

LEGAL NOTICE NO. 57 OF 2012

COMPANIES REGULATIONS 2012

In exercise of the powers conferred upon me by section 185 of Companies Act 2011¹, I,

DR LEKETEKETE VICTOR KETSO

Minister responsible for trade and industry, cooperatives and marketing make the following regulations-

Citation and commencement

1. These regulations may be cited as the Companies Regulations 2012, and shall come into operation on the date of publication in the Gazette.

Interpretation

2. In these regulations, unless the context requires otherwise –

“**Articles**” means Articles of Incorporation or Association in a form of a document which sets out the rules regulating the internal affairs of a company;

“**certified copy**” means a copy of a document certified by the Registrar or a person recognised by the Registrar to have that authority;

“**non-profit making company**” means a company referred to under section 15(2) of the Act;

“**identification document**” means a passport or national identification document, a drivers license but excludes an employee’s or a voter’s identification card;

“**Lesotho Business Classification Codes**” means the business activities set out in Schedule 1;

“particulars of a company” means a document which sets out the objects and details of a company as set out in Schedule 6;

“Registrar” means the Registrar of Companies or a person acting in that capacity;

“the Act” means the Companies Act 2011.

General requirements for documents

3. All documents prepared to be registered or to be delivered, sent or forwarded to the Registrar shall-

- (a) be on a white A4 paper;
- (b) be legible and clearly typewritten or printed in black ink;
- (c) bear an original signature where a signature is required;
- (d) have a binding margin of at least 2.7 cm pages;
- (e) use Times New Roman font 12 with 1.5 spacing;
- (f) be paginated; and
- (g) have numbered headings or topics.

Application for incorporation of a company

4. (1) An application for incorporation of a company shall be accompanied by-

- (a) a power of attorney in case of an agent or a legal practitioner;
- (b) a certified copy of an identification document of a subscriber and a director.

(2) An application for incorporation shall indicate the type of business activity in which the company intends to engage, in accordance with the Lesotho Business Classification Codes set out in Schedule 1.

Articles of incorporation

5. (1) A company may develop its own articles pursuant to section 6(4) of the Act or adopt standard model articles developed by the Registrar pursuant to section 87(4) of the Act.

(2) If a company develops its own articles and they make no provision for a matter for which provision is included in the standard model articles and they do not expressly exclude that provision, the provision in the standard model articles shall apply.

(3) The standard articles developed by the Registrar pursuant to section 87(4) of the Act are as set out in Schedules 2, 3, 4, and 5.

Pre-incorporation contracts

6. (1) A promoter shall reserve a name with the Registrar before entering into a pre-incorporation contract on behalf of the company.

(2) A promoter shall submit to the Registrar registration documents of a company within 14 days after the reservation of a name.

(3) Failure to comply with sub-regulation (2) shall render the pre-incorporation contract null and void except where a third party suffers loss.

Registration of an external company

7. An application for registration of an external company shall, in addition to the documents set out in section 11 of the Act, be accompanied by -

- (a) a power of attorney appointing the person accepting service on behalf of the company;
- (b) a certified copy of an identification document of the person accepting service on behalf of an external company in Lesotho and the directors; and
- (c) a translated copy of the memorandum and articles of association or an instrument constituting articles of incorporation of an

external company certified by a notary public, if the documents are not in any of the official languages.

Particulars of company

8. Upon completion of registration of a company the Registrar shall issue the company with a document setting out the particulars of the company as set out in Schedule 6.

Amendment of articles of incorporation

9. Where a company amends its articles in accordance with the Act it shall-

- (a) file a notice of amendment with the Registrar within 20 working days;
- (b) attach to the notice referred to in paragraph (a) the special resolution to amend the articles and a copy of the amended provision of the articles.

Amendment of memorandum of association

10. Where a company incorporated before the commencement of the Act amends its memorandum of association, it shall submit an application to the Registrar in Form 5 as set out in the Act and the Registrar shall cancel the memorandum of association and issue the company with the Particulars of the Company document as set out in Schedule 6.

Use of prohibited name or phrase

11. (1) A person who wishes to use the name or phrase prohibited in section 14(1) (e) of the Act shall apply, in writing, to the Registrar and the application shall indicate the reasons for the desire to use the prohibited name or phrase.

(2) Upon receipt of the application referred to in sub-regulation (1), the Registrar shall consider the application and respond within 7 days.

(3) Where the Registrar does not respond within 7 days as stated in sub-regulation (2), the application shall be deemed to have been unsuccessful and the applicant may appeal to the Minister.

Change of company name

12. (1) A company which has changed its name shall, within 21 working days of the change deliver the following documents to the Registrar-

- (a) 3 newspaper clippings; and
- (b) an official receipt from a radio station,
as proof of compliance with the Act.

(2) A company which fails to comply with section 16(4) of the Act shall be fined M5, 000 by the Registrar, if the failure continues for a period of 2 months and the Registrar may revoke its certificate of change of name.

Use of company name

13. (1) Where a company name appears on company documents, the name shall, at all times, include the company number issued by the Registrar.

(2) A company which fails to comply with sub-regulation shall be liable for a fine of M1 000 (one thousand Maloti) payable to the Registrar.

Use of company logo

14. (1) Where a company wishes to use a logo with the company name in terms of section 17(2) of the Act, the company may register the logo in accordance with the law governing Trade Marks (logos).

(2) Where a company wishes to change its logo in terms of section 17(5) of the Act, the company –

- (a) shall notify the Registrar of the intended change 30 days before it changes the logo;

- (b) shall publish in a newspaper circulating widely in Lesotho indicating the old and new logo in 3 consecutive editions;
- (c) may furnish proof of approval of change of logo by relevant authorities.

Transfer of shares

15. (1) For the purposes of transferring shares, a transfer of shares form shall be signed by both transferor and transferee and have attached to it certified copies of their identification documents.

(2) For the transfer of shares in the company, the company shall file -

- (a) in the case of a company, a certified copy of the identification document of a person appointed to act on behalf of the company;
- (b) a certified copy of the identification document of the transferee;
- (c) a death certificate in case of a deceased shareholder.

(3) A company shall file with the Registrar a notice of transfer of shares within 30 working days of the transfer and a company which fails to comply with this sub-regulation shall be liable to payment of late filing fee set out in Schedule 7.

Appointment and election of directors

16. The consent form referred to in section 58(3) of the Act shall be-

- (a) accompanied by certified copy of the directors' identification documents; and
- (b) filed with the Registrar within 30 working days of the change.

Officers of a company

17. A company may have the following executive officers-

- (a) a managing director;
- (b) a company secretary resident in Lesotho; and

- (c) such other executive officers as may be appointed.

Notification of change of directors

18. Notification of change of directors shall be filed with the Registrar within 30 working days of the change and accompanied by-

- (a) an ordinary resolution; and
- (b) power of attorney in case of an agent.

Change of registered offices

19. (1) A company which has changed its registered office shall, within 21 working days of the change, deliver the following documents to the Registrar-

- (a) 3 newspaper clippings; and
- (b) an official receipt from a radio station,
as proof of compliance with section 82 of the Act.

(2) A company which fails to comply with section 82(4) of the Act shall be fined M5, 000 by the Registrar.

Change of address for service

20. (1) A company which has changed its address of service shall within, 21 working days of the change, deliver the following documents to the Registrar-

- (a) 3 newspaper clippings;
- (b) an official receipt from a radio station,
as proof of compliance with section 83 of the Act.

(2) A company which fails to comply with section 16(4) of the Act shall be fined M5, 000 by the Registrar.

Registration of documents

21. (1) On receipt of a document for registration under the Act, the Registrar shall, in addition to the requirements of section 88(1) (a) of the Act, append his or her name and signature on the document.

(2) The register in the Registrar's office shall consist of the following items-

- (a) the name of the company;
- (b) the registration number of the company;
- (c) the date of incorporation of the company;
- (d) the business activity of the company;
- (e) the names of the shareholders;
- (f) the names of the directors;
- (g) the details of the shareholders' identification documents;
- (h) the details of the directors' identification documents;
- (i) the physical address of the company;
- (j) the postal address of the company;
- (k) the address for service of the company; and
- (l) in case of external company, the name and particulars of the person authorised to accept service.

Lost, defaced and damaged certificate of incorporation

22. (1) Where a certificate of incorporation is lost, defaced or damaged the company shall-

- (a) publish a notice in 3 consecutive editions of a newspaper widely circulating in Lesotho; and

(b) announce in a national radio station in 3 consecutive days.

(2) The company shall file a notice of lost, defaced or damaged certificate with the Registrar within 21 days after the last publication, and shall attach-

(a) 3 newspaper clippings; and

(b) an official receipt from a radio station,

as proof of compliance with sub-regulation (1).

Conversion of a private company into public company

23. (1) If a private company -

(a) acquires more than 50 members excluding employees;

(b) lifts the restriction on right to transfer its shares;

(c) allows invitation to the public to subscribe for its shares and debentures;

(d) allows the publication of a prospectus,

then it ceases to be a private company and shall be regarded as a public company.

(2) Sub-regulation (1) shall apply, with necessary modifications, to a single shareholding company.

Conversion of a public company

24. If a public company -

(a) prohibits the invitation to the public to subscribe for its shares and debentures;

(b) prohibits the publication of prospectus;

(c) restricts the right to transfer its shares;

(d) has 50 members or less excluding employees,
then it ceases to be a public company and shall be regarded as a private company.

Procedure on conversion

25. Upon the occurrence of the events stated in regulations 23 and 24, a private company referred to in these regulations shall-

- (a) publish a notice in 3 consecutive editions of a newspaper widely circulating in Lesotho;
- (b) announce the conversion in a national radio station for 3 consecutive days;
- (c) lodge with the Registrar a special resolution to that effect after 21 days from the last day of the last publication and the Registrar shall record that the company has converted into a public or private company as the case may be.

Deregistration of a company

26. (1) A company that intends to cease business operations in Lesotho shall notify the Registrar on a prescribed form within 3 months from the last day of the business activity.

(2) The notification referred to in sub-regulation (1) shall be accompanied by-

- (a) statement from tax authority in Lesotho indicating that the company has no outstanding tax liabilities;
- (b) financial statements drawn up until the date of intended cessation, indicating that the company is not indebted to anyone in Lesotho;
- (c) 3 newspaper clippings indicating that public notice was duly published;

- (d) an official receipt from a radio station as proof that announcements were made on that radio station; and
- (e) a special resolution indicating that the shareholders approved deregistration of the company.

Removal of company from register

27. (1) The Registrar shall send a registered letter to a company enquiring whether it is still carrying on business or in operation, if the company has failed to submit annual returns.

(2) If within one month of sending the letter referred to in sub-regulation (1), the Registrar does not receive a response from the company the Registrar shall-

- (a) publish a notice in 2 consecutive editions of a newspaper widely circulating in Lesotho; and
- (b) announce the notice in a national radio station for 2 consecutive days

that the Registrar intends to remove the company from the register.

(3) After the expiration of 14 days of the last publication the Registrar shall, pursuant to section 87 (5), remove the company from the register.

(4) If the company fails to apply for reinstatement within 14 days after removal from the register as provided in section 87 (7), the Registrar may apply to the High Court for dissolution of the company under section 171 of the Act.

Voluntary dissolution

28. (1) A company which intends to dissolve under section 163 of the Act shall-

- (a) publish a notice of intention to dissolve in 3 consecutive editions of a widely circulating newspaper in Lesotho; and

- (b) announce through a radio station with national coverage for 3 consecutive days.

(2) A notice referred to in sub-regulation (1) shall be lodged with Registrar on a form developed by the Registrar pursuant to section 87 (3) of the Act after 21 days from the last day of the last publication and shall be accompanied by-

- (a) 3 newspaper clippings; and
- (b) an official receipt from a radio station,

as proof of compliance with sub-regulation (1).

Revocation of notice of dissolution

29. (1) A revocation of notice of dissolution under section 165 of the Act shall be dated and include the name and number of the company and the company shall-

- (a) publish a notice in 3 consecutive editions of a newspaper widely circulating in Lesotho;
- (b) announce through a radio station with national coverage 3 consecutive days.

(2) A revocation of notice of dissolution shall be lodged with Registrar on a form developed by the Registrar pursuant to section 87(3) of the Act after 21 days from the last day of the last publication and shall be accompanied by-

- (a) 3 newspaper clippings; and
- (b) an official receipt from a radio station,

as proof of compliance with sub-regulation (1).

Requirements for publication of notices

30. (1) A notice by a company shall be published in a national newspaper in any one of the official languages.

(2) The notice shall be published in 3 consecutive editions of a circulating newspaper widely in Lesotho.

(3) The size of the notice in the newspaper shall be at least 9 cm (length) ×9 cm (width).

(4) The radio announcement may be in any one of the official languages.

Qualification of liquidators

31. A person to be appointed as a liquidator shall be-

(a) a legal practitioner registered under the Legal Practitioners Act, 1983²; or

(b) an accountant registered with the Lesotho Institute of Accountants,

and maintains an office in Lesotho.

Fees

32. The fees payable under the Act and these regulations shall be as set out in Schedule 7.

Fines

33. A person who fails to comply with a provision of these regulations, where no penalties are provided, shall be liable to a fine of M2, 000 payable to the Registrar.

