to the Registrar of Companies of the payment or satisfaction of mortgages and charges.

Compliance with Ordinance Inspection of Register of mortgages

⁵⁸73. The Company shall comply with the provisions of Section 136, as to allowing inspection of copies kept at the Office in pursuance of Section 130, and as to allowing inspection of the register of mortgages to be kept at the Office in pursuance of Section 135.

POWERS OF DIRECTORS

General Powers of company vested in Directors

⁵⁹74. (1) The management of the business of the Company shall be vested in the Directors who in addition to the powers and authorities by these Articles or otherwise expressly conferred upon them may exercise all such powers and do all such acts and things as may be exercised or done by the Company as are not hereby or by the Ordinance expressly directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Ordinance and of these Articles and to any regulations from time to time made by the Company in General Meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid, if such regulation had not been made.

(2) A resolution at a meeting of the Directors duly convened and held shall be necessary for exercising the powers of the Company specified in Section 196(2).

⁵⁷ Section 135 of the Companies Ordinance requires a company to maintain a register of mortgages.

⁵⁸ As required under the relevant sections of the Companies Ordinance.

⁵⁹ The changes made reflect the relevant provisions of the Companies Ordinance.

(3) The consent of the Company in General Meeting shall be necessary for the Directors to do any of the things specified in Section 196(3).

Power of Attorney

⁶⁰75. The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly (including any Director or officer of the Company) by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Directors may think fit and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him; and without prejudice to the generality of the foregoing any such power of attorney may authorise the attorney to institute, conduct, defend, compound or abandon any legal proceedings by or against the Company, whether generally or in any particular case.

Special powers given to Directors

76. Without prejudice to the general powers conferred by the Articles and to any other powers or authorities conferred by these presents on the Directors, it is hereby expressly declared that the Directors shall have the following powers, that is to say, power:

To acquire and dispose of property and rights

- (1) To purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit, and to sell, let, exchange or otherwise dispose of absolutely and conditionally any part of the property, privileges and undertaking of the Company upon such terms and conditions and for such consideration as they think fit, provided that the Directors shall not except with the consent of the General Meeting sale, lease or otherwise dispose of the undertakings or a sizeable part thereof.

To pay for property and rights

- (2) To pay for any property, rights, privilege acquired by or services rendered to the Company either wholly or partly in cash or in shares (subject to Section 86) bonds, debentures, participation term certificates or any redeemable capital or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid-up thereon as may be agreed upon; and any such bonds, debentures, participation term certificates or any redeemable capital or other securities may be either specially charged upon all or any part of the property of the Company.

⁶⁰ Desirable following some court cases which questioned the authority of a person acting on behalf of a company to commence or defend legal proceedings in the name of the company.

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| To draw bills etc. | (3) | To make, draw, endorse, sign, accept, negotiate and give all cheques, bills of lading, drafts, orders, bills of exchange, participation term certificates, musharika certificates, term finance certificates, Government of Pakistan and other promissory notes and negotiable instruments or other redeemable capital documents required for the business of the Company. |
| To obtain Loans | (4) | To obtain loans, advances, or credits as defined in the Banking Companies Ordinance 1962 or otherwise and to issue all securities including securities not based on interest for raising redeemable capital, resources funds from scheduled banks or financial institutions and to issue shares in lieu of standing balance of any loan and to issue securities as required by the rules and regulations of banks, financial institutions and loan giving agencies. |
| | 61 | |
| To appoint Officers, etc. | (5) | To appoint and at their discretion remove or suspend such Agents, Managers, Advisers, Secretaries, officers, clerks and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments and to require security in such instances and to such amount as they think fit. |
| To appoint Trustees | (6) | To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes, and to execute and do all such deeds, documents and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees. |
| Legal Proceedings | (7) | To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment of satisfaction of any debts due and of any claims or demands by or against the Company. |
| To refer to arbitration | (8) | To refer any claims or demands by or against the Company to arbitration and observe and perform the award. |

⁶¹ As required by Philip Morris.

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| To give receipts | (9) | To make and give receipts, releases and other discharges for money payable to the Company and for the claims and demands of the Company. |
| To act in matters of bankrupts and insolvents | (10) | To act on behalf of the Company in all matters relating to bankrupts and insolvents. |
| To authorise acceptance etc. | (11) | To determine who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts and documents. |
| To appoint Attorneys | (12) | From time to time, for the management of the affairs of the Company in different parts of Pakistan and/or elsewhere in such manner as they think fit, to appoint any persons to be the Attorneys and/or Agents of the Company in different parts of Pakistan and/or elsewhere with such powers to sub-delegate and upon such terms as may be thought fit. |
| To invest money | (13) | To invest and deal with any of the moneys of the Company not immediately required for the purposes thereof upon such securities (not being shares in this Company) and in such manner as they may think fit, and from time to time vary or realise such investments. |
| To give security by way of indemnity | (14) | To execute in the name and on behalf of the Company subject to the provisions of the Ordinance in favour of any Director or other person who may incur or be about to incur any personal liability for the benefit of the Company such mortgages of the Company's property (present and future) as they think fit, and any such mortgage may contain a power of sale and such other powers, covenants and provisions as shall be agreed upon. |
| To give commission | (15) | To give to any person employed by the Company a commission on the profits of any particular business or transaction or a share in the general profits of the Company and such commission or share of profits shall be treated as part of the working expenses of the Company. |
| To make bye-laws | (16) | From time to time to make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and employees. |