DATED:

DR LEKETEKETE VICTOR KETSO
MINISTER OF TRADE AND INDUSTRY, COOPERATIVES MARKETING

NOTE

¹. The Companies Act No.15 of 2011

². The Legal Practitioners Act No.11 of 1983

SCHEDULE 1

(Regulation 4 (2))

LESOTHO BUSINESS CLASSIFICATION CODES

Section A

Agriculture, forestry and fishing

Division	Group	Class	Description
Division 01			Crop and animal production, hunting and related service activities
	011		Growing of non-perennial crops
		0111	Growing of cereals (except rice), leguminous crops and oil seeds
		0112	Growing of rice
		0113	Growing of vegetables and melons, roots and tubers
		0114	Growing of sugar cane
		0115	Growing of tobacco
		0119	Growing of non- perennial crops
	012		Growing of perennial crops
		0121	Growing of grapes
		0122	Growing of tropical and subtropical fruits
		0123	Growing of citrus fruits
		0124	Growing of pome fruits and stone fruits
		0125	Growing of other tree and bush fruits and nuts
		0126	Growing of oleaginous fruits
		0127	Growing of beverage crops
		0128	Growing of spices, aromatic, drug and pharmaceutical crops
		0129	Growing of other perennial crops
	013	0130	Plant propagation
	014		Animal production

	0141	Raising of cattle and buffaloes
	0142	Raising of horses and other equines
	0143	Raising of camels and camelids
	0144	Raising of sheep and goats
	0145	Raising of swine/pigs
	0146	Raising of poultry
	0149	Raising of other animals
015	0150	Mixed farming
016		Support activities to agriculture and post-harvest crop activities
	0161	Support activities for crop production
	0162	Support activities for animal production
	0163	Post-harvest crop activities
	0164	Seed processing for propagation
017	0170	Hunting, trapping and related service activities
Division 02		Forestry and logging
	021	0210 Silviculture and other forestry activities
	022	0220 Logging
	023	0230 Gathering of non-wood forest products
	024	0240 Support services to forestry
Division 03		Fishing and aquaculture
	031	Fishing
		0311 Marine fishing
		0312 Freshwater fishing
	032	Aquaculture
		0321 Marine aquaculture
		0322 Freshwater aquaculture

Section B

Mining and quarrying

Division	Group	Class	Description
Division 05			Mining of coal and lignite
	051	0510	Mining of hard coal
	052	0520	Mining of lignite
Division 06			Extraction of crude petroleum and natural gas
	061	0610	Extraction of crude petroleum
	062	0620	Extraction of natural gas
Division 07			Mining of metal ores
	071	0710	Mining of iron ores
	072		Mining of non-ferrous metal ores
		0721	Mining of uranium and thorium ores
		0729	Mining of other non-ferrous metal ores
Division 08			Other mining and quarrying
	081	0810	Quarrying of stone, sand and clay
	089		Mining and quarrying
		0891	Mining of chemical and fertilizer minerals
		0892	Extraction of peat
		0893	Extraction of salt
		0899	Other mining and quarrying
Division 09			Mining support service activities
	091	0910	Support activities for petroleum and natural gas extraction
	099	0990	Support activities for other mining and quarrying

Section C**Manufacturing**

Division	Group	Class	Description
Division 10			Manufacture of food products
	101	1010	Processing and preserving of meat
	102	1020	Processing and preserving of fish, crustaceans and mollusks
	103	1030	Processing and preserving of fruit and vegetables
	104	1040	Manufacture of vegetables and animal oils and fats
	105	1050	Manufacture of dairy products
	106		Manufacture of grain mill product, starches and starch products
		1061	Manufacture of grain mill products
		1062	Manufacture of starches and starch products
	107		Manufacture of other food products
		1071	Manufacture of bakery products
		1072	Manufacture of sugar
		1073	Manufacture of cocoa, chocolate and sugar confectionery
		1974	Manufacture of macaroni, noodles, couscous and similar farinaceous products
		1075	Manufacture of prepared meals and dishes
		1079	Manufacture of other food products
	108	1080	Manufacture of prepared animal feeds
Division 11			Manufacture of beverages
		1011	Distilling, rectifying and blending of spirits
		1102	Manufacture of wines
		1103	Manufacture of malt liquors and malt

	1104	Manufacture of soft drinks; production of mineral waters and other bottled waters
Division 12		Manufacture of tobacco products
	120	1200 Manufacture of tobacco products
Division 13		Manufacture of textiles
	131	Spinning, weaving and finishing of textiles
		1311 Preparation and spinning of textile fibres
		1312 Weaving of textiles
		1313 Finishing of textiles
	139	Manufacture of other textiles
		1391 Manufacture of knitted and crocheted fabrics
		1392 Manufacture of made-up textile articles, except apparel
		1393 Manufacture of carpets and rugs
		1394 Manufacture of cordage, rope, twine and netting
		1399 Manufacture of other textile
Division 14		Manufacture of wearing apparel
	141	1410 Manufacture of wearing apparel, except fur apparel
	142	1420 Manufacture of articles of fur
	143	1430 Manufacture of knitted and crocheted apparel
Division 15		Manufacture of leather and related products
	151	Tanning and dressing of leather; manufacture of luggage, handbags, saddler and harness; dressing and dyeing of fur
		1511 Tanning and dressing of leather; dressing and dyeing of fur
		1512 Manufacture of luggage, handbags and the like, saddler and harness
	152	1520 Manufacture of footwear

Division 16		Manufacture of wood and products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
161	1610	Sawmilling and planning of wood
162		Manufacture of products of wood, cork, straw and plaiting materials
	1621	Manufacture veneer sheets and wood- based panels
	1622	Manufacture of builders' carpentry and joinery
	1623	Manufacture of wooden containers
	1629	Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials
Division 17		Manufacture of paper and paper products
	1701	Manufacture of pulp, paper and paperboard
	1702	Manufacture of corrugated paper and paperboard and of containers of paper and paperboard
	1709	Manufacture of other articles of paper and paperboard
Division 18		Printing and reproduction of recorded media
181		Printing and service activities related to printing
	1811	Printing
	1812	Service activities related to printing
182	1820	Reproduction of recorded media
Division 19		Manufacture of coke and refined petroleum products
191	1910	Manufacture of coke oven products
	1920	Manufacture of refined petroleum products
Division 20		Manufacture of chemical and chemical products
201		Manufacture of basic chemicals, fertilizers and nitrogen compounds, plastics and synthetic rubber in primary forms

	2011	Manufacture of basic chemicals	
	2012	Manufacture of fertilizers and nitrogen compounds	
	2013	Manufacture of plastics and synthetic rubber in primary forms	
202		Manufacture of other chemical products	
	2021	Manufacture of pesticides and other agrochemical products	
	2022	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	
	2023	Manufacture of soap and detergents, cleaning and polishing preparations, per fumes and toilet preparations	
	2029	Manufacture of other chemical products	
203	2030	Manufacture of man-made fibres	
Division 21		Manufacture of pharmaceuticals, medicinal chemical and botanical products	
	210	2100	Manufacture of pharmaceuticals, medicinal chemical and botanical products
Division 22		Manufacture of rubber and plastics products	
	221		Manufacture of rubber products
		2211	Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres
		2219	Manufacture of other rubber products
	222	2220	Manufacture of plastics products
Division 23			Manufacture of other non-metallic mineral products
	231	2310	Manufacture of glass and glass products
	239		Manufacture of non-metallic mineral products
		2391	Manufacture of refractory products

	2392	Manufacture of clay building materials
	2393	Manufacture of other porcelain and ceramic products
	2394	Manufacture of cement, lime and plaster
	2395	Manufacture of articles of concrete, cement and plaster
	2396	Cutting, shaping and finishing of stone
	2399	Manufacture of other non-metallic mineral products
Division 24		Manufacture of basic metals
	241	2410 Manufacture of basic iron and steel
	242	2420 Manufacture of basic precious and other non-ferrous metals
	243	Casting of metals
		2431 Casting of iron and steel
		2432 Casting of non-ferrous metals
Division 25		Manufacture of fabricated metal products, except machinery and equipment
	251	Manufacture of structural metal products, tanks, reservoirs and steam generators
		2511 Manufacture of structural metal products
		2512 Manufacture of tanks, reservoirs and containers of metal
		2513 Manufacture of steam generators, except central heating hot water boilers
	252	2520 Manufacture of weapons and ammunition
	259	Manufacture of other fabricated metal products; metalworking service activities
		2591 Forging, pressing, stamping and roll-forming of metal; powder metallurgy
		2592 Treatment and coating of metals; machining

	2593	Manufacture of cutlery, hand tools and general hardware
	2599	Manufacture of other fabricated metal products
Division 26		Manufacture of computer, electronic and optical products
261	2610	Manufacture of electronic components and boards
262	2620	Manufacture of computers and peripheral equipment
263	2630	Manufacture of communication equipment
264	2640	Manufacture of consumer electronics
265		Manufacture of measuring, testing, navigating and control equipment; watches and clocks
	2651	Manufacture of measuring, testing, navigating and control equipment
	2652	Manufacture of watches and clocks
266	2660	Manufacture of irradiation, electro medical and electrotherapeutic equipment
267	2670	Manufacture of optical instruments and photographic equipment
268	2680	Manufacture of magnetic and optical media
Division 27		Manufacture of electrical equipment
271	2710	Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus
272	2720	Manufacture of wiring and wiring devices
273		Manufacture of fibre optic cables
	2731	Manufacture of other electronic and electric wires and cables
	2732	Manufacture of wiring devices
	2733	Manufacture of batteries and accumulators

274	2740	Manufacture of electric lighting equipment
275	2750	Manufacture of domestic appliances
279	2790	Manufacture of other electrical equipment
Division 28		Manufacture of machinery and equipment
281		Manufacture of general-purpose machinery
	2811	Manufacture of engines and turbines, except aircraft, vehicle and cycle engines
	2812	Manufacture of fluid power equipment
	2813	Manufacture of other pumps, compressors, taps and valves
	2814	Manufacture of bearings, gears, gearing and driving elements
	2815	Manufacture of ovens, furnaces and furnace burners
	2816	Manufacture of lifting and handling equipment
	2817	Manufacture of office machinery and equipment (except computers and peripheral equipment)
	2818	Manufacture of power-driven hand tools
	2819	Manufacture of other general-purpose machinery
282		Manufacture of special-purpose machinery
	2821	Manufacture of agricultural and forestry machinery
	2822	Manufacture of metal-forming machinery and machine tools
	2823	Manufacture of machinery for metallurgy
	2824	Manufacture of machinery for mining, quarrying and construction
	2825	Manufacture of machinery for food, beverage and tobacco processing
	2826	Manufacture of machinery for textile, apparel and leather production

	2829	Manufacture of other special-purpose machinery
Division 29		Manufacture of motor vehicles, trailers and semi-trailers
	291	2910 Manufacture of motor vehicles
	292	2920 Manufacture of bodies (coachwork) for motor vehicles; manufacture of trailers and semi-trailers
	293	2930 Manufacture of parts and accessories for motor vehicles
Division 30		Manufacture of other transport equipment
	301	Building of ships and boats
		3011 Building of ships and floating structures
		3012 Building of pleasure and sporting boats
	302	3020 Manufacture of railway locomotives and rolling stock
	303	3030 Manufacture of air and spacecraft and related machinery
	304	3040 Manufacture of military fighting vehicles
	309	Manufacture of transport equipment
		3091 Manufacture of motorcycles
		3092 Manufacture of bicycles and invalid carriages
		3099 Manufacture of other transport equipment
Division 31		Manufacture of furniture
	310	3100 Manufacture of furniture
Division 32		Other manufacturing
	321	Manufacture of jewellery, bijouterie and related articles
		3211 Manufacture of jewellery and related articles
		3212 Manufacture of imitation jewellery and related articles
	322	3220 Manufacture of musical instruments
	323	3230 Manufacture of sports goods

	324	3240	Manufacture of games and toys
	325	3250	Manufacture of medical and dental instruments and supplies
	329	3290	Other manufacturing
Division 33			Repair and installation of machinery and equipment
	331		Repair of fabricated metal products, machinery and equipment
		3311	Repair of fabricated metal products
		3312	Repair of machinery
		3313	Repair of electronic and optical equipment
		3314	Repair of electrical equipment
		3315	Repair of transport equipment, except motor vehicles
		3319	Repair of other equipment
	332	3320	Installation of industrial machinery and equipment

Section D

Electricity, gas, steam and air conditioning supply

Division	Group	Class	Description
Division 35			Electricity, gas, steam and air conditioning supply
	351	3510	Electric power generation, transmission and distribution
	352	3520	Manufacture of gas; distribution of gaseous fuels through mains
	353	3530	Steam and air conditioning supply

Section E

Water supply; sewerage, waste management and remediation activities

Division	Group	Class	Description
Division 36			Waste collection and treatment supply
	360	3600	Waste collection and treatment supply
Division 37			Sewerage
	370	3700	Sewerage
Division 38			Waste collection, treatment and disposal activities; materials recovery
	381	3811	Waste collection
		3812	Collection of non-hazardous waste
	382		Collection of hazardous waste
		3821	Treatment and disposal of non-hazardous waste
		3822	Treatment and disposal of hazardous waste
	383	3830	Materials recovery
Division 39			Remediation activities and other waste management services
	390	3900	Remediation activities and other waste management services

Section F

Construction

Division	Group	Class	Description
Division 41			Construction of buildings
	410	4100	Construction of buildings
Division 42			Civil engineering
	421	4210	Construction of roads and railways
	422	4220	Construction of utility projects
	429	4290	Construction of other civil engineering projects
Division 43			Specialized construction activities
	431		Demolition and site preparation

	4311	Demolition
	4312	Site preparation
432		Electrical, plumbing and other construction installation activities
	4321	Electrical installation
	4322	Plumbing, heat and air-conditioning installation
	4329	Other construction installation
433	4330	Building completion and finishing
439	4390	Other specialized construction activities

Section G

Wholesale and retail trade; repair of motor vehicles and motorcycles

Division	Group	Class	Description
Division 45			Wholesale and retail trade and repair of motor vehicles and motorcycles
	451	4510	Sale of motor vehicles
	452	4520	Maintenance and repair of motor vehicles
	453	4530	Sale of motor vehicle parts and accessories
	454	4540	Sale, maintenance and repair of motorcycles and related parts and accessories
Division 46			Wholesale trade, except of motor vehicles and motorcycles
	461	4610	Wholesale on a fee or contract basis
	462	4620	Wholesale of agricultural raw materials and live animals
	463	4630	Wholesale of food, beverages and tobacco
	464		Wholesale of household goods
		4641	Wholesale of textiles, clothing and footwear
		4649	Wholesale of other household goods

465		Wholesale of machinery, equipment and supplies
	4651	Wholesale of computers, computer peripheral equipment and software
	4652	Wholesale of electronic and telecommunications equipment and parts
	4653	Wholesale of agricultural machinery, equipment and supplies
	4659	Wholesale of other machinery and equipment
466		Other specialized wholesale
	4661	Wholesale of solid, liquid and gaseous fuels and related products
	4662	Wholesale of Metals and Metals Ore
	4663	Wholesale of construction materials, hardware, plumbing and heating equipment and supplies
	4669	Wholesale of waste and scrap and other products
469	4690	Non-specialized wholesale trade
Division 47		Retail trade, except of motor vehicles and motorcycles
	471	Retail sale in non-specialized stores
	4711	Retail sale in non-specialized stores with food, beverages or tobacco predominating
	4719	Other retail sale in non-specialized stores
472		Retail sale of food, beverages and tobacco in specialized stores
	4721	Retail sale in specialized stores
	4722	Retail sale of beverages in specialized stores

	4723	Retail sale of tobacco products in specialized stores
473	4730	Retail sale of automotive fuel in specialized stores
474		Retail sale of information and communications equipment in specialized stores
	4741	Retail sale of computers, peripheral units, software and telecommunications equipment in specialized stores
	4742	Retail sale of audio and video equipment in specialized stores
475		Retail sale of other household equipment in specialized stores
	4751	Retail sale of textile in specialized stores
	4752	Retail sale of hardware, paints and glass in specialized stores
	4753	Retail sale of carpets, rugs, wall and floor coverings in specialized stores
	4759	Retail sales of electrical household appliances, furniture, lightning equipment and other household articles in specialized stores
476		Retail sale of cultural and recreation goods in specialized stores
	4761	Retail sale of books, newspapers and stationary in specialized stores
	4762	Retail of music and video recordings in specialized stores
	4763	Retail sale of sporting equipment in specialized stores

	4764	Retail sale of games and toys in specialized stores
477		Retail sale of other goods in specialized stores
	4771	Retail sale of clothing, footwear and leather articles in specialized stores
	4772	Retail sale of pharmaceutical and medical goods, cosmetic and toilet articles in specialized stores
	4773	Other retail sale of new goods in specialized stores
	4774	Retail sale of second-hand goods
478		Retail sale via stalls and markets
	4781	Retail sale via stalls and markets of food, beverages and tobacco products
	4782	Retail sale via stalls and markets of textiles, clothing and footwear
	4789	Retail sale via stalls and markets of other goods
479		Retail trade not in stores, stalls or markets
	4791	Retail sale via mail order houses or via Internet
	4799	Other retail sale not in stores, stalls or markets

Section H

Transportation and storage

Division	Group	Class	Description
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Division 49		Land transport and transport via pipelines
491		Transport via railways
	4911	Passenger rail transport, interurban
	4912	2 Freight rail transport
492		Other land transport
	4921	Urban and suburban passenger land transport
	4922	Other passenger land transport
	4923	Freight transport by road
493	4930	Transport via pipeline
Division 50		Water transport
501		Sea and coastal water transport
	5011	Sea and coastal passenger water transport
	5012	Sea and coastal freight water transport
502		Inland water transport
	5021	Inland passenger water transport
	5022	Inland freight water transport
Division 51		Air transport
511	5110	Passenger air transport
512	5120	Freight air transport
Division 52		Warehousing and support activities for transportation
521	5210	Warehousing and storage
522		Support activities for transportation
	5221	Service activities incidental to land transportation
	5222	Service activities incidental to water transportation

	5223	Service activities incidental to air transportation
	5224	Cargo handling
	5229	Other transportation support activities
Division 53		Postal and courier activities
	531	5310 Postal activities
	532	5320 Courier activities

Section I

Accommodation and food service activities

Division	Group	Class	Description
Division 55			Accommodation
	551	5510	Short term accommodation activities
	552	5520	Camping grounds, recreational vehicle parks and trailer parks
	559	5590	Other accommodation
Division 56			Food and beverage service activities
	561	5610	Restaurants and mobile food service activities
	562		Event catering and other food service activities
		5621	Event catering
		5629	Other food service activities
	563	5630	Beverage serving activities

Section J**Information and communication**

Division	Group	Class	Description
Division 58			Publishing activities
	581		Publishing of books, periodicals and other publishing activities
		5811	Book publishing
		5812	Publishing of directories and mailing lists
		5813	Publishing of newspapers, journals and periodicals
		5819	Other publishing activities
	582	5820	Software publishing
Division 59			Motion picture, video and television programme production, sound recording and music publishing activities
	591		Motion picture, video and television programme activities
		5911	Motion picture, video and television programme production activities
		5912	Motion picture, video and television programme post-production activities
		5913	Motion picture, video and television programme distribution activities
		5914	Motion picture projection activities
	592	5920	Sound recording and music publishing activities
Division 60			Programming and broadcasting activities
	601	6010	Radio broadcasting

	602	6020	Television programming and broadcasting activities
Division 61			Telecommunications
	611	6110	Wired telecommunications activities
	612	6120	Wireless telecommunications activities
	613	6130	Satellite telecommunications activities
	619	6190	Other telecommunications activities
Division 62			Computer programming, consultancy and related activities
		6201	Computer programming activities
		6202	Computer consultancy and computer facilities management activities
		6209	Other information technology and computer service activities
Division 63			Information service activities
	631		Data processing, hosting and related activities; web portals
		6311	Data processing, hosting and related activities
		6312	Web portals
	639		Other information service activities
		6391	News agency activities
		6399	Other information service activities

Section K

Financial and insurance activities

Division	Group	Class	Description
Division 64			Financial service activities, except insurance and pension funding
	641		Monetary intermediation

	6411	Central banking
	6419	Other monetary intermediation
642	6420	Activities of holding companies
643	6430	Trusts, funds and similar financial entities
649		Other financial service activities, except insurance and pension funding activities
	6491	Financial leasing
	6492	Other credit granting
	6499	Other financial service activities, except insurance and pension funding activities,
Division 65		Insurance, reinsurance and pension funding, except compulsory social security
651		Insurance
	6511	Life insurance
	6512	Non-life insurance
652	6520	Reinsurance
653	6530	Pension funding
Division 66		Activities auxiliary to financial service and insurance activities
661		Activities auxiliary to financial service activities, except insurance and pension funding
	6611	Administration of financial markets
	6612	Security and commodity contracts brokerage
	6619	Other activities auxiliary to financial service activities
662		Activities auxiliary to insurance and pension funding
	6621	Risk and damage evaluation
	6622	Activities of insurance agents and brokers

	6629	Other activities auxiliary to insurance and pension funding
663	6630	Fund management activities

Section L

Real estate activities

Division	Group	Class	Description
Division 68			Real estate activities
	681	6810	Real estate activities with own or leased property
	682	6820	Real estate activities on a fee or contract basis

Section M

Professional, scientific and technical activities

Division	Group	Class	Description
Division 69			Legal and accounting activities
	691	6910	Legal activities
	692	6920	Accounting, bookkeeping and auditing activities; tax consultancy
Division 70			Activities of head offices; management consultancy activities
	701	7010	Activities of head offices
	702	7020	Management consultancy activities
Division 71			Architectural and engineering activities; technical testing and analysis
	711	7110	Architectural and engineering activities and related technical consultancy

	712	7120	Technical testing and analysis
Division 72			Scientific research and development
	721	7210	Research and experimental development on natural sciences and engineering
	722	7220	Research and experimental development on social sciences and humanities
Division 73			Advertising and market research
	731	7310	Advertising
	732	7320	Market research and public opinion polling
Division 74			Other professional, scientific and technical activities
	741	7410	Specialized design activities
	742	7420	Photographic activities
	749	7490	Other professional, scientific and technical activities
Division 75			Veterinary activities
	750	7500	Veterinary activities

Section N

Administrative and support service activities

Division	Group	Class	Description
Division 77			Rental and leasing activities
	771	7710	Renting and leasing of motor vehicles
	772		Renting and leasing of personal and household goods
		7721	Renting and leasing of recreational and sports goods
		7722	Renting of video tapes and disks

	7729	7729	Renting and leasing of other personal and household goods
773	7730	7730	Renting and leasing of other machinery, equipment and tangible goods
774	7740	7740	Leasing of intellectual property and similar products, except copyrighted works
Division 78			Employment activities
781	7810	7810	Activities of employment placement agencies
782	7820	7820	Temporary employment agency activities
783	7830	7830	Other human resources provision
Division 79			Travel agency, tour operator, reservation service and related activities
791			Travel agency and tour operator activities
	7911	7911	Travel agency activities
	7912	7912	Tour operator activities
799	7990	7990	Other reservation service and related activities
Division 80			Security and investigation activities
801	8010	8010	Private security activities
802	8020	8020	Security systems service activities
803	8030	8030	Investigation activities
Division 81			Services to buildings and landscape activities
811	8110	8110	Combined facilities support activities
812			Cleaning activities
	8121	8121	General cleaning of buildings
	8129	8129	Other building and industrial cleaning activities
813	8130	8130	Landscape care and maintenance service activities

Division 82		Office administrative, office support and other business support activities
821		Office administrative and support activities
	8211	Combined office administrative service activities
	8219	Photocopying, document preparation and other specialized office support activities
822	8220	Activities of call centres
823	8230	Organization of conventions and trade shows
829		Business support service activities
	8291	Activities of collection agencies and credit bureaus
	8292	Packaging activities
	8299	Other business support service activities

Section O

Education

Division	Group	Class	Description
Division 85			Education
	851	8510	Pre-primary and primary education
	852		Secondary education
		85211	General secondary education
		8522	Technical and vocational secondary education
	853	8530	Higher education
	854		Other education

		8541	Sports and recreation education
		8542	Cultural education
		8549	Other education
	855	8550	Educational support activities

Section P

Human health and social work activities

Division	Group	Class	Description
Division 86			Human health activities
	861	8610	Hospital activities
	862	8620	Medical and dental practice activities
	869	8690	Other human health activities
Division 87			Residential care activities
	871	8710	Residential nursing care facilities
	872	8720	Residential care activities for mental retardation, mental health and substance abuse
	873	8730	Residential care activities for the elderly and disabled
	879	8790	Other residential care activities
Division 88			Social work activities without accommodation
	881	8810	Social work activities without accommodation for the elderly and disabled
	889	8890	Other social work activities without accommodation
			Division Group Class Description

Section Q

Arts, entertainment and recreation

Division	Group	Class	Description
Division 90			Creative, arts and entertainment activities

	900	9000	Creative, arts and entertainment activities
Division 91			Libraries, archives, museum and other cultural activities
		9101	Library and achieves activities
		9102	Museums activities and operation of historic sites and buildings
		9103	Botanical and zoological gardens and nature reserves activities
Division 92			Gambling and betting activities
	920	9200	Gambling and betting activities
Division 93			Sports activities and amusement and recreation activities
	931		Sports activities
		9311	Operations of sports facilities
		9312	Activities of sports clubs
		9319	Other sports activities
	932		Other amusement and recreation activities
		9321	Activities of amusement parks and theme parks
		9329	Other amusement and recreation activities

Section R

Other service activities

Division	Group	Class	Description
Division 94			Activities of membership organization activities
	941		Activities of business, employers and professional membership organizations
		9411	Activities of business and employers membership organizations

	9412	Activities of professional membership organizations
	949	Activities of other membership organizations
	9491	Activities of religious organizations
	9499	Activities of other membership organizations
Division 95		Repair of computers and personal and household goods
	951	Repair of computers and communication equipment
	9511	Repair of computers and peripheral equipment
	9512	Repair of communication equipment
	952	Repair of personal and household goods
	9521	Repair of consumer electronics
	9522	Repair of household appliances and home and garden equipment
	9523	Repair of footwear and leather goods
	9524	Repair of furniture and home furnishings
	9529	Repair of other personal and household goods
Division 96		Other personal service activities
	9601	Washing and (dry-) cleaning of textile and fur products
	9602	Hairdressing and other beauty treatment
	9603	Funeral and related activities
	9609	Other personal service activities

Section S

Activities of households as employers; undifferentiated goods-and-services-

producing activities of household for own use

Division	Group	Class	Description
Division 97			Activities of households as employers of domestic personnel
	970	9700	Activities of households as employers of domestic personnel
Division 98			Undifferentiated goods- and services-producing activities of private households for own use
	981	9810	Undifferentiated goods-producing activities of private households for own use
	982	9820	Undifferentiated service-producing activities of private households for own use

Section T

Activities for extraterritorial organizations and bodies

Division	Group	Class	Description
Division 99			Activities of extraterritorial organizations and bodies
	990	9900	Activities of extraterritorial organizations and bodies

SCHEDULE 2

(Regulation (5))

ARTICLES OF INCORPORATION FOR A PRIVATE COMPANY

ARRANGEMENT OF ARTICLES

PART 1- PRELIMINARY

Article

1. Interpretation

PART 2 REGULATION AND MANAGEMENT OF THE COMPANY

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15. Advanced payment on call notice
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 64. Directors' committees
 65. Suspension and termination of director's appointment
 66. Managing director
 67. Secretary
 68. Indemnity
 69. Insurance
 70. Company seal
 71. Accounts
 72. Auditor
 73. Rights of auditor
 74. Annual report
 75. Dividends and reserve
 76. Payment of dividends
 77. Method of payment of dividends
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- 81. Capitalization of profits
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- Schedule1 Form A Proxy Appointment Form - article 36(3)

Schedule1 Form B Proxy Appointment Form (voting)- article 36 (4)

Schedule2 Particulars of First Directors - article 41(1)

Explanatory Note

ARTICLES OF INCORPORATION FOR A PRIVATE COMPANY

PART 1- PRELIMINARY

Interpretation

1. In these articles-

“**Act**” means the Companies Act 2011;

“**articles**” means these articles of incorporation;

“**certificate**” means a printed paper certificate (other than a share warrant) evidencing a person’s **title to specified shares or other securities**;

“**chairperson**” means the director appointed as such under article 56;

“**chairperson of the general meeting**” means a shareholder appointed as such under article 28(4);

“**company seal**” means an official mark of a company, consisting of an embossed impression on paper evidencing the formality of the company's execution of the document and its intention to be bound;

“director” means a person occupying the position of director of the company by whatever name called;

“distribution recipient” has the meaning given in article 77(1);

“document” includes, unless otherwise specified, a document in electronic form, that is, a document sent or supplied, kept, maintained or recorded –

- (a) by electronic means including but not limited to, e-mail or fax; or
- (b) by any other means while in an electronic form (for example, a disk delivered by hand or sent by post); or
- (c) saved in computer;

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“holder” in relation to shares means the person whose name is entered in the register of members as holders of the shares or, in the case of a share in respect of which a share warrant has been issued (and not cancelled), the person in possession of that warrant;

“insolvency” includes proceedings in a jurisdiction other than Lesotho which have an effect similar to that of insolvency in Lesotho;

“instrument” means a document in hard copy form, that is, in a paper copy or similar form capable of being read;

“ordinary resolution” has the meaning given in section 2 of the Companies Act 2011;

“paid” means paid or credited as paid;

“participate” in relation to a directors’ meeting, has the meaning given in article 57;

“premium” means the amount at which the share was issued has not been paid to the company;

“proxy notice” has the meaning given in article 36 ;

“subsidiary” has the meaning given in section 2(2)(a) of the Act ;

“shares” means the interest of a shareholder in the company, measured by some of money for the purpose of liability and of interest;

“special resolution” has the meaning given in section 2 of the Act ;

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, and capable of being reproduced in tangible form whether sent, stored or supplied in electronic form or otherwise.

PART 2- REGULATION AND MANAGEMENT OF THE COMPANY

Power to issue shares

2. (1) 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 preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may by special resolution determine.

(2) Subject to the provision of section 21 of the Act, any preference shares may, by ordinary resolution, be issued on the terms that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine.

Variation of rights attached to shares

3. (1) 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 share of that class) may, whether or not the company is being dissolved, be varied with the consent in writing of the holders of three –fourth of the issued shares of that class, or by special resolution passed at a special meeting of the holders of the shares of the class.

(2) To every special meeting referred to in sub article (1), the provisions of these articles relating to special meetings shall apply, but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

(3) The rights conferred upon the holders of the share of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares.

Payment of commission

4. (1) The company may exercise the powers of paying commissions conferred by section 19 (8) of the Act, provided that the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the rate of the commission shall not exceed 5 per cent of the price at which the shares are issued.