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| To secure payment | (17) | To borrow or secure the payment of any sum or sums of money for the purpose of the Company's business from any persons, firms or companies (expressly including any Member) and may themselves lend any such sum or sums. |
| Issuance of security | ⁶² (18) | To secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of debentures, redeemable capital, debenture-stock or any mortgage, charge, lien or other security on the undertaking or the whole or any part of the property of the Company (both present and future). |
| To enter into contracts | (19) | To enter into all such negotiations and contracts, and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company. |
| To establish and support charitable objects | (20) | To establish, maintain, support and to subscribe to any charitable or public object, and any institution, society, or club which may be for the benefit of the Company or its employees, or may be connected with any town or place where the Company carried on business to give pensions, gratuities, or charitable aid to any person or persons who have served the Company or to the wives, children, or dependents of such person or persons, that may appear to the Directors, just or proper, whether any such person, his widow, children or dependents have or have not a legal claim upon the Company. |
| To set aside profit for Provident Fund | (21) | Subject to the provisions of the Ordinance, to set aside, before recommending any dividends, any portions of the profits of the Company to form a fund to provide for such pension, gratuities or compensation, or to create any provident or benefit fund in such or any other manner as the Directors may deem fit. |
| To make and alter rules | (22) | To make and alter rules and regulations concerning the time and manner of payment of the contribution of the employees and the Company respectively to any such fund and the accrual, employment, suspension and forfeiture of the benefits of the said fund and the application and disposal thereof, and otherwise in relation to the working and |

⁶² As required by Philip Morris.

management of the said fund as the Directors shall from time to time think fit.

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| To delegate powers | (23) | To delegate all or any of the powers hereby conferred upon them to such Managers, officers, or persons, as they may from time to time think fit. |
| Directors may contract with a Company | (24) | Subject to the provisions of Sections 214 and 216, no Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested be avoided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office, or of the fiduciary relations thereby established, but it is declared that the fact of his having an interest must be disclosed by him at the meeting of the Directors at which the contract or arrangement is determined, if his interest then exists, or in any other case at the first meeting of the Directors after the acquisition of his interest. A general notice that a Director is a member of any specified firm or Company, and is to be regarded as interested in all transactions with that firm or Company shall be a sufficient disclosure under this clause as regards such Director and the said transactions, and after such general notice it shall not be necessary for such Director to give a special notice of any particular transaction with that firm or Company. |
| | (25) | To accept from any Member, on such terms and conditions as shall be agreed, but subject to the provisions of the Ordinance a surrender of his shares or any part thereof. |

Conditions on which Directors may hold office of profit

⁶³77. A Director of the Company or a firm of which such Director is a partner or a private company of which such Director is a director may with the consent of the Company in General Meeting hold any office of profit under the Company provided that no such consent is required where the office held is that of Chief Executive or legal or technical adviser or banker.

Making of loans, etc.

⁶⁴78. In the matters of granting loans, giving guarantees and providing securities, the Company shall have due regard to the

⁶³ Desirable to be inserted as it is conformity with Section 188(1)(c) of the Companies Ordinance.

⁶⁴ Amendment made in conformity with Section 195 of the Companies

prohibitions and restrictions contained in Section 195.

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Where Director's interest lies in appointment of Chief Executive etc.

⁶⁶79. Where by any contract or resolution of the Directors an appointment or a variation in the terms of an existing appointment is made (whether effective immediately or in the future) of a Chief Executive, whole-time Director or Secretary of the Company, in which appointment any Director of the Company is, or after the contract or resolution becomes, in any way, whether directly or indirectly, concerned or interested, the Company shall inform the Members of such appointment or variation in the manner required by Section 218 and shall comply with the requirements of that Section in regard to the maintaining of such contracts and resolutions open for inspection by Members at the Office, the provision of certified copies thereof and extracts therefrom and otherwise.

Register of contracts, arrangements and appointments

⁶⁷80. The Company shall comply with the provisions of Section 219 in regard to the keeping of a register and the entry therein of the particulars of all contracts and arrangements or appointments of the kind referred to in Sections 214, 215, 216 or 218 separately for each Section, and in regard to the maintaining of such register open for inspection by Members at the Office, the provision of certified copies thereof and extracts therefrom and otherwise.

Director holding office with companies in which the Company is interested

81. A Director of the Company may be or become a director of any other company promoted by the Company or in which the Company may be interested as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as a director or member of such other company.

Minutes to be kept

⁶⁸82. The Directors shall cause minutes to be made in books provided for the purpose and kept at the Office:

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

Ordinance.

⁶⁵ Transposed after Directors Section.

⁶⁶ Desirable to be inserted as it is in conformity with, and further elaborates on Section 218 of the Companies Ordinance.

⁶⁷ Desirable to be inserted as Section 219 of the Companies Ordinance requires a company to maintain a register of contracts, arrangements and appointments of the company.

⁶⁸ Desirable to be inserted as it conforms with the requirements of Section 173 of the Companies Ordinance.

Directors and of committee of Directors;

and the Directors present at any meeting of Directors or committee of Directors and all Members and proxies of Members present at any General Meeting shall sign their names in books to be kept for that purpose; and any such minute of such a meeting if purporting to be signed by the chairman thereof, or by the chairman of the next succeeding meeting of the same body, shall be sufficient evidence without any further proof of the facts therein stated.

A copy of the minutes of Directors meetings shall be furnished to each Director within fourteen days of such meeting.

Directors to comply with the provisions of the Ordinance

⁶⁹83. The Directors shall duly comply with the provisions of the Ordinance or any statutory modification thereof for the time being in force, and in particular with the provisions in regard to the registration of the particulars of mortgages and charges affecting the property of the Company or created by it, and to keeping a register of the Directors and officers of the Company (including the Chief Executive, Secretary, chief accountant, auditors and legal adviser), and to sending to the Registrar an annual list of Members, and a summary of particulars relating thereto and notice of any consolidation or increase of share capital or any sub-division or cancellation of shares and copies of Special Resolutions and a copy of the register of the Directors and officers of the Company and notifications of any changes therein. The Directors shall also comply with the provisions of the Ordinance with regard to the keeping of a register of the shareholding of certain persons specified in Section 220 thereof. The Directors shall further comply with such general or special orders of the Commission issued from time to time under Section 246 as may be applicable to the Company in regard to the submission of periodical statements of accounts, information and other reports as specified in such orders.

Payment of pensions, etc., to Directors

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

PROCEEDINGS OF DIRECTORS

Directors' Meetings

⁷¹85. The Directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings, as they think fit provided that the Directors shall meet at least once in each quarter of a calendar year. Questions arising at any meeting shall be decided by a majority of votes. A Director may, and the Secretary on the requisition of a Director shall, at any time, summon a meeting of the Directors. All Directors including an Alternate Director shall

⁶⁹ Desirable to be inserted as it correctly reflects Regulation 47 of Table A of the First Schedule to the Companies Ordinance.

⁷⁰ Allows the Board to pay pension and retirement benefits to a Director.

⁷¹ Amendments provide for means of sending notices for board meetings and the requirements thereof.

be sent notice, in writing, of any meeting of Directors and a copy of the agenda of the business to be dealt with, at least seven days prior to the meeting, except in the case of emergency meetings, where the notice period may be reduced or waived. A notice sent to a Director by telex or facsimile transmission or electronic email to his address in or outside Pakistan, notified by him to the Company for this purpose, shall constitute a proper notice.

Quorum at Board Meeting

⁷²86. The quorum necessary for the transaction of the business of the Directors shall be one-third of their number or four, whichever is greater. An Alternate Director whose appointment is effective shall be counted in a quorum. A meeting of Directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles and the Ordinance for the time being vested in or exercisable by the Directors generally. The continuing Directors may act notwithstanding any vacancy in their body provided that their number is not reduced below the number fixed by or in accordance with these Articles as the necessary quorum of Directors. If a Director or Alternate Director present at a meeting is also an Alternate Director for one or more of the other Directors, all the Directors whom he represents shall be deemed to be present at such meeting and the Director or Alternate Director personally present shall be entitled to exercise all the votes of the other Directors whom he represents.

Reference to General Meeting where no quorum

⁷³87. If as a consequence of the Directors or some of them being concerned or interested in any contract or arrangement a quorum is not available for the transaction of any business relating thereto on account of the provisions of Section 216, such business shall be referred to the Company in General Meeting whose decision shall be carried into effect.

Chairman of the Board

88. The Directors may elect a Chairman for their meetings and determine the period for which he is to hold office. The Chairman so elected shall preside as Chairman at every meeting of Directors. If there is no Chairman or if at any meeting he is not present within fifteen minutes after the time appointed for holding the same, the Directors present may choose someone of their number to be Chairman of the meeting.

Chairman to have casting vote

89. The question arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall have and exercise a second or casting vote.

Delegation of powers

90. The Directors may delegate any of their powers not required to be exercised in their meeting to committees consisting of such member or members of their body as they think fit. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may be imposed on it by the Directors.

Chairman of committee meetings

91. A Committee may elect a Chairman of its meetings. If no such Chairman is elected, or if at any meeting the Chairman is not present at the time appointed for holding the same, the members

⁷² Amendments provide for the inclusion of Alternate Directors in the quorum.

⁷³ Transposed from the Article above for sake of clarity.

present may choose one of their number to be chairman of the meeting.

How questions to be decided of committee meetings

92. A Committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of votes of the members present, and in the case of an equality of votes, the Chairman shall have and exercise a second or casting vote. The quorum for a meeting of a Committee consisting of two or more members, unless otherwise determined by the Committee, shall be two.

Acts of Directors valid

93. All acts done by any meeting of Directors or of a Committee of Directors, or by any person acting as a Director shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or person acting as aforesaid, or that they or any of them were disqualified or had vacated office or were not entitled to vote be as valid both against and in favour of the Company and all other persons (but not in favour of such person) as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

Resolution by circulation

⁷⁴94. Subject to the provisions of Article 74(2), a resolution in writing, signed by all the Directors (or in their absence their Alternate Directors) for the time being in Pakistan (not being less than the requisite quorum of Directors) or by all the members of a committee for the time being in Pakistan shall be as valid and effectual as if it had been passed at a meeting of the Directors, or as the case may be of such committee, duly called and constituted in accordance with the provisions of these Articles. Such resolution may be contained in one document or in several documents in like form each signed by one or more of the Directors or members of the committee concerned. A telex message or facsimile transmission or electronic mail sent by a Director or a member of the committee shall be deemed to be a document signed by him for the purposes of this Article.