(2) Payment of commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly by payment of cash and partly by allotment of fully or partly paid shares.

Registration of trusts as shareholders

5. (1) The company may in its discretion enter in its register any share held in trust.

(2) The company shall verify the legal status of any trust or of any trustee who is registered as a shareholder but there shall be no obligation on the company, to see to the due and proper carrying out of any trust, whether express, implied or constructive, in respect of any share.

Share certificate

6. (1) A person whose name is entered as a shareholder in the register of shareholders may, upon payment of twenty Maloti (M20) or such amount as the directors may determine, be issued with a share certificate after allotment or lodgment of transfer within such period as the conditions of issue may provide, but each class of shares shall be represented by a separate certificate.

(2) A share certificate shall be executed in accordance with section 27 of the Act and shall specify –

- (a) the name of the company;
- (b) the name of the person to whom it is issued;
- (c) the number, class and designation of shares issued;
- (d) rights, privileges and limitations; and
- (e) the amount paid for the shares.

A share certificates shall have affixed to it the company's official seal.

(1) Where a share or shares are held jointly by several persons the company shall not be bound to issue more than one certificate and delivery of a certificate for a share or shares to one of several joint holders shall be sufficient delivery to all such holders.

(2) Where the company has not issued a share certificate, the company shall issue a shareholder with written statement, and such statement shall contain details specified in sub article (2).

Consolidation of share certificates

7. (1) When a shareholder's holding of shares of a particular class increases, the company may issue that shareholder with—

- (a) a single, consolidated share certificate in respect of all the shares of a particular class which that shareholder holds; or

-
- (b) a separate share certificate in respect of only those shares by which that shareholder's holding has increased.

(2) When a shareholder's holding of shares of a particular class is reduced, the company shall ensure that the shareholder is issued with one or more share certificates in respect of the number of shares held by the shareholder after that reduction.

(3) A shareholder may request the company, in writing, to replace—

- (a) the shareholder's separate share certificates with a consolidated share certificate; or
- (b) the shareholder's consolidated share certificate with 2 or more separate share certificates representing such proportion of the shares as the shareholder may specify.

(4) When the company complies with such a request it may charge such reasonable fee as the directors may decide.

(5) A consolidated share certificate shall not be issued unless the share certificate which it is to replace has first been returned to the company for cancellation.

Replacement of share certificates

8. (1) If a share certificate issued in respect of shareholder's shares is—

- (a) damaged or defaced; or
- (b) lost, stolen or destroyed,

the shareholder is entitled to be issued with a replacement share certificate in respect of the same shares upon –

- (i) presentation of the damaged or defaced share certificate, and in the case of lost, stolen or destroyed share certificate,

an affidavit accompanied by a police report where applicable;

- (ii) compliance with such conditions as to evidence as the directors may decide;
- (iii) payment of a fee of fifty Maloti (M50) or such amount, if any, as the directors may, from time to time, determine.

(2) A shareholder exercising the right to be issued with a replacement share certificate may at the same time exercise the right to be issued with a single share certificate or separate share certificates.

Lien

9. (1) The company has a lien (“the company’s lien”) over every share which is partly paid for any part of—

- (a) that share’s nominal value; and
- (b) any premium at which it was issued,

which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.

(2) The company’s lien over a share—

- (a) takes priority over any third party’s interest in that share,
- (b) extends to any dividend or to the estate of the shareholders, and
- (c) extends to other money payable by the company in respect of that share and the proceeds of sale of that share.

(3) The company may, in a special meeting at any time, declare any share to be wholly or in part exempt from the provisions of this article.

(4) A lien enforcement notice—

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- (a) may be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed,
 - (c) shall specify the share concerned,
 - (c) shall require payment of the sum payable within 14 working days of the notice, and
 - (d) shall be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, insolvency or otherwise,

shall state the company's intention to sell the share if the notice is not complied with.

Sale of shares subject to lien

10. (1) The company may, in such manner as the directors think fit, sell any shares on which the company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days referred to in article 14(4) (c).

(2) To give effect to any such sale the director may execute an instrument of the shares sold to the purchaser or a person nominated by the purchaser.

(3) The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he or she shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

(4) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the shares at the date of the sale.

Call notice

11. (1) Subject to these articles and the terms on which shares are allotted, the directors may send a notice (a “call notice”) to a shareholder requiring the shareholder to pay the company a specified sum of money (a “call”) which is unpaid in respect of shares which the shareholder holds at the date when the directors decide to send the call notice.

(2) A call notice—

- (a) may not require a shareholder to pay a call which exceeds the total sum unpaid on the shareholder’s shares;
- (b) shall specify the time, date and place of payment but the date shall not be less than 14 days from the date the call notice was issued; and
- (c) may permit or require the call to be paid by installments.

(3) Before the company has received any call due under a call notice the directors may—

- (a) revoke it wholly or in part; or
- (b) specify a later time for payment than is specified in the notice, by a further notice in writing to the shareholder in respect of whose shares the call is made.

(4) A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.

Liability to pay calls

12. (1) The transfer of the share does not extinguish the liability to pay the call.

(2) Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.

(3) Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them—

- (a) to pay calls which are not the same; or
- (b) to pay calls at different times.

When call notice need not be issued

13. (1) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium)—

- (a) on allotment;
- (b) on the occurrence of a particular event; or
- (c) on a date fixed by or in accordance with the terms of issue.

(2) If the due date for payment of the sums referred to in sub article(1) has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

Failure to comply with call notice

14. (1) For the purposes of these articles—

- (a) the “**call payment date**” is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the “**call payment date**” is that later date;
- (b) the “**relevant rate**” is—

-
- (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
 - (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
 - (iii) if no rate is fixed in either the sub-paragraph (i), or (ii), at the rate determined by the market value of the shares.

(2) If a sum called in respect of a share is not paid before or on the call payment date, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding the relevant rate or as the directors may determine, but the directors shall be at liberty to waive payment of such interest wholly or in part.

(3) If a person is liable to pay a call and fails to do so by the call payment date the directors may issue a notice of intended forfeiture to that person.

(4) The relevant rate shall not exceed the market value of shares.

Advance payment on a call notice

15. The directors may, if they think fit, receive from any member willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him or her, and upon all or any of the moneys so advanced may (until the same would, by for such advances, become payable) pay interest at such rate not exceeding (unless the company in special meeting shall otherwise direct) relevant rate as may be agreed upon between the directors and the member paying such sum in advance.

Notice of intended forfeiture

16. A notice of intended forfeiture—

- (a) may be sent in respect of any share for which a call has not been paid as required by a call notice;

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- (b) shall be sent to the holder of that share or to a person entitled to it by reason of the holder's death, insolvency or otherwise;
 - (c) shall require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice;
 - (d) shall state how the payment is to be made; and
 - (e) shall state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

Directors' power to forfeit shares

17. (1) If a notice of intended forfeiture is not complied with, the directors may decide that any share in respect of which that notice was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

(2) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit.

Effect of forfeiture

18. (1) If a person's shares have been forfeited—
- (a) the directors shall send that person notice that forfeiture has occurred and record the forfeiture in the register of shareholders;
 - (b) that person ceases to be a shareholder in respect of those shares;
 - (c) that person shall surrender the share certificate for the shares forfeited to the company for cancellation;
 - (d) that person remains liable to the company for all sums payable by that person under these articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before

forfeiture) and the liability shall cease if and when the company shall have received payment in full of all such moneys in respect of the shares; and

- (d) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

(2) At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

Disposal of forfeited shares

19. (1) If a forfeited share is to be disposed of by being sold, the company may receive the consideration for the sale and the directors may execute the instrument of transfer of the share in favour of the person to whom the share has been sold and that person shall be registered as the holder of the share.

(2) An affidavit by a director or the company secretary that the deponent is a director or the company secretary and that a share has been forfeited on a specified date is, unless fraud or mistake is proved—

- (a) conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
- (b) subject to compliance with any other formalities of transfer required by these articles or by the Act.

(3) A person to whom a forfeited share is transferred is not bound to see to the application of the purchase money (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.

(4) If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which—

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- (a) was, or would have become, payable; and
 - (b) had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of such proceeds.

Surrender of shares

20. (1) A shareholder shall surrender any share—

- (a) in respect of which the directors may issue a notice of intended forfeiture;
- (b) which the directors may forfeit;
- (c) which has been forfeited.

(2) The directors may accept the surrender of any share and if the surrender is not accepted, sub articles (3) and (4) shall not apply.

(3) The effect of surrender on a share is the same as the effect of forfeiture on that share.

(4) A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

Transfer of shares

21. (1) Shares may be transferred by means of an instrument of transfer as prescribed in the Act.

(2) The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of shareholders in respect thereof.

(3) Subject to restrictions of these articles as may be applicable, any shareholder may transfer all or any of the shareholder's shares by instrument in writing in any usual or common form or any other form which the directors may approve.

(4) The directors shall only refuse to register the transfer of a share to a person whom they do not approve and shall, within 15 days, furnish the transferor and transferee with reasons for the refusal.

(5) The directors may also decline to recognise any instrument of transfer unless-

- (a) a fee of fifty Maloti (M 50) or such sum as the directors may determine to be paid to the company;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.

(6) If the directors refuse to register a transfer they shall within 15 days after the date on which the transfer was lodged with the company send to the transferee notice of the refusal.

(7) The registration of transfers may be suspended at such times and for such period as the directors may determine, but registration of transfer shall not be suspended for more than 30 days in any year.

Registration of other documents

22. The company shall be entitled to charge a fee of five Maloti (M 5) or any fee as the directors may determine on the registration of every letters of administration, certificate of death or marriage, power of attorney, deed of settlement, or any other instrument.

Transmission of shares

23. (1) In the case of death of a shareholder, the survivor or survivors where the deceased was a joint holder, and the executor of the deceased where he or she was a sole holder, shall be the only person recognized by the company as having any title to the deceased's interest in the shares; but nothing herein contained shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by the deceased with other persons.

(2) Any person entitled to a share in consequence of the death or insolvency of a shareholder may, upon such evidence being produced as may be required by the directors and subject as hereinafter provided, elect either to be registered as a holder of the share or to nominate another person to be 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 shareholder before death or insolvency as the case may be.

(3) If a person who becomes entitled to a share in consequence of the death or insolvency of a shareholder elects to be registered as the shareholder, that person shall deliver or send to the company a signed notice to that effect.

(4) If the person referred to in sub article (1) elects to have another person registered as a shareholder, the person shall execute an instrument of transfer in favour of that other person.

(5) All the limitations, restrictions and provisions of these articles relating to the right of transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the shareholder had not occurred and the notice of transfer were a transfer signed by that shareholder.

(6) A person who becomes 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 the person would be entitled if the person was registered as a holder of the share, except that person shall not, before being registered as a shareholder in respect

of the share, be entitled in respect of it to exercise any right conferred in relation to meetings of the company:

Provided that the directors may at any time give notice requiring any such person to elect either to be registered or to transfer the share, and if the notice is not complied with within 15 days the directors may thereafter withhold payment of all dividends, bonuses, or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Conversion of shares into stock

24. (1) The directors may convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination provided such a conversion shall be approved by at least 75 percent of the shareholders.

(2) The holders of stock may transfer the stock, or any part thereof in the same manner, and subject to the same articles applicable to the shares from which the stock arose before the conversion.

(3) The directors may fix the minimum amount of stock transferable but the minimum amount shall not exceed the nominal amount of the shares from which the stock arose.

(4) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting and meetings of the company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits in the assets of the company on dissolution or liquidation) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(5) Articles of the company applicable to paid-up shares shall apply to stock, and the word “share” and “shareholder” therein shall include “stock” and “stockholder”.

Alteration of share capital

25. (1) The shareholders may, by special resolution, increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

(2) The shareholder may, by special resolution-

- (a) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (b) sub-divide its existing shares, or any of them, into shares of smaller amount than is fixed by these articles;
- (c) 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.

(3) The shareholder may, by special resolution, reduce capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required by the Act.

General meetings

26. (1) The company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse between the date of one annual general meeting of the company and that of the next: Provided that so long as the company holds its first annual general meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation or in the following year.

(2) The annual general meeting shall be held at such time and place as the directors shall appoint.

Sub article (1) shall not apply for as long as the company has less than 10 shareholders and none of the shareholder is a company unless a shareholder requests a company to hold a general meeting.

(3) All other meetings other than annual general meetings shall be called special meetings.

(4) The directors may, whenever they think fit, convene a special meeting, and a special meeting shall also be convened on the written request of shareholder's holding shares totaling not less than 5 percent of the voting rights.

(5) If at any time there are not sufficient shareholders capable of acting to form a quorum, any 2 shareholders of the company may convene a special meeting in the same manner as nearly as possible as that in which meetings may be convened by the shareholders.

Notice of general meetings

27. (1) A notice for an annual general meeting and a meeting called to pass a special resolution shall –

- (a) be in writing;
- (b) be issued not less than 10 days before the date of the meeting excluding the day on which it is issued; and
- (c) state the time, date and place of meeting and in case of a special meeting, the purpose for which the meeting is called.

(2) A company may call a meeting by giving a shorter notice than that specified in article 49 , and such a meeting shall be deemed to have been duly called if it is so agreed-

- (a) in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote ; and
- (b) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting being a majority holding not less than 95 per cent in nominal value of the shares giving that right.

(3) The accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Proceedings at general meetings

28. (1) No business shall be transacted at any general meeting unless a quorum of shareholders is present at the time when the meeting proceeds to business; save as herein otherwise provided, a quorum for transaction of business at the meeting of shareholders shall be a majority of issued shares represented in person or by proxy.

(2) All business shall be deemed special that is transacted at a special meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.

(3) If, within half an hour from the time appointed for the meeting a quorum is not present, the meeting, shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at any such other time and place as the shareholders may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the shareholders present shall be a quorum.

(4) If the shareholders have elected a chairperson, the chairperson shall preside at every general meeting of the company if present, or if there is no such chairperson, or if the chairperson is not present within 15 minutes after the time appointed for the holding of the meeting or the elected chairperson is unwilling to act, the shareholders present shall elect one of their number to be chairperson of the meeting and the appointment of the chairperson of the meeting shall be the first business of the meeting.

(5) The chairperson of the meeting may adjourn a general meeting at which a quorum is present if—

- (a) two-third majority of shareholders voting consent to an adjournment; or

-
- (b) it appears to the chairperson of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(6) When adjourning a general meeting, the chairperson of the meeting may—

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

(7) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company shall give at least 7 days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—

- (a) to the same persons to whom notice of the company's general meetings is required to be given; and
- (b) the notice shall contain the same information which should be in a notice of general meeting.

Proceedings at the adjourned meeting

29. No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Demand for a poll

30 (1) At any general meeting 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-

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- (a) the chairperson of the meeting;
 - (b) the shareholders;
 - (c) 2 or more persons having the right to vote on the resolution; or
 - (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

(2) A poll demanded on-

- (a) the election of a chairperson or a question of adjournment shall be taken forthwith; or
- (b) any other question shall be taken at such time as the chairperson of the meeting directs, and any business other than that upon which a poll has been demanded may be preceded with pending the taking of a poll.

(3) Except as provided in this article, if a poll is duly demanded it shall be taken in such manner as the chairperson directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Withdrawal of the demand for a poll

31. A demand for a poll may be withdrawn if the poll has not yet been taken and the chairperson of the meeting consents to the withdrawal.

Casting vote

32. In the case of an equality of votes whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Attendance and speaking at general meeting

33. (1) The company shall organise meetings in a way that every shareholder is able to exercise the right to vote and communicate any information or opinions which that shareholder has on the business of the meeting and the directors shall make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote.

(2) A person is able to exercise the right to vote at a general meeting when—

- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
- (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) A person is able to exercise the right to speak at a general meeting when—

- (a) that person is able to speak, during the meeting, on issues raised or under discussion at the meeting; and
- (b) that person's opinion can be taken into account in determining whether or not resolutions are passed in the meeting.

(4) In determining attendance at a general meeting, it is immaterial whether any shareholders attending it are in the same place as each other.

(5) Shareholders who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Votes of shareholders

34. (1) Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every shareholder present in person

shall have one vote, and on a poll every shareholder shall have one vote for each share of which he or she is the holder.

(2) In the case of joint holders the vote of the senior shareholder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders.

(3) A shareholder who has been declared of unsound mind by any Court may vote whether on a show of hands or on a poll by his or her *curator bonis* or other person appointed by that Court.

(4) No shareholder shall be entitled to vote at any general meeting unless all calls or other sums presently payable by shareholder in respect of shares in the company have been paid.

(5) 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 at such meeting shall be valid for all purposes.

(6) An objection made in sub article (5) shall be referred to the chairperson of the meeting whose decision shall be final and conclusive.

(7) Unless stated otherwise elsewhere in these articles, a poll vote may be given either personally or by proxy.

Objection on votes tendered

35. (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

Proxy notice

36. (1) A shareholder or an agent authorised by the shareholder may appoint a proxy and the appointment shall be in writing. A proxy need not be a shareholder of the company.

(2) Proxies may only be validly appointed by a notice in writing (a “proxy notice”) which—

- (a) states the name and address of the shareholder appointing the proxy;
- (b) identifies the person appointed to be that shareholder’s proxy and the meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
- (d) is delivered to the company in accordance with these articles and any instructions contained in the notice of the meeting to which they relate.

(3) The company may require proxy notices to be delivered in an instrument in the form as set out in Schedule1 Form A or a form as near thereto as circumstances permit and the company may specify different forms for different purposes.

(4) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions and where it is desired to afford the proxy an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the form as set out in Schedule1 Form B or a form as near thereto as circumstances permit.

(5) Unless a proxy notice indicates otherwise, it shall be treated as—

- (a) allowing the person appointed thereunder, a discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and

-
- (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notice

37. (1) A notice of a meeting shall specify the address or addresses (“**proxy notification address**”) at which the company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered by hand or registered mail.

(2) The proxy notice shall be delivered to the address specified in accordance with sub article (1) not less than 48 hours before holding the meeting or adjourned meeting to which it relates.

(3) A person who is entitled to attend, speak or vote (either on a show of hands or cast a secret ballot) at a meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(4) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

(5) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

If a proxy notice is not executed by the shareholder, it shall be accompanied by written evidence of the authority of the person who executed it on behalf of the shareholder.

Rights of a proxy

38. (1) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(2) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death, insolvency or insanity of the principle or revocation of the proxy or of the authority under which the proxy is executed, or the transfer of the share in respect of which the proxy is given:

Provided that no intimation in writing of such death, insolvency, insanity, revocation or transfer as aforesaid shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Shareholders resolutions

39. (1) Unless a poll be demanded a declaration by the chairperson that the resolution has on a show of hands been carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the company shall be conclusive evidence of the fact without proof of the number or of the votes recorded in favour of or against such resolution.

(2) Subject to the provisions of the Act, a resolution in writing signed by all shareholders for the time being entitled to receive notice of and to attend and vote at meeting (or being corporations by their duly authorized representatives) shall be as valid and effective as if the same had been passed at a general meeting of the company duly convened and held.

Amendments to resolutions

40. (1) An ordinary resolution to be proposed at a meeting may be amended if—

- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the meeting at which it is to be proposed not less than 48 hours before the meeting is to take place or such later time as the chairperson of the meeting may determine; and
- (b) the proposed amendment does not, in the reasonable opinion of the chairperson of the meeting, materially alter the scope of the resolution.

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- (2) A special resolution to be proposed at a meeting may be amended if—
- (a) the chairperson of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

(3) If the chairperson of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairperson's error does not invalidate the vote on that resolution.

Directors

41. (1) The persons whose particulars appear in Schedule 2 shall be the first directors of the company and they shall hold office until directors are appointed by the company in a general meeting in accordance with article 52.

(2) The minimum number of directors shall be one and there shall be no maximum number.

Appointment of directors

42 (1) Any person who is willing to act as a director, and is permitted by the Act to do so, may be appointed to be a director by ordinary resolution at a shareholders general meeting.

(2) The shareholding qualification for directors may be fixed in a general meeting and, unless and until so fixed no qualification shall be required.

Company in distress

43. (1) The directors shall, within 14 days of incorporation of the company, prepare and submit for approval by the shareholders a succession plan, and in the absence of such a plan if for a period of 3 months the shareholders and directors either severally or collectively are unable to perform the functions of their office, whether arising from infirmity of body or mind or any such cause, the company shall

be managed under Part XVII (Judicial Management) of the Act until the succession issue as to shareholding has been resolved.

(2) Where the shareholders and directors are unable to perform the functions of their office as provided for in sub article (1) a senior officer of the company shall notify the office of the Registrar of Companies.

(3) Within 14 working days after the succession as to shareholding referred to in sub article (1) has been resolved, the shareholders shall appoint directors of the company.

Directors' remuneration

44. (1) Directors may undertake any services for the company that the directors and shareholders may decide.

(2) Directors are entitled to such remuneration as the shareholders determine—

- (a) for their services to the company as directors, and
- (b) for any other service which they undertake for the company.

(3) Subject to these articles, a director's remuneration may —

- (a) be in a form of-
 - (i) cash;
 - (ii) tangible or intangible assets;
 - (iii) securities in the company; or
 - (iv) movable or immovable property;
- (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits to, or in respect of that director.

(4) Unless the shareholders decide otherwise directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company has an interest.

Directors' expenses

45. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

- (a) meetings of directors or committees of directors;
- (b) general meetings; or
- (c) special meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

Directors' borrowing powers

46. (1) The directors may exercise all the powers of the company 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 outright or as security for any debt, liability or obligation of the company.

(2) Notwithstanding sub article (1), the amount for the time being remaining unpaid of moneys borrowed or secured by the directors as aforesaid (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not at any time, without the previous sanction of the company in general meeting, exceed the nominal amount of the share capital of the company for the time being issued.

(3) No lender or other person dealing with the company shall be concerned to see or inquire whether the limit in sub article (2) is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when

the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

Powers and duties of directors

47. (1) The business of the company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company prescribed by the Act or by these articles, required to be exercised by the company in general meeting.

(2) Notwithstanding sub article (1), the shareholders may by special resolution direct the directors to take or refrain from taking a specified action provided that no such resolution invalidated anything which the directors have done before the passing of the resolution.

Delegation of powers by directors

48. (1) Subject to these articles, the directors may delegate any of the powers which are conferred on them under these articles—

(a) to such person or committee;

(b) by such means (including by power of attorney);

(c) to such an extent;

(d) in relation to such matters; and

e) on such terms and conditions,

as they think fit.

(2) The delegation in sub article (1) may not authorise further delegation of the directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or in part, or alter its terms and conditions.

Conflict of interest

49. (1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director shall be counted as participating in the decision-making process for quorum or voting purposes and, the director shall further comply with sections 65 and 67 of the Act.

(2) A director shall not hold more than 5 directorship positions while serving as a director in the company.

(3) A director or a directors' firm may act for the company in a professional capacity, and the director's firm shall be entitled to remuneration for professional services as if the director were not a director, but a director or the directors' firm shall not act as an auditor to the company.

Payments by and to the company

50. (1) All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors may determine.

(2) The directors may on behalf of the company, 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 or her widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Rotation of directors

51. (1) At the first annual general meeting of the company all the directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest one-third, shall retire from office.

(2) The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became

directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(3) A retiring director shall be eligible for re-election.

(4) The company may at the meeting at which a director retires in manner aforesaid, fill the vacated office by electing a person thereto, and in default the retiring director shall, if offering himself or herself for re-election be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacant office or unless a proposal for the re-election of such director shall have been put to the meeting and rejected.

(5) The company may, by ordinary resolution, increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to go out of office.

Filling of vacancies of directors

52. (1) The shareholders shall, in a general meeting, have power to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these articles.

(2) A person appointed in place of a director removed or to fill a vacancy shall be subject to retirement at the same time as if the person had become a director on the day on which the director in whose place he or she is appointed was last elected a director, but shall not be taken into account in determining the directors who are to retire by rotation at meeting referred to in sub article (1).

Removal of directors

53. The company, may by ordinary resolution, of which special notice has been given in accordance with section 73 of the Act, remove any director before the expiration of the director's period of office notwithstanding anything in these articles or in any agreement between the company and such director, and the removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between the director and the company.

Directors' meetings

54. (1) Subject to these articles, directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit.

(2) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

(3) Notice of any directors' meeting shall indicate—

(a) the proposed date and time of the meeting;

(b) where the meeting is to take place; and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how they will communicate with each other during the meeting.

(4) Notice of a directors' meeting shall be given to each director, but need not be in writing.

(5) At the instance of the director who was not notified contrary to sub-article (3), the decision made at that directors meeting shall be nullified.

(6) Directors may waive their entitlement to notice of the meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting was held.

(7) A director who waives the right to receive a notice of a meeting loses the entitlement to nullify decisions taken at that meeting or any business conducted at the meeting.

Quorum at directors meeting

55. (1) The quorum necessary for the transaction of the business of the directors shall not be less than a simple majority of all directors.

(2) The directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as the necessary quorum of directors, the directors may act for the purpose of calling a general meeting to appoint sufficient directors.

Chairing directors' meeting

56. (1) The directors may appoint a chairperson to chair their meetings and a vice-chairperson who shall chair meetings in the absence of the chairperson.

(2) The directors may determine the period for which a chairperson and vice-chairperson may hold office but the directors may terminate the chairperson's or vice-chairperson's appointment at any time.

(3) If the chairperson or vice-chairperson is not present in a directors' meeting within half an hour of the time at which it was to start, the directors present shall appoint one of themselves to chair the meeting.

Participation in directors' meetings

57. (1) Subject to these articles, directors participate in directors' meeting, or part of a directors' meeting, when—

- (a) the meeting has been called and takes place in accordance with these articles; and
- (b) they can each communicate to others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Directors' decisions

58. (1) Subject to these articles, a decision is taken at a directors' meeting by-

- (a) unanimous decision of the participating directors; and
- (b) a majority of the votes of the participating directors.

(2) Subject to these articles, each director participating in a directors' meeting has one vote and if the number of votes for and against a proposal is equal, the chairperson of the meeting has a second or casting vote.

(3) Subject to these articles, the directors may make any rules which they think fit about how they take decisions, and such rules shall be recorded and kept in the Company Register which shall be open for inspection by shareholders.

(4) Decisions of the directors may be taken at a directors' meeting or in the form of a directors' written resolution.

Unanimous decisions

59. (1) A decision of the directors is unanimous when all eligible directors indicate to each other by any means that they share a common view on a matter.

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to eligible directors are reference to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Validity of directors' decisions

60. All acts done by any meeting of the 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 defects in the appointment of any such director or person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

Records of directors' meetings

61. (1) The directors shall cause to be kept minutes of meetings to record-

- (a) the names of the directors present at each meeting of the directors and of any committee of the directors; and
- (b) all resolutions and proceedings at all meetings of the company, and of the directors, and of committees of directors.

(2) Every director present at any meeting of directors or committee of directors shall sign their names in a book to be kept for that purpose.

(3) The directors shall cause separate books to be kept for recording-

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

Directors' written resolutions

62. (1) Any director may propose a directors' written resolution by giving a written notice of the proposed resolution to each director and the notice shall indicate-

-
- (a) the proposed resolution; and
 - (b) the time and date by which it is proposed that the directors should adopt it.

(2) The company secretary shall issue a notice proposing a directors' written resolution if the director so requests.

Adoption of directors' written resolutions

63. (1) A proposed directors' written resolution is adopted when the majority of the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it:

Provided that those directors would have formed a quorum at such a meeting.

(2) A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors, shall be as valid and effectual as if it had been passed at the meeting of the directors duly convened and held.

(3) It is immaterial whether any director signs the resolution before or after the time and date by which it was proposed that the directors should adopt the resolution.

(4) The company secretary shall ensure that the company keeps a record, in writing, of all directors' written resolutions for at least 10 years from the date of their adoption.

Directors' committees

64. (1) The directors may establish committees consisting of such member or members of their body as they think fit.

(2) The directors may delegate any of their powers to committees established pursuant to sub article (1).

(3) Unless the directors make rules for committees, such committees shall follow procedures which govern the proceedings of directors.

(4) A committee may elect a chairperson of its meetings, if no such chairperson is elected, or if at any meeting the chairperson is not present within half an hour after the time appointed for holding the same, the members present may choose one of their numbers to be chairperson of the meeting.

(5) A committee may meet and adjourn as it thinks proper.

(6) 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 chairperson shall have a second or casting vote.

Suspension and termination of director's appointment

65. (1) The shareholders may suspend the board of directors pending investigation into affairs of the company.

(2) A person ceases to be a director if disqualified from being a director in terms of section 57 of the Act.

(3) Before a person is disqualified under section 57(6)(f) of the Act from being a director on the ground of unsound mind a registered medical practitioner who is treating that person shall give a written opinion to the company stating that the person has become physically or mentally incapable of acting as a director and may remain so for a period of more than three months.

(4) A company may remove a director from office if a Court has declared that the director incapable of managing his or her financial affairs.

(5) The office of director shall be vacated if a director is absent without permission of chairperson of the board for 3 consecutive meetings of the board.

Managing director

66. (1) The shareholders may appoint one of their number to the office of managing director for such period and on such terms as they think fit and may revoke such appointment.