Meetings by way of electronic communication

⁷⁵95. Subject to any rules framed under or any regulations or directives issued pursuant to the Ordinance, Directors or members of a Committee may participate in a meeting of the Directors or a Committee of Directors by means of any communication equipment whereby all persons participating in the meeting can speak to and hear each other. Participation in a meeting in this manner shall be deemed to constitute presence of such Director at such meetings for the purposes of constituting a quorum. Meetings will be treated as taking place where the largest group of the Directors are or, if there is no such group, where the Chairman of the meeting is.

⁷⁴ Desirable to amend as circular resolution need not be signed by all Directors (as required by Philip Morris), so long as a quorum of Directors is present in Pakistan and they all sign. Also, allows for approval of such resolutions through electronic means.

⁷⁵ Pursuant to circular No. 30, dated December 31, 2003 and subsequent circulars, issued by SECP, listed companies have been allowed to hold their Board meetings through video conferencing where it is not possible for the directors to be physically present at the venue of the meeting.

76

ELECTION AND RETIREMENT OF DIRECTORS

Directors to be
elected in General
Meeting

96. Subject to the provisions of these Articles the Director shall be elected by the Members in General Meeting.

Term of office of
Directors

97. A Director elected by the Members in General Meeting shall hold office for a period of three years following the date from which his election is effective unless he earlier resigns, becomes disqualified from being a Director or otherwise ceases to hold office.

Casual vacancy

⁷⁷98. Any casual vacancy occurring among the elected Directors may be filled up by the Directors and the person so appointed shall hold office for the remainder of the term of the Director in whose place he is appointed. The Company shall prior to every such appointment secure in the form prescribed for this purpose, the consent and certificate of the person concerned consenting to act as a Director and certifying that he is not ineligible to become a Director and shall within fourteen days of his appointment file such consent with the Registrar of Companies as required by Section 184.

Notice of seeking
election

⁷⁸99. The Members in General Meeting shall elect the Directors from amongst persons who, not being ineligible in accordance with Section 187, offer themselves for election as Directors in accordance with this Article. Any person claiming to be eligible who desires to offer himself for election shall, whether he is a retiring Director or not, file with the Company not later than fourteen days before the date of the General Meeting at which Directors are to be elected, a notice that he, being eligible, intends to offer himself for election as a Director at that meeting and that he consents to act as a Director if elected. If such person is elected as a Director, then the Company shall file his consent to act as a Director with the Registrar of Companies within fourteen days of his election as required by Section 184. A person offering himself for election as a Director may withdraw his candidature at any time before the holding of the election and may do so by withdrawing the notice in which he offered himself for election. Not later than seven days before the date of the meeting the Company will notify the Members of the persons offering themselves for election as Directors at such meeting and shall so notify the Members by publication in at least one issue each of a daily newspaper in the English language and a daily newspaper in the Urdu language

⁷⁶ Transposed to a later part – this is otherwise in the middle of the articles relating to Directors.

⁷⁷ Amendments reflect the requirements of Section 184 of the Companies Ordinance regarding consent to act as Director.

⁷⁸ Article reflects the provisions of Section 178(2) (3) and (4) of the Companies Ordinance regarding requirements for election of directors. The consent to act as Director(s) is required to be filed within fourteen days of election/appointment under Section 184(1) and (2) of the Companies Ordinance.

having circulation in the Province in which each Stock Exchange listing the shares of the Company is situate.

Procedure of election

100. The Directors shall, unless the number of persons who offer themselves for election as Directors is not more than the number fixed for election, be elected by the Members in General Meeting from amongst the candidates eligible for election, in the following manner, namely:

- (1) every Member present in person or by proxy shall have such number of votes as is equal to the product of the number of shares carrying the right to vote held by him and the number of Directors to be elected;
- (2) the number of votes calculated in accordance with the preceding clause (1) may be given to a single candidate or may be divided between any two or more candidates in such manner as the person voting may choose; and
- (3) the candidate who gets the highest number of votes shall be declared elected as Director and then the candidate who gets the next highest number of votes shall be so declared and so on until the total number of Directors to be elected has been elected.

Representative Director

⁷⁹101. Any Member who is the registered holder of a sufficient number of shares in the Company to ensure the election of one or more Directors may at any time give notice in writing to the Company that the persons named in such notice (being Directors) are to be deemed to be Directors representing the notice-giver and any such representative Director may by a like notice be removed and replaced by the notice-giver. No Member may give notice under this Article in respect of more Directors than his shareholding would enable him to elect.

Retirement of a Director before completion of term

102. A Director may retire from his office upon giving notice in writing to the Company of his intention so to do, and such resignation shall take effect upon acceptance by the Directors.

Creditors may nominate Directors

⁸⁰103. In addition to the Directors elected or deemed to have been elected by Members, the Company may have Directors nominated by the Company's creditors or other special interests by virtue of contractual arrangements. The provisions of Section 178, Section 180 or Section 181 shall not apply to the Directors nominated under sub-sections (a) and (b) of Section 183. However where a Director is nominated as mentioned hereinabove his appointment shall be subject to the provisions of Section 183.

⁷⁹ Provides clarity regarding Directors who are representatives of a Member.

⁸⁰ The deleted part has been removed because it restricted the creditors that could nominate Directors on the Board.

**Disqualification of
a Director**

- ⁸¹104. A Director shall ipso facto cease to hold office if:
- (a) he becomes ineligible to be appointed as a Director on any one or more of the grounds specified in Section 187, or
 - (b) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is the longer, without leave of absence from the Directors, or
 - (c) he or any firm of which he is a partner or any private company of which he is a director without the sanction of the Company in General Meeting accepts or holds any office of profit under the Company other than that of a Chief Executive or a legal or technical adviser or a banker, or
 - (d) he or any firm of which he is a partner or any private company of which he is a Director accepts a loan or guarantee from the Company in contravention of Section 195, or
 - (e) the Member or Members who appointed him as a representative under Article 101 or any of them revoke his appointment by notice in writing to the Company.