(2) A director appointed pursuant to sub article (1) shall not, while holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his or her directorship shall be automatically reviewed if he or she cease from any cause to be a managing director.

(3) A managing director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the shareholders may determine.

(4) The directors may entrust to and confer upon such a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Secretary

67. (1) The company shall have a secretary who shall be appointed by the directors.

(2) The secretary shall be appointed on such terms and conditions as the directors think fit and the appointment may be revoked.

(3) No person shall be appointed or hold office as secretary if the person is the director of the company or a body corporate.

Indemnity

68. A director, managing director, agent, auditor, secretary and other officer of the company shall be indemnified out of the assets of the company against any liability

incurred by that person in defending any civil proceedings, in which judgment is given in his or her favor.

Insurance

69. (1) The directors may purchase and maintain insurance, at the expense of the company, for the benefit of any director, managing director, agent, auditor, secretary and other officer of the company in respect of any-

- (a) liability, not being a criminal liability, for any act or omission in his or her capacity as an officer or an employee;
- (b) costs incurred by that officer or employee in-
 - (i) defending or settling any claim or proceedings relating to any such liability; and
 - (ii) defending any criminal proceedings relating to the activities of the company in which he or she is acquitted.

Company seal

70. (1) The company shall have a seal and the directors shall provide for its safe custody.

(2) The company seal shall only be used by the authority of the directors or of a committee of the directors authorised by the directors on their behalf, and every instrument to which the seal shall be affixed shall be signed by the 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.

Accounts

71. (1) The directors shall cause proper books of accounts to be kept with respect to-

-
- (a) all sum of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
 - (b) all sales and purchase of goods by the company; and the assets and liabilities of the company.

(2) Proper books shall not be deemed to be kept if such books do not reflect a true and fair view of the state of the company's affairs.

(3) The books of account shall be kept at the registered office of the company, or, subject to section 84 of the Act, at such other place or places as the directors think fit, and shall be open to the inspection of the directors and shareholders.

(4) The directors shall, in accordance with section 94 of the Act, cause to be prepared and to be laid before the company in general meeting such accounts referred to in that section.

(5) Not less than 21 days before the date of the general meeting, a copy of the company accounts (including every document required by the Act to be annexed thereto) which are to be laid before the company in the general meeting, together with a copy of the auditor's report, shall be sent to every shareholder, every holder of debentures of the company and every person registered under article 23.

(6) Sub article (1) 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.

Auditor

72. (1) Seventy five percent of shareholders at a general meeting may, pursuant to section 98 of the Act, appoint an auditor who is qualified to—

- (a) hold office as auditor for the period specified by the shareholders; and
- (b) audit the financial statements of the company.

(2) The shareholders may remove an auditor from office by resolution at the special meeting.

Rights of auditor

73. The directors of the company shall ensure that an auditor of the company—

- (a) is permitted to attend a meeting of the shareholders of the company;
- (b) receives the notices and communications that shareholders are entitled to receive relating to meetings and decisions of the shareholders; and
- (c) is heard at a meeting of the shareholders that he or she attends on any part of the business of the meeting that concerns him or her as auditor.

Annual report

74. The directors shall prepare an annual report in respect of any financial year, in accordance with the provisions of the Act.

Dividends and reserve

75. (1) Subject to sub article (2) the company may, by special resolution in general meeting declare dividends.

(2) The company shall not-

- (a) declare any dividends unless the company satisfies the solvency test;
- (b) declare dividends that exceed the amount recommended by the directors; and

(c) pay dividends otherwise than out of profits of the company.

(3) The directors may, if they are so authorised by an ordinary resolution, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserve for any purpose to which the profit of the company may be properly applied, and pending such application such funds shall, be invested in such investments (other than shares of the company) as the directors may think fit.

Payment of dividends

76. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the share in respect whereof the dividend is paid.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this article as paid on the share.

(3) All dividends shall be apportioned and paid proportionately to the amount paid or portion of the period in respect of which 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.

(4) The directors may deduct from any dividend payable to any shareholder all sums of money, if any, presently payable by that shareholder to the company on account of calls or otherwise in relation to the shares of the company.

(5) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company) to distribution recipient or shareholder.

(6) For the purposes of paying non-cash dividends, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

(a) fixing the value of any assets;

-
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; or
 - (c) vesting any assets in trustee or beneficiary.

Method of payment of dividends

77. (1) In these articles, “**the distribution recipient**” means, in respect of a share which a dividend or other sum is payable—

- (a) the holder of the share; or
- (b) if the share has two or more joint holders, whichever of them is named first in the register of shareholders; or
- (c) if the holder is no longer entitled to the share by reason of death or insolvency, or otherwise by operation of law, the agent, trustee or other beneficiary.

(2) Where a dividend or other sum which is a distribution is payable in respect of a share, it shall be paid by one or more of the following means—

- (a) transfer to a bank or any financial institution or society account specified by the distribution recipient either in writing or as the distribution recipient may otherwise decide;
- (b) sending a cheque made payable to the distribution recipient by registered post to the recipient’s registered address or to an address specified by the distribution recipient either in writing or as the distribution recipient may otherwise decide;
- (c) payment of cash or any other means of payment as the directors may agree with the distribution recipient either in writing or by such other means as the distribution recipient may decide.

Interest on dividends

78. No dividends shall bear interest against the company unless otherwise provided for by-

- (a) the terms on which the share was issued; or
- (b) the provisions of another agreement between the shareholder and the company.

Waiver of dividends

79. Distribution recipients may waive their entitlement to dividends or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—

- (a) the share has more than one holder; or
- (b) more than one person is entitled to the share, whether by reason of the death or insolvency of one or more joint holders, or otherwise,
- (c) the notice shall not be effective unless it is in express form and signed by all the holders or persons otherwise entitled to the share.

Unclaimed dividends

80. (1) All dividends or other sums which are—

- (a) payable in respect of shares; and
- (b) unclaimed after having been declared or being payable, may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

(2) The payment of any such dividends or other sum into a separate account does not make the company a trustee in respect of it.

(3) The distribution recipient is not entitled to payment of dividends or other sum if-

- (a) 8 years have passed from the date on which dividends became due for payment; and
- (b) the distribution recipient has not claimed the dividends.

(4) Where the distribution recipient ceases to be entitled to dividends under sub article (3), the dividends shall be paid to the office of the Master of the High Court by the company.

Capitalization of profits

81. (1) The shareholders in the general meeting may, upon recommendations of the directors-

- (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
- (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(2) Capitalised sums shall be applied—

- (a) on behalf of the persons entitled, and
- (b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted and credited as fully paid to the persons entitled or as shareholders may direct.

(4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted and credited as fully paid to the persons entitled or as shareholders may direct.

(5) Subject to these articles the directors may apply capitalised sums in accordance with sub articles (3) and (4) partly in one way and partly in another.

Service of documents

82. (1) Subject to these articles anything sent or supplied by or to the company under these articles may be sent or supplied in any way in which the Act provides.

(2) Subject to these articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has indicated.

(3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and the specified time shall not be less than 2 working days.

(4) A notice may be given by the company to joint holders of a share by giving the notice to the joint holder first named in the register of shareholders in respect of the share.

(5) A notice may be given by the company to the persons entitled to share in consequence of the death or insolvency of a shareholder by sending it through a registered mail addressed to them by name, or by the title of representatives of the deceased, or trustee of the insolvent, or by any like description, at the address, if any, within Lesotho supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been supplied) by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

(6) Notice of every general meeting shall be given in any manner authorised by the Act to-

- (a) every shareholder;
- (b) every person upon whom the ownership of a share devolves by reason of his or her being the executor, trustee or assignee of a shareholder where the shareholder but for his death or insolvency would be entitled to receive notice of the meeting; and
- (c) the auditor of the company.

(7) No other person other than persons mentioned in sub article (6) shall be entitled to the receive notice of general meetings.

Failure to update contact details

83. (1) A shareholder loses the right to receive notices from the company if—
- (a) the company sends documents on 2 consecutive occasions to the shareholder over a period of at least 12 months; and
 - (b) the documents are returned undelivered, or the company receives notification that the documents had not been delivered.
- (2) A shareholder who has ceased to be entitled to receive notices from the company becomes entitled to receive such notices again by sending the company—
- (a) a new address to be recorded in the register of shareholders; or
 - (b) if a shareholder has agreed that the company should use a different means of communication other than sending documents to such an address, the information that the company needs to use that means of communication effectively.

Dissolution

84. (1) The company may be dissolved in accordance with the provisions of the Act.

(2) The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

Schedule 1

Form A

(article 36(3))

Proxy Appointment Form

.....(Name of Company) Proprietary limited.

I/We,.....,of.....being a shareholder /shareholders of the above-named company, hereby appoint.....of....., of failing him or her,..... of....., as my/ our proxy to vote for me / us on my/ our behalf at the (annual or special, as the case may be) general meeting of the company to be held on the.....day of.....20.....and at any adjournment thereof.

Signed this.....day of..... 20.....

Form B

(article 36(4))

Proxy Appointment Form- Voting

.....
(Name of Company) Proprietary limited.

I/We, ofbeing a shareholder/shareholders of the above-named company, hereby appoint....., of, or failing him or her....., of..... as my /our proxy to vote for me/us on my /our behalf at the (annual or special, as the case may be) general meeting of the company, to be held on the.....day of, 20....., and at any adjourned thereof.

This form is to be used in favor of/against * resolution No.....unless otherwise instructed, the proxy will vote as he thinks fit. (*strike out whichever is not desired.)”

Signed this day of.....20
.....

Schedule 2

(article 41(1))

Particulars of First Directors

Title	Full names	ID Number	Physical Address	Postal Address	Email Address (if any)	Signature
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Dated the _____ day of _____ 20__

EXPLANATORY NOTE

This document prescribes standard model articles for private companies. A company can either adopt these model articles or prepare its own. However, if a company prepares its own articles and the articles make no provision for a matter for which provision is included in these model articles and they do not expressly exclude that provision, the provision in the standard model article is deemed to apply. Furthermore, these articles shall be read with the relevant provisions of the Act and the regulations, and where provisions of these articles are in conflict with the provisions of the Act, the provisions of the Act shall prevail.

SCHEDULE 3

(regulation 5(3))

ARTICLES OF INCORPORATION FOR A PUBLIC COMPANY

Arrangement of articles

Article

PART 1- PRELIMINARY

1. Interpretation

PART 2 REGULATION AND MANAGEMENT OF THE COMPANY

2. Power to issue shares
3. Variation of rights attached to shares
4. Payment of commission
5. Registration of trusts as shareholders
6. Share certificate
7. Consolidation of share certificates
8. Replacement of share certificates
9. Issue and transfer of share warrants
10. Rights of a warrant holder
11. Lien
12. Sale of shares subject to a lien
13. Call notice
14. Liability to pay call
15. When call notice need not be issued
16. Failure to comply with call notice

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17. Advance payment on a call notice
 18. Notice of intended forfeiture
 19. Directors' power to forfeit shares
 20. Effect of forfeiture
 21. Disposal of forfeited shares
 22. Surrender of shares
 23. Transfer of shares
 24. Registration of other documents
 25. Transmission of shares
 26. Conversion of shares into stock
 27. Alteration of share capital
 28. General meetings
 29. Notice of general meetings
 30. Proceedings at general meetings
 31. Proceedings at the adjourned meetings
 32. Demand for a poll
 33. Withdrawal of the demand for a poll
 34. Casting vote
 35. Attendance and speaking at general meetings
 36. Votes of shareholders
 37. Objection on votes tendered
 38. Proxy notice
 39. Delivery of proxy notice
 40. Rights of a proxy
 41. Shareholders' resolutions
 42. Amendments to resolutions
 43. Directors
 44. Appointment of directors
 45. Company in distress
 46. Directors' remuneration

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47. Directors' expenses
 48. Directors' borrowing powers
 49. Powers and duties of directors
 50. Delegation of powers by directors
 51. Conflict of interest
 52. Payments by and to the company
 53. Rotation of directors
 54. Filling of vacancies by directors
 55. Removal of directors
 56. Directors' meeting
 57. Quorum at directors' meetings
 58. Chairing directors' meetings
 59. Participation in directors' meetings
 60. Directors' decisions
 61. Unanimous decisions
 62. Validity of directors' decisions
 63. Records of directors' meetings
 64. Directors' written resolutions
 65. Adoption of directors' written resolutions
 66. Directors' committees
 67. Suspension and termination of director's appointment
 68. Managing director
 69. Secretary
 70. Indemnity
 71. Insurance
 72. Company seal
 73. Accounts
 74. Auditor
 75. Rights of auditor
 76. Annual report

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- 77. Dividends and reserve
 - 78. Payment of dividends
 - 79. Method of payment of dividends
 - 80. Interest on dividends
 - 81. Waiver of dividends
 - 82. Unclaimed dividends
 - 83. Capitalization of profits
 - 84. Service of documents
 - 85. Failure to update contact details
 - 86. Dissolution
- Schedule 1 Form A Proxy Appointment Form- article 38(3)
- Schedule 1 Form B Proxy Appointment Form (Voting)- article 38(4)
- Schedule 2 Particulars of First Directors- article 43(1)
- Explanatory Note

ARTICLES OF INCORPORATION FOR A PUBLIC COMPANY

PART 1- PRELIMINARY

Interpretation

1. In these articles unless the context otherwise requires-

“**Act**” means the Companies Act 2011;

“**articles**” means these articles of incorporation;

“**certificate**” means a printed paper certificate (other than a share warrant) evidencing a person’s title to specified shares or other securities;

“**chairperson**” means the director appointed as such under article 58;

“chairperson of the general meeting” means a shareholder appointed as such under article 30(4);

“company seal” means an official mark of a company, consisting of an embossed impression on paper evidencing the formality of the company's execution of the document and its intention to be bound;

“director” means a person occupying the position of director of the company by whatever name called;

“distribution recipient” has the meaning given in article 79(1);

“document” includes, unless otherwise specified, a document in electronic form, that is, a document sent or supplied, kept, maintained or recorded –

- (a) by electronic means including but not limited to, e-mail or fax; or
- (b) by any other means while in an electronic form (for example, a disk delivered by hand or sent by post); or
- (c) saved in computer;

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“holder” in relation to shares, means the person whose name is entered in the register of shareholders as holders of the shares or, in the case of a share in respect of which a share warrant has been issued (and not cancelled), the person in possession of that warrant;

“insolvency” includes proceedings in a jurisdiction other than Lesotho which have an effect similar to that of insolvency in Lesotho;

“instrument” means a document in hard copy form, that is, in a paper copy or similar form capable of being read;

“ordinary resolution” has the meaning given in section 2 of the Companies Act 2011;

“paid” means paid or credited as paid;

“participate” in relation to a directors' meeting, has the meaning given in article 59;

“premium” means the amount at which the share was issued has not been paid to the company;

“proxy notice” has the meaning given in article 38;

“subsidiary” has the meaning given in section 2(2)(a) of the Act;

“shares” means the interest of a shareholder in the company, measured by some of money for the purpose of liability and of interest;

“special resolution” has the meaning given in section 2 of the Act;

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, and capable of being reproduced in tangible form whether sent, stored or supplied in electronic form or otherwise.