**Removal of
Director**

105. Subject to the provisions of Section 181 the Company may by resolution in general meeting remove a Director appointed under Section 176 or Section 180 or elected in the manner provided for in Section 178.

CHIEF EXECUTIVE**Appointment of
Chief Executive**

⁸²106. The Company shall have an office of Chief Executive which shall be filled from time to time by the Directors who may appoint a Director or (subject to Section 201) any other person to be the Chief Executive of the Company, and may designate such Chief Executive as Managing Director, for a period not exceeding three years and on such terms and conditions as the Directors may think fit, and such appointment shall be made within fourteen days from the date on which the office of Chief Executive falls vacant. Prior to each such appointment the Company shall secure as required by Section 184 in the form prescribed for this purpose, the consent and certificate of the person concerned to act as the Chief Executive of the Company and if appointed within fourteen days of such appointment file such consent with the Registrar of Companies. If the Chief Executive at any time is not already a Director he shall be deemed to be a Director of the Company notwithstanding that the number of Directors for the time being fixed in accordance with Article 66 shall thereby be increased. The Chief

⁸¹ Desirable to amend as it clearly reflects the provisions of Section 188(1) of the Companies Ordinance.

⁸² Desirable to be amended as it provides for the requirements and procedure of the appointment of the Chief Executive as laid down in Sections 198 to 202 of the Companies Ordinance.

Executive may be removed from office in accordance with the provisions of Section 202.

**Deputy Managing
Director**

107. The Directors may, from time to time, appoint one of their body or any other person as the Deputy Managing Director either for a fixed term or without any limitation as to the period for which he is to hold such office and may, from time to time, remove him from office and appoint another Director or any other person in his place. The Deputy Managing Director shall hold office on such terms as the Directors may determine and shall be paid remuneration and other benefits as may be authorised by the Directors from time to time.

**Powers of Chief
Executive**

⁸³108. The Directors may entrust to and confer upon the Chief Executive any of the powers exercisable by them, except those required by Article 74(2) to be exercised only by a meeting of the Directors, upon such terms and conditions and with such restrictions as they may think fit and may from time to time revoke, withdraw, alter or vary all or any of such powers.

**Remuneration of
Chief Executive**

⁸⁴109. A Chief Executive shall receive, such remuneration as the Directors may determine and it may be made a term of his appointment that he be paid a pension and/or gratuity and/or other benefits on retirement from his office.

SECRETARY

**Appointment of
secretary**

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

Anything required or authorised to be done by or to the Secretary by the Ordinance may, if the office of the Secretary is vacant or there is for any other reason no Secretary capable of acting, be done by or to any Assistant or Deputy Secretary, or if there is no Assistant or Deputy Secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors.

THE SEAL

⁸³ Desirable to be inserted as Section 200 of Companies Ordinance allows the Directors of the Company to determine the terms and conditions of the appointment of the Chief Executive.

⁸⁴ Desirable to be inserted as Section 200 of Companies Ordinance allows the Directors of the Company to determine the terms and conditions of the appointment of the Chief Executive.

⁸⁵ Further clarifies the powers of Directors with respect to appointment of Secretary.

The seal, its custody and use

⁸⁶111. The Directors shall provide for the safe custody of a Common Seal which shall only be used by the authority of a resolution of the Board or of a Committee of the Directors authorised by the Directors in that behalf, and every instrument to which the Seal shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for that purpose or be signed by the Chief Executive alone, but so that the Directors may by resolution determine either generally or in any particular case, that the signature of the Chief Executive, any Director and/or Secretary may be affixed by some mechanical means to be specified in such resolution including without limitation by printing, lithography or stamping.

Official seal for use abroad

⁸⁷112. The Company may exercise the powers conferred by Section 213 with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.

DIVIDENDS AND RESERVE

Declaration of Dividends

113. The Company in General Meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

Time for payment of dividend

⁸⁸114. All dividends shall be paid within the periods specified in Section 251.

Dividends payable out of profits

⁸⁹115. (1) No dividend shall be paid otherwise than out of profits of the year or any other undistributed profits and in the determination of the profits available for dividends the Directors shall have regard to the provisions of the Ordinance and in particular to the provisions of Sections 83, 235 and 248.

What to be deemed net profits

⁹⁰(2) The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividend

116. The Directors may, if they think fit from time to time, pay to the Members such interim dividends as appear to the Directors to be justified by the profits of the Company. If at any time the share capital of the Company is divided into different classes the Directors may, subject to the provisions of the Ordinance, pay such

⁸⁶ Desirable to amend in order to provide further clarity and to bring the Article in conformity with Regulation 49 of Table A in the First Schedule to the Companies Ordinance.

⁸⁷ Desirable to be inserted as Section 213 of the Companies Ordinance authorizes the use of the Company Seal for transactions beyond the limits of Pakistan.

⁸⁸ Reflects the requirements of Section 251 of the Companies Ordinance.

⁸⁹ Amendment desirable to be made as it elaborates further on restrictions on declaration of dividend.