PART 2- REGULATION AND MANAGEMENT OF THE COMPANY

Power to issue shares

2. (1) 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 preferred, deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise as the company may by special resolution determine.

(2) Subject to the provision of section 21 of the Act, any preference shares may, by ordinary resolution, be issued on the terms that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company before the issue of the shares may by special resolution determine.

Variation of rights attached to shares

3. (1) 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 share of that class) may, whether or not the company is being dissolved, be varied with the consent in writing of the holders of two-thirds of the issued shares of that class, or by special resolution passed at a special meeting of the holders of the shares of the class.

(2) The provisions of these articles relating to special meetings shall apply to every special meeting referred to in sub article (1) but so that the necessary quorum shall be 4 persons at least holding or representing by proxy two-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll.

(3) The rights conferred upon the holders of the share of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares.

Payment of commission

4. (1) The company may exercise the powers of paying commissions conferred by section 19 (8) of the Act:

Provided that the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by the said section and the rate of the commission shall not exceed 5 per cent of the price at which the shares are issued.

(2) Payment of commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly by payment of cash and partly by allotment of fully or partly paid shares.

Registration of trusts as shareholders

5. (1) The company may, in its discretion, enter in its register any share held in trust.

(2) The company shall verify the legal status of any trust or of any trustee who is registered as a shareholder but there shall be no obligation on the company, to see to the due and proper carrying out of any trust, whether express, implied or constructive, in respect of any share.

Share certificate

6. (1) A person whose name is entered as a shareholder in the register of shareholders may, upon payment of ten Maloti (M10) or such amount as the directors may determine, be issued with a share certificate after allotment or lodgment of transfer within such period as the conditions of issue may provide, but each class of shares shall be represented by a separate certificate.

(2) A share certificate shall be executed in accordance with section 27 of the Act and shall specify –

- (a) the name of the company;
- (b) the name of the person to whom it is issued;
- (c) the number, class and designation of shares issued;

(d) rights, privileges and limitations; and

(e) the amount paid for the shares.

(4) A share certificate shall have affixed to it the company's official seal.

(5) Where a share or shares are held jointly by several persons the company shall not be bound to issue more than one certificate and delivery of a certificate for a share or shares to one of several joint holders shall be sufficient delivery to all such holders.

(6) Where the company has not issued a share certificate, the company shall issue a shareholder with written statement, and such statement shall contain details specified in sub article (2).

Consolidation of share certificates

7. (1) When a shareholder's holding of shares of a particular class increases, the company may issue that shareholder with—

(a) a single, consolidated share certificate in respect of all the shares of a particular class which that shareholder holds; or

(b) a separate share certificate in respect of only those shares by which that shareholder's holding has increased.

(2) When a shareholder's holding of shares of a particular class is reduced, the company shall ensure that the shareholder is issued with one or more share certificates in respect of the number of shares held by the shareholder after that reduction.

(3) A shareholder may request the company, in writing, to replace—

(a) the shareholder's separate share certificates with a consolidated share certificate; or

(b) the shareholder's consolidated share certificate with 2 or more separate share certificates representing such proportion of the shares as the shareholder may specify.

(4) When the company complies with such a request it may charge such reasonable fee as the directors may decide.

(5) A consolidated share certificate shall not be issued unless the share certificate which it is to replace has first been returned to the company for cancellation.

Replacement of share certificates

8. (1) If a share certificate issued in respect of shareholder's shares is—

- (a) damaged or defaced; or
- (b) lost, stolen or destroyed,

the shareholder is entitled to be issued with a replacement share certificate in respect of the same shares upon –

- (i) presentation of the damaged or defaced share certificate, and in the case of lost, stolen or destroyed share certificate, an affidavit accompanied by a police report where applicable;
- (ii) compliance with such conditions as to evidence as the directors may decide;
- (iii) payment of a fee of fifty Maloti (M50) or such amount, if any, as the directors may, from time to time, determine.

(2) A shareholder exercising the right to be issued with a replacement share certificate may at the same time exercise the right to be issued with a single share certificate or separate share certificates.

Issue and transfer of share warrants

9. (1) The directors may issue a share warrant in respect of fully paid shares in such form, manner and on such terms and conditions, as the directors may think fit.

(2) A share warrant is subject to the terms and conditions prescribed under sub article (1) whether or not they were decided or specified before the warrant was issued and the directors may vary the conditions of share warrants.

(3) The directors may decide the conditions on which new warrants are to be issued in place of warrants which are damaged or defaced, lost, stolen or destroyed.

(4) A share represented by a share warrant may be transferred by delivery of the warrant representing it.

Rights of a warrant holder

10. (1) Subject to the conditions on which warrants are issued, bearers of share warrants—

-
- (a) have the same rights and privileges as they would if their names had been included in the register as holders of the shares represented by their warrants.
 - (b) are entitled to attend and vote at general meetings; and
 - (c) may surrender their warrants so as to hold their shares in certificated or uncertificated form.

(2) The directors may make provision for the payment of dividends in respect of any shares represented by a share warrant.

(3) The company shall not in any way be bound to recognise any interest in a share represented by a share warrant other than the right of the bearer of that warrant.

Lien

11. (1) The company has a lien (“the company’s lien”) over every share which is partly paid for any part of—

- (a) that share’s nominal value; and
- (b) any premium at which it was issued, which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.

(2) The company’s lien over a share—

- (a) takes priority over any third party’s interest in that share, and
- (b) extends to any dividend or to the estate of the shareholders
- (c) extends to other money payable by the company in respect of that share and the proceeds of sale of that share.

(3) The company may, in a special meeting at any time, declare any share to be wholly or in part exempt from the provisions of this article.

(4) A lien enforcement notice—

- (a) may be given in respect of a share which is subject to the company’s lien, in respect of which a sum is payable and the due date for payment of that sum has passed;

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- (b) shall specify the share concerned;
 - (c) shall require payment of the sum payable within 14 working days of the notice;
 - (d) shall be addressed either to the holder of the share or to a person entitled to it by reason of the holder's death, insolvency or otherwise; and
 - (e) shall state the company's intention to sell the share if the notice is not complied with.

Sale of shares subject to lien

12. (1) The company may, in such manner as the directors think fit, sell any shares on which the company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, nor until the expiration of fourteen days referred to in article 16(4) (c).

(2) To give effect to any such sale the directors may execute an instrument of the shares sold to the purchaser or a person nominated by the purchaser.

(3) The purchaser shall be registered as the holder of the shares comprised in any such transfer, and he or she shall not be bound to see to the application of the purchase money, nor shall his or her title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

(4) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the shares at the date of the sale.

Call notice

13. (1) Subject to these articles and the terms on which shares are allotted, the directors may send a notice (a "call notice") to a shareholder requiring the shareholder to pay the company a specified sum of money (a "call") which is unpaid in respect of shares which the shareholder holds at the date when the directors decide to send the call notice.

(2) A call notice—

- (a) may not require a shareholder to pay a call which exceeds the total sum unpaid on the shareholder's shares;

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- (b) shall specify the time, date and place of payment but the date shall not be less than 14 days from the date the call notice was issued; and
- (c) may permit or require the call to be paid by installments.
- (3) Before the company has received any call due under a call notice the directors may—
- (a) revoke it wholly or in part; or
- (b) specify a later time for payment than is specified in the notice, by a further notice in writing to the shareholder in respect of whose shares the call is made.
- (4) A call shall be deemed to have been made at the time when the resolution of the directors authorising the call was passed.

Liability to pay call

14. (1) The transfer of the share does not extinguish the liability to pay the call.
- (2) Joint holders of a share are jointly and severally liable to pay all calls in respect of the share.
- (3) Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them—
- (a) to pay calls which are not the same; or
- (b) to pay calls at different times.

When call notice need not be issued

15. (1) A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium)—
- (a) on allotment;
- (b) on the occurrence of a particular event; or
- (c) on a date fixed by or in accordance with the terms of issue.

(2) If the due date for payment of the sums referred to in sub article (1) has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

Failure to comply with call notice

16. (1) For the purposes of these articles—

- (a) the “**call payment date**” means the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the “**call payment date**” is that later date;
- (b) the “**relevant rate**” means—
 - (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
 - (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
 - (iii) if no rate is fixed in either the sub-paragraph (i), or (ii), at the rate determined by the market value of the shares.

(2) If a sum called in respect of a share is not paid before or on the call payment date, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate not exceeding the relevant rate or as the directors may determine, but the directors shall be at liberty to waive payment of such interest wholly or in part.

(3) If a person is liable to pay a call and fails to do so by the call payment date the directors may issue a notice of intended forfeiture to that person.

(4) The relevant rate shall not exceed the market value of shares.

Advance payment on a call notice

17. The directors may, if they think fit, receive from any shareholder willing to advance the same, all or any part of the moneys uncalled and unpaid upon any shares held by him or her, and upon all or any of the moneys so advanced may (until the same would, by for such advances, become payable) pay interest at such rate not exceeding (unless the company in special meeting shall otherwise direct) relevant rate as may be agreed upon between the directors and the shareholder paying such sum in advance.

Notice of intended forfeiture

18. A notice of intended forfeiture—

- (a) may be sent in respect of any share for which a call has not been paid as required by a call notice;
- (b) shall be sent to the holder of that share or to a person entitled to it by reason of the holder's death, insolvency or otherwise;
- (c) shall require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice;
- (d) shall state how the payment is to be made; and
- (e) shall state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

Directors' power to forfeit shares

19. (1) If a notice of intended forfeiture is not complied with, the directors may decide that any share in respect of which that notice was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

(2) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the directors think fit.

Effect of forfeiture

20. (1) If a person's shares have been forfeited—

- (a) the directors shall send that person notice that forfeiture has occurred and record the forfeiture in the register of shareholders;
- (b) that person ceases to be a shareholder in respect of those shares;
- (c) that person shall surrender the share certificate for the shares forfeited to the company for cancellation;

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- (d) that person remains liable to the company for all sums payable by that person under these articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before forfeiture) and the liability shall cease if and when the company shall have received payment in full of all such moneys in respect of the shares; and
 - (e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

(2) At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest due in respect of it and on such other terms as they think fit.

Disposal of forfeited shares

21. (1) If a forfeited share is to be disposed of by being sold, the company may receive the consideration for the sale and the directors may execute the instrument of transfer of the share in favour of the person to whom the share has been sold and that person shall be registered as the holder of the share.

(2) An affidavit by a director or the company secretary that the deponent is a director or the company secretary and that a share has been forfeited on a specified date is, unless fraud or mistake is proved—

- (a) conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share; and
- (b) subject to compliance with any other formalities of transfer required by these articles or by the Act.

(3) A person to whom a forfeited share is transferred is not bound to see to the application of the purchase money (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.

(4) If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which—

- (a) was, or would have become, payable; and
- (b) had not, when that share was forfeited, been paid by that person in respect of that share,

but no interest is payable to such a person in respect of such proceeds.

Surrender of shares

22. (1) A shareholder shall surrender any share—
- (a) in respect of which the directors may issue a notice of intended forfeiture;
 - (b) which the directors may forfeit;
 - (c) which has been forfeited.
- (2) The directors may accept the surrender of any share and if the surrender is not accepted, sub articles (3) and (4) shall not apply.
- (3) The effect of surrender on a share is the same as the effect of forfeiture on that share.
- (4) A share which has been surrendered may be dealt with in the same way as a share which has been forfeited.

Transfer of shares

23. (1) Shares may be transferred by means of an instrument of transfer as prescribed in the Act.
- (2) The instrument of transfer of any share shall be executed by or on behalf of the transferor and transferee, and the transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of shareholders in respect thereof.
- (3) Subject to restrictions of these articles as may be applicable, any shareholder may transfer all or any of the shareholder's shares by instrument in writing in any usual or common form or any other form which the directors may approve.
- (4) The directors shall only refuse to register the transfer of a share to a person whom they do not approve and shall, within 15 days, furnish the transferor and transferee with reasons for the refusal.
- (5) The directors may also decline to recognise any instrument of transfer unless-
- (a) a fee of fifty Maloti (M 50) or such sum as the directors may determine be paid to the company;

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- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and
 - (c) the instrument of transfer is in respect of only one class of shares.

(6) The registration of transfers may be suspended at such times and for such period as the directors may determine, but registration of transfer shall not be suspended for more than 30 days in any year.

Registration of other documents

24. The company shall be entitled to charge a fee of five Maloti (M5) or any fee as the directors may determine on the registration of every letter of administration, certificate of death or marriage, power of attorney, deed of settlement, or any other instrument.

Transmission of shares

25. (1) In the case of death of a shareholder, the survivor or survivors where the deceased was a joint holder, and the executor of the deceased where he or she was a sole holder, shall be the only person recognized by the company as having any title to the deceased's interest in the shares; but nothing herein contained shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by the deceased with other persons.

(2) Any person becoming entitled to a share in consequence of the death or insolvency of a shareholder may, upon such evidence being produced as may be required by the directors and subject as hereinafter provided, elect either to be registered as a holder of the share or to nominate another person to be 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 shareholder before death or insolvency as the case may be.

(3) If a person who becomes entitled to a share in consequence of the death or insolvency of a shareholder elects to be registered as the shareholder, that person shall deliver or send to the company a signed notice to that effect.

(4) If the person referred to in sub article (1) elects to have another person registered as a shareholder, the person shall execute an instrument of transfer in favour of that other person.

(5) All the limitations, restrictions and provisions of these articles relating to the right of transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the shareholder had not occurred and the notice of transfer were a transfer signed by that shareholder.

(6) A person who becomes 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 the person would be entitled if the person was registered as a holder of the share, except that that person shall not, before being registered as a shareholder in respect of the share, be entitled in respect of it to exercise any right conferred in relation to meetings of the company:

Provided that the directors may at any time give notice requiring any such person to elect either to be registered or to transfer the share, and if the notice is not complied with within 15 days the directors may thereafter withhold payment of all dividends, bonuses, or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Conversion of shares into stock

26. (1) The directors may convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination but such a conversion shall be approved by at least 75 percent of the shareholders.

(2) The holders of stock may transfer the stock, or any part thereof in the same manner, and subject to the same articles applicable to the shares from which the stock arose before the conversion.

(3) The directors may fix the minimum amount of stock transferable but the minimum amount shall not exceed the nominal amount of the shares from which the stock arose.