⁹⁰ Authorizes the Directors to determine the net profits of the Company.

interim dividends in respect of all the different classes of shares, and provided that the Directors act bonafide they shall not incur any responsibility to the holders of any class of shares for any damage that they may suffer by reason of the payment of an interim dividend on any shares of a different class.

Appropriation of Profit

⁹¹117. (1) The Directors may, before recommending any dividend, set aside, out of the profits of the Company such sums as they think proper as a reserve fund which shall, at the discretion of the Directors, be applicable for any purpose to which the profits of the Company may be properly applied, including to meet contingencies or for equalising dividends or for special dividends or for repairing, improving and maintaining any of the property of the Company and, may, at the like discretion, either be employed in the business of the Company or be invested, subject to the provisions of the Ordinance, in such investments (other than shares of the Company) as the Directors may from time to time think fit. The Directors may also without placing the same to reserve carry forward any profits which they may think prudent not to distribute and from time to time to deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and to divide the Reserve Fund into such special funds as they think fit with full power to employ the assets constituting the Reserve Fund in the business of the Company and that without being bound to keep the same separate from the other assets, and if they think fit, to abolish such Reserve Fund or Funds. And also to carry forward to the accounts of the succeeding year or years any profit or balance of profit which they shall not think fit to divide or place to reserve.

(2) The Directors may also carry forward any profits which they may think prudent not to distribute, without setting them aside as a reserve.

Determination of Dividend amount

⁹²118. Subject to the rights of persons, if any, entitled to shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, but if any share is issued on terms providing that it shall rank for dividend as from a particular date, such share shall rank for dividend accordingly.

Deduction out of Dividend

119. The Directors may deduct from any dividend or other moneys payable to any Member on or in respect of a share all sums of money, if any, presently payable by him to the Company on any account in relation to the share of the Company.

Effect of transfer

⁹³120. A transfer of shares shall not pass the right to any dividend declared thereon after such transfer and before the registration of the transfer.

Dividend not to bear interest

⁹¹ Desirable to be amended as the changes reflect Regulation 67(1) in Table A of First Schedule to the Companies Ordinance which provides discretion to the Directors to set aside a reserved fund.

⁹² Amendments reflect the provisions of Regulation 66 in Table A of First Schedule to the Companies Ordinance.

⁹³ This Article provides further clarity as to entitlement of dividends.

⁹⁴121. No dividend payable in respect of a share shall bear interest against the Company.

**Capital
Distribution**

122. The Company in General Meeting may subject to the provisions of the Ordinance resolve that any capital assets of the Company in excess of the Company's paid-up capital for the time being shall be distributed among the holders of ordinary shares of the Company as and by way of a capital distribution either in the form of cash or by the allocation to such holders of particular assets of the Company in specie or by the distribution among such holders of fully paid-up shares as and by way of increase of their respective shares in the capital of the Company or in any one or more of such ways such distribution to be in proportion to the amounts for the time being paid-up on the ordinary shares held by them respectively and the Directors shall give effect to such resolution. And in case any difficulty arises in regard to the distribution they may settle the same as they may think expedient and in particular may issue fractional certificates and may fix the value of the same for the purposes of distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties provided always that no distribution shall be made which would amount to a reduction of capital except in manner appointed by law.

**Payment of
Dividend**

⁹⁵123. Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent by registered post or through courier or through such other means as may generally or specially be permitted by the Commission to the registered address of the Member or person entitled thereto and in the case of joint holders to the registered address of one of the joint holders who is first named on the Register, or to such person and to such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders may direct and payment of the cheque or warrant if purporting to be duly endorsed shall be a good discharge to the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

If several persons are registered as joint holders of any share, anyone of them may give effectual receipt for any dividend or other moneys payable on or in respect of the share.

⁹⁶

**Unclaimed
Dividend**

⁹⁷124. All dividends unclaimed for one year after having been declared may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed, and the Company shall not be constituted a trustee in respect thereof. No dividend shall bear interest as against the Company and all dividends for 6 years after having been declared may be forfeited by the Directors for benefit of the Company provided, however, the

⁹⁴ Inserted Article provides further clarity as to interest on dividends.

⁹⁵ Provides for the payment of dividend through courier service also.

⁹⁶ Covered in Article 114 hereinabove.

⁹⁷ Amendments further clarify the treatment with respect to any unclaimed dividends.

Directors may at any time annul such forfeiture and pay any such dividend.

**Payment of
Dividend by issue
of specific asset**

125. A General Meeting declaring a dividend may direct payment of such dividend wholly or in part by the distribution of specific assets, and in particular of paid-up shares or debentures of any other company, and the Director shall give effect to such resolution and where any difficulty arises in regard to the distribution they may settle the same as they think expedient and in particular may issue fractional certificates, and may fix the value for distribution of such specific assets or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed, in order to adjust the rights of Members, and may vest any specific assets in trustees upon trust for the persons entitled to the dividend as may seem expedient to the Directors, and generally may make such arrangements for the allotment, acceptance and sale of such specific assets or fractional certificates, or any part thereof, and otherwise as they think fit.

CAPITALISATION OF PROFITS

**Capitalisation of
undistributed
profits and
Reserves**

126. The Company in General Meeting may, upon the recommendation of the Directors, resolve that it is desirable to capitalise any profits of the Company (including profits carried and standing to any reserve or reserves) not required for paying any dividends due on any shares or, subject as hereinafter provided, any sum standing to the credit of share premium account and accordingly that the Directors be authorised and directed to appropriate the profits or sum resolved to be capitalised to the Members in the proportion in which such profits or sum would have been divisible amongst them had the same been applied or been applicable in paying dividends and to apply such profits or sum on their behalf in paying up in full unissued shares or debentures of the Company or a nominal amount equal to such profits or sum, such shares or debentures to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportion aforesaid provided that the share premium account may, for the purpose of this Article, only be applied in the paying up of unissued shares to be issued to Members as fully paid.

**Issue of shares as
fully paid-up**

127. Whenever such a resolution as aforesaid shall have been passed the Directors shall make all appropriations and applications of the profits or sums resolved to be capitalised thereby, and all allotments and issues of fully paid shares or debentures, if any, and generally shall do all acts and things required to give effect thereto, with full power to the Directors to make such provision by the issue of fractional certificate or by payment in cash or otherwise as they think fit in the case of shares or debentures becoming distributable in fractions, and also to authorise any person to enter on behalf of all the Members entitled thereto into an agreement with the Company, providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalisation and any agreement made under such authority shall be effective and binding on all such Members.

ACCOUNTS

Books of Account

⁹⁸128. The Directors shall cause to be kept proper books of account as required under Section 230 with respect to

- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place;
- (b) all sales and purchases of goods by the Company;
- (c) all assets of the Company;
- (d) all liabilities of the Company; and
- (e) where the provisions of Section 230(1)(e) are applicable, such particulars relating to utilisation of material or labour or to other inputs or items of cost as may be prescribed.

Place where books of account to be kept

⁹⁹129. The books of account shall be kept at the Office or at such other place as the Directors shall think fit and shall be open to inspection by the Directors during business hours. If the Directors decide to keep the books of account at a place other than the Office they shall comply with the directions contained in the proviso to Section 230(1).

Books of account and their inspection

130. The Directors shall from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts and books or papers of the Company or any of them shall be open to the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account and books or papers or documents of the Company except as conferred by the Ordinance or authorised by the Directors or by the Company in General Meeting.

Balance Sheet and Profit and loss account to be laid before the company at the ordinary General Meeting.

¹⁰⁰131. (1) The Directors shall as required by Sections 233, 234, 237, 238 and 240 cause to be prepared and to be laid before the Company in Annual General Meeting such profit and loss accounts and balance sheets duly audited and made upto a date not more than four months before the date of such meeting and having the auditor's report attached thereto, and a report of the Directors, conforming to the requirements of Section 236.

⁹⁸ Amendments set out the requirements of Section 230 of the Companies Ordinance.

⁹⁹ Desirable to be amended as it provides further clarity.

¹⁰⁰ Desirable to be amended as it provides for the duty of the Directors to comply with the requirements of Section 234, 237, 238 and 240 of the Companies Ordinance.

(2) As required by Section 241 the balance sheet and profit and loss account shall first be approved by the Directors and when so approved shall be signed by the Chief Executive and at least one Director, but if on account of his absence from Pakistan or other reason the signature of the Chief Executive cannot be obtained, the balance sheet and profit and loss account shall be signed by at least two Directors for the time being in Pakistan, and in every such case a statement signed by those two Directors shall be subjoined to the balance sheet and profit and loss account stating the reason why the signature of the Chief Executive was not obtained.

(3) The Directors may authorize the Chairman or the Chief Executive to sign the report of the Directors which may then be signed accordingly, but in the absence of any such authority the report of the Directors shall be signed as required by Section 236(3) in the same manner as the balance sheet and profit and loss account.

Copies of audited accounts and reports to be provided

¹⁰¹132. (1) A copy of every balance sheet and profit and loss account which is to be laid before the Company in General Meeting, together with copies of the reports of the Directors and the Auditors shall, not less than twenty-one days before the date of the Meeting, be sent to the persons entitled to receive notices of General Meetings and to every holder of debentures in the Company in the manner in which notices are to be given hereunder provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware of or to more than one of the joint holders of any shares or debentures. The Company shall also send, to the Commission, each Stock Exchange listing the shares of the Company and the Registrar of Companies, five copies each of the balance sheet, profit and loss account and the reports of the Directors and auditors at the same time as they are despatched to the Members and other persons in accordance with this Article.

¹⁰²(2) After the balance sheet, profit and loss account and the reports of the Directors and auditors have been laid before the Annual General Meeting of the Company, five copies thereof (or such larger number as may be prescribed under Section 242(1)) signed by the signatories thereto shall be filed with the Registrar of Companies within thirty days from the date of the meeting and the Company shall also comply with the provisions of Section 242(2) where applicable.

Quarterly Accounts

¹⁰³133. Within such times as prescribed by the Ordinance or any rules framed thereunder or any regulations or directives issued pursuant thereto from the close of the first, second and third quarter of the year of account of the Company, the Directors shall send to the Members and each Stock Exchange listing the shares of the Company a copy of the profit and loss account for that quarter

¹⁰¹ Desirable to be inserted as it reflects the requirement of Section 233(5) of the Companies Ordinance.

¹⁰² Desirable to be inserted as it reflects the requirements of Section 242 of the Companies Ordinance.

¹⁰³ Desirable to be inserted as listed companies must now circulate quarterly accounts for the first second and third quarters in addition to its annual accounts - it reflects Section 245 of the Companies Ordinance.

and of the balance sheet as at the end of that quarter. Such quarterly profit and loss accounts and balance sheets need not be audited but must be signed in the same manner as the annual profit and loss accounts and balance sheets are required to be signed. The Directors shall also send to the Commission and Registrar of Companies three copies each (or such larger number as may be prescribed for the time being under Section 245(1)(b)) of such quarterly profit and loss accounts and balance sheets at the same time as they are sent to the Member in accordance with this Article.

Directors to comply with the Ordinance

¹⁰⁴134. The Directors shall in all respects comply with the provisions of Sections 230 to 247, or any statutory modification thereof for the time being in force.

AUDIT

Appointment of Auditors

135. Auditors shall be appointed and their duties regulated in accordance with Sections 252 to 255, or any statutory modifications thereof for the time being in force.

NOTICES

How notices to be sent to members

136. Any notice or document may be served by the Company on any Member either personally or by sending it by post to such Member at his registered address. Where a notice or document is sent by post, service of the notice or document shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and, unless the contrary is proved, to have been effected at the time at which the letter would be delivered in the ordinary course of post.

Registered address of a member

137. A Member whose registered place of address is not in Pakistan may from time to time notify in writing to the Company an address in Pakistan which shall be deemed his registered address within the meaning of the last preceding Article.

Notice to a member who has no registered address in Pakistan

138. If a Member has no registered address in Pakistan, and has not supplied to the Company an address within Pakistan for the giving of notices to him, a notice addressed to him or to the Members generally and published in newspapers in the manner provided in sub-section (3) of Section 50 shall be deemed to be duly given to him on the day on which the advertisement appears.

Notice to joint holders

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

¹⁰⁴ Defines the scope of duties of the Directors in this regard.

Notice in case of shares subject to transmission

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

Notice to foreign Member

¹⁰⁵141. Notwithstanding anything hereinabove to the contrary, a Member who is a foreign corporation, company or individual shall be given notice by telex or facsimile transmission or electronic mail addressed to such Member at the telex or facsimile number or electronic mail address supplied by such Member to the Company.

Persons entitled to receive notices of General Meetings

¹⁰⁶142. Notice of every General Meeting shall be given in some manner hereinbefore authorised to (a) every Member except those Members who (having no registered address within Pakistan) have not supplied to the Company an address within Pakistan for the giving of notices to them, (b) every Member of the Company being a foreign corporation or company which has supplied to the Company a telex or facsimile number or electronic mail address for the sending of notices to it, (c) every person entitled to a share in consequence of the death or insolvency of a Member, who but for his death or insolvency would be entitled to receive, notice of the meeting, and (d) the auditors of the Company.

Transferees etc., bound by prior notices

¹⁰⁷143. Every person who, by operation of law, transfer or other means whatsoever shall become entitled to any shares shall be bound by every notice in respect of such shares which previously to his name and address being entered on the Register shall have been duly given to the person from whom he derived his title to such shares.

Notice valid through Member deceased

¹⁰⁸144. Any notice or document delivered or sent by post to or left at the registered address of any Member in pursuance of these Articles shall notwithstanding such Member be then deceased and whether or not the Company has notice of his demise, be deemed to have been duly served in respect of any registered shares whether held solely or jointly with other persons by such Member, until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these Articles be deemed a sufficient service of such notice of document on his heirs executors or administrators and all persons, if any, jointly interested with him in any such share.

¹⁰⁵ Desirable to be inserted keeping in mind the modern modes of communication.

¹⁰⁶ Desirable to be inserted as it accounts for the provisions made in the previous Article.

¹⁰⁷ Desirable to be inserted as it requires transferees of shares to be bound by notice.

¹⁰⁸ Desirable to be inserted to avoid any liability where the company is unaware of the death of a Member.

WINDING UP

Distribution of assets

¹⁰⁹145. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Ordinance, divide among the Members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not, and may, for such purpose set such value as he deems fair upon any property to be divided as aforesaid and may determine how much division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

SECRECY

Secrecy clause

¹¹⁰146. Every Director, Chief Executive, Chief Accountant, manager, auditor, treasurer, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

No Member to enter the premises of the Company without permission

¹¹¹147. Save as otherwise provided in the Ordinance no Member or other person (not being a Director) shall be entitled to visit and inspect any of the Company's premises or properties of the Company without the permission of Directors of the Company for the time being or any person authorised in this behalf by the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Directors will be inexpedient in the interest of the Members of the Company to communicate to the public.

¹⁰⁹ Desirable to be inserted as it reflects the provisions of Regulation 84(2) of Table A of the First Schedule to the Companies Ordinance.

¹¹⁰ Desirable to be inserted as it covers the requirements for every employee, director, member, etc to maintain secrecy regarding the affairs of the Company.

¹¹¹ Desirable to be inserted as it restricts the Members or other persons from inspecting and/or entering the premises/properties of the Company, without the permission of the Directors.

INDEMNITY

Directors etc. to be indemnified

148. Every Director, Agent, Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, arising out of his dealings in relation to the affairs of the Company, except those brought by the Company against him, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 488 in which relief is granted to him by the Court.

Individual responsibility of Directors.

¹¹²149. Subject to the provisions of Section 194 no Director, Chief Executive, Chief accountant, Manager, or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense incurred by the Company through the insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damage arising from the bankruptcy or tortious act of any person with whom any moneys, securities or effects shall be deposited or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own dishonesty.

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¹¹² Desirable to be inserted as it clarifies the provisions of Section 194 of the Companies Ordinance and indemnifies the Directors against losses arising out of their honest acts in connection with the affairs of the Company.

¹¹³ Deleted because this relates to the incorporation of the Company.