(4) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting and meetings of the company and other matters as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits in the assets of the company on dissolution or liquidation) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(5) Articles of the company applicable to paid-up shares shall apply to stock, and the word "share" and "shareholder" therein shall include "stock" and "stockholder".

Alteration of share capital

27. (1) The shareholders may, by special resolution, increase the share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe.

(2) The shareholder may, by special resolution-

- (a) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (b) sub-divide its existing shares, or any of them, into shares of smaller amounts than is fixed by these articles;
- (c) 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.

(3) The shareholders may, by special resolution, reduce capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required by the Act.

General meetings

28. (1) The company shall, in each year, hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse between the date of one annual general meeting and of the next, but if the company holds its first annual general meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation.

(2) The annual general meeting shall be held at such time and place as the directors shall appoint.

(3) All other meetings other than annual general meetings shall be called special meetings.

(4) The directors may, whenever they think fit, convene a special meeting, and a special meeting shall also be convened on the written request of shareholder's holding shares totaling not less than 5 percent of the voting rights.

(5) If at any time there are not sufficient shareholders capable of acting to form a quorum, any director or any 4 shareholders of the company may convene a special meeting in the same manner as nearly as possible as that in which meetings may be convened by the shareholders.

Notice of general meetings

29. (1) A notice for an annual general meeting and a meeting called to pass a special resolution shall –

- (a) be in writing;
- (b) be issued not less than 10 days before the date of the meeting excluding the day on which it is issued; and
- (c) state the time, date and place of meeting and in case of a special meeting, the purpose for which the meeting is called.

(2) A company may call a meeting by giving a shorter notice than that specified in sub article(1) (b) , and such a meeting shall be deemed to have been duly called if it is so agreed-

- (a) in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote ; and
- (b) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting being a majority holding not less than 95 per cent in nominal value of the shares giving that right.

(3) The accidental omission to give notice of a meeting to or the non-receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Proceedings at general meetings

30. (1) No business shall be transacted at any general meeting unless a quorum of shareholders is present at the time when the meeting proceeds to business; save as herein otherwise provided, a quorum for transaction of business at the meeting of shareholders shall be a majority of issued shares represented in person or by proxy.

(2) All business shall be deemed special that is transacted at a special meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the

consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.

(3) If, within half an hour from the time appointed for the meeting a quorum is not present, the meeting, shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at any such other time and place as the shareholders may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the shareholders present shall be a quorum.

(4) If the shareholders have elected a chairperson, the chairperson shall preside at every general meeting of the company if present, or if there is no such chairperson, or if the chairperson is not present within 15 minutes after the time appointed for the holding of the meeting or the elected chairperson is unwilling to act, the shareholders present shall elect one of their number to be chairperson of the meeting and the appointment of the chairperson of the meeting shall be the first business of the meeting.

(5) The chairperson of the meeting may adjourn a general meeting at which a quorum is present if—

- (a) two-third majority of shareholders voting consent to an adjournment; or
- (b) it appears to the chairperson of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(6) When adjourning a general meeting, the chairperson of the meeting may—

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

(7) If the continuation of an adjourned meeting is to take place more than 30 days after it was adjourned, the company shall give at least 7 days' notice of it, that is, excluding the day of the adjourned meeting and the day on which the notice is given—

- (a) to the same persons to whom notice of the company's general meetings is required to be given; and
- (b) notice shall contain the same information which should be in the notice of a general meeting.

Proceedings at the adjourned meetings

31. No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Demand for a poll

32. (1) 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 chairperson of the meeting;
- (b) the shareholders;
- (c) 2 or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

(2) A poll demanded on-

- (a) the election of a chairperson or a question of adjournment shall be taken forthwith; or
- (b) any other question shall be taken at such time as the chairperson of the meeting directs, and any business other than that upon which a poll has been demanded may be preceded with pending the taking of a poll.

(3) Except as provided in this article, if a poll is duly demanded it shall be taken in such manner as the chairperson directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Withdrawal of the demand for a poll

33. A demand for a poll may be withdrawn if the poll has not yet been taken and the chairperson of the meeting consents to the withdrawal.

Casting vote

34. In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Attendance and speaking at general meetings

35. (1) The company shall organise meetings in a way that every shareholder is able to exercise the right to vote and communicate any information or opinions which that shareholder has on the business of the meeting and the directors shall make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote.

- (2) A person is able to exercise the right to vote at a general meeting when—
- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

- (3) A person is able to exercise the right to speak at a general meeting when—
- (a) that person is able to speak, during the meeting, on issues raised or under discussion at the meeting; and
 - (b) that person's opinion can be taken into account in determining whether or not resolutions are passed in the meeting.

(4) In determining attendance at a general meeting, it is immaterial whether any of the shareholders attending it are in the same place as each other.

(5) Shareholders who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Votes of shareholders

36. (1) Subject to any rights or restrictions for the time being attached to any class or classes of shares, on a show of hands, every shareholder present in person shall have one vote, and on a poll every shareholder shall have one vote for each share of which he or she is the holder.

(2) In the case of joint holders the vote of the senior shareholder who tenders the vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of shareholders.

(3) A shareholder who has been declared of unsound mind by any Court may vote whether on a show of hands or on a poll by his or her curator bonis or other person appointed by that Court.

(4) No shareholder shall be entitled to vote at any general meeting unless all calls or other sums presently payable by the shareholder in respect of shares in the company have been paid.

(5) 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 at such meeting shall be valid for all purposes.

(6) An objection made in sub article (5) shall be referred to the chairperson of the meeting whose decision shall be final and conclusive.

(7) Unless stated otherwise elsewhere in these articles, a poll vote may be given either personally or by proxy.

Objection on votes tendered

37. (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

Proxy notice

38. (1) A shareholder or an agent authorised by the shareholder may appoint a proxy and the appointment shall be in writing and the proxy need not be a shareholder of the company.

(2) Proxies may only be validly appointed by a notice in writing (a “proxy notice”) which—

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- (a) states the name and address of the shareholder appointing the proxy;
 - (b) identifies the person appointed to be that shareholder's proxy and the meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
 - (d) is delivered to the company in accordance with these articles and any instructions contained in the notice of the meeting to which they relate.

(3) The company may require proxy notices to be delivered in an instrument in the form as set out in Schedule 1 Form A or a form as near thereto as circumstances permit and the company may specify different forms for different purposes.

(4) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions and where it is desired to afford the proxy an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the form as set out in Schedule 1 Form B or a form as near thereto as circumstances permit.

(5) Unless a proxy notice indicates otherwise, it shall be treated as—

- (a) allowing the person appointed thereunder, a discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and
- (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notice

39. (1) Any notice of a meeting shall specify the address or addresses ("**proxy notification address**") at which the company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered by hand or registered mail.

(2) The proxy notice shall be delivered to the address specified in accordance with sub article (1) not less than 48 hours before holding the meeting or adjourned meeting to which it relates.

(3) A person who is entitled to attend, speak or vote (either on a show of hands or cast a secret ballot) at a meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(4) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

(5) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

(6) If a proxy notice is not executed by the shareholder, it shall be accompanied by written evidence of the authority of the person who executed it on behalf of the shareholder.

Rights of a proxy

40. (1) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(2) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death, insolvency or insanity of the shareholder or revocation of the proxy or of the authority under which the proxy is executed, or the transfer of the share in respect of which the proxy is given:

Provided that no intimation in writing of such death, insolvency, insanity, revocation or transfer as aforesaid shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Shareholders' resolutions

41. (1) Unless a poll be demanded a declaration by the chairperson that the resolution has on a show of hands been carried unanimously, or by a particular majority, or lost and an entry to that effect in the book containing the minutes of the proceedings of the company shall be conclusive evidence of the fact without proof of the number or of the votes recorded in favour of or against such resolution.

(2) Subject to the provisions of the Act, a resolution in writing signed by all shareholders for the time being entitled to receive notice of and to attend and vote at a meeting (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a meeting of the company duly convened and held.

Amendments to resolutions

42. (1) An ordinary resolution to be proposed at a meeting may be amended if—

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- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the meeting at which it is to be proposed not less than 48 hours before the meeting is to take place or such later time as the chairperson of the meeting may determine; and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairperson of the meeting, materially alter the scope of the resolution.
 - (2) A special resolution to be proposed at a meeting may be amended if—
 - (a) the chairperson of the meeting proposes the amendment at the meeting at which the resolution is to be proposed; and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
 - (3) If the chairperson of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairperson's error does not invalidate the vote on that resolution.

Directors

43. (1) The persons whose particulars appear in Schedule 2 shall be the first directors of the company and they shall hold office until directors are appointed by the company in a general meeting in accordance with article 54.
- (2) The minimum number of directors shall be 2 and there shall be no maximum number.

Appointment of directors

44. (1) Any person who is willing to act as a director, and is permitted by the Act to do so, may be appointed to be a director by ordinary resolution at a shareholders general meeting.
- (2) The shareholding qualification for directors may be fixed in a general meeting and, unless and until so fixed no qualification shall be required.

Company in distress

45. (1) The directors shall, within 14 days of incorporation of the company, prepare and submit for approval by the shareholders a succession plan, and in the absence of such a plan if for a period of 3 months the shareholders and directors either severally or collectively are unable to perform the functions of their office, whether arising from infirmity of body or mind or any such

cause, the company shall be managed under Part XVII (Judicial Management) of the Act until the succession issue as to shareholding has been resolved.

(2) Where the shareholders and directors are unable to perform the functions of their office as provided for in sub article (1) a senior officer of the company shall notify the office of the Registrar of Companies.

(3) Within 14 working days after the succession as to shareholding referred to in sub article (1) has been resolved, the shareholders shall appoint directors of the company.

Directors' remuneration

46. (1) Directors may undertake any services for the company that the directors and shareholders may decide.

(2) Directors are entitled to such remuneration as the shareholders determine—

(a) for their services to the company as directors; and

(b) for any other service which they undertake for the company.

(3) Subject to these articles, a director's remuneration may —

(a) be in a form of-

(i) cash;

(ii) tangible or intangible assets ;

(iv) securities in the company; or

(v) movable or immovable property;

(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits to, or in respect of that director.

(4) Unless the shareholders decide otherwise directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company has an interest.

Directors' expenses

47. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

- (a) meetings of directors or committees of directors;
- (b) general meetings; or
- (c) special meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

Directors' borrowing powers

48. (1) The directors may exercise all the powers of the company 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 outright or as security for any debt, liability or obligation of the company.

(2) Notwithstanding sub article (1), the amount for the time being remaining unpaid of moneys borrowed or secured by the directors as aforesaid (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not at any time, without the previous sanction of the company in general meeting, exceed the nominal amount of the share capital of the company for the time being issued.

(3) No lender or other person dealing with the company shall be concerned to see or inquire whether the limit in sub article (2) is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

Powers and duties of directors

49. (1) The business of the company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company prescribed by the Act or by these articles, required to be exercised by the company in general meeting.

(2) Notwithstanding sub article (1), the shareholders may by special resolution direct the directors to take or refrain from taking a specified action provided that no such resolution invalidated anything which the directors have done before the passing of the resolution.

Delegation of powers by directors

50. (1) Subject to these articles, the directors may delegate any of the powers which are conferred on them under these articles—

- (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters; and
 - (e) on such terms and conditions,
- as they think fit.

(2) The delegation in sub article (1) may not authorise further delegation of the directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or in part, or alter its terms and conditions.

Conflict of interest

51. (1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director shall be counted as participating in the decision-making process for quorum or voting purposes and, the director shall further comply with sections 65 and 67 of the Act.

(2) A director shall not hold more than 5 directorship positions while serving as a director in the company.

(3) A director or a directors' firm may act for the company in a professional capacity, and the director's firm shall be entitled to remuneration for professional services as if the director were not a director, but a director or the directors' firm shall not act as an auditor to the company.

Payments by and to the company

52. (1) All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors may determine.

(2) The directors may on behalf of the company, 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 or her widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Rotation of directors

53. (1) At the first annual general meeting of the company all the directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest one-third, shall retire from office.

(2) The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(3) A retiring director shall be eligible for re-election.

(4) The company may, at the meeting at which a director retires in manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring director shall, if offering himself or herself for re-election be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacant office or unless a proposal for the re-election of such director shall have been put to the meeting and rejected.

(5) The company may, by ordinary resolution, increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to go out of office.

Filling of vacancies of directors

54. (1) The shareholders shall, in a general meeting, have power to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these articles.

(2) A person appointed in place of a director removed or to fill a vacancy shall be subject to retirement at the same time as if the person had become a director on the day on which

the director in whose place he or she is appointed was last elected a director, but shall not be taken into account in determining the directors who are to retire by rotation at a meeting referred to in sub- article (1).

Removal of directors

55. The company may, by ordinary resolution, of which special notice has been given in accordance with section 73 of the Act, remove any director before the expiration of director's period of office notwithstanding anything in these articles or in any agreement between the company and such director and the removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between the director and the company.

Directors' meetings

56. (1) Subject to these articles, directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit.

(2) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

(3) Notice of any directors' meeting shall indicate—

(a) the proposed date and time of the meeting;

(c) where the meeting is to take place; and

(d) if it is anticipated that directors participating in the meeting will not be in the same place, how they will communicate with each other during the meeting.

(4) Notice of a directors' meeting shall be given to each director, but need not be in writing.

(5) At the instance of the director who was not notified contrary to sub-article (3), the decision made at that directors meeting shall be nullified.

(6) Directors may waive their entitlement to notice of the meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting was held.

(7) A director who waives the right to receive a notice of a meeting loses the entitlement to nullify decisions taken at that meeting or any business conducted at the meeting.

Quorum at directors' meetings

57. (1) The quorum necessary for the transaction of the business of the directors shall not be less than a simple majority of all directors.

(2) The directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as the necessary quorum of directors, the directors may act for the purpose of calling a general meeting to appoint sufficient directors.

Chairing directors' meetings

58. (1) The directors may appoint a chairperson to chair their meetings and a vice-chairperson who shall chair meetings in the absence of the chairperson.

(2) The directors may determine the period for which a chairperson and vice-chairperson may hold office but the directors may terminate the chairperson's or vice-chairperson's appointment at any time.

(3) If the chairperson or vice-chairperson is not present in a directors' meeting within half an hour of the time at which it was to start, the directors present shall appoint one of themselves to chair the meeting.

Participation in directors meetings

59. (1) Subject to these articles, directors participate in directors' meeting, or part of a directors' meeting, when—

- (a) the meeting has been called and takes place in accordance with these articles; and
- (b) they can each communicate to others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Directors' decisions

60. (1) Subject to these articles, a decision is taken at a directors' meeting by-

- (a) unanimous decision of the participating directors; and
- (b) a majority of the votes of the participating directors.

(2) Subject to these articles, each director participating in a directors' meeting has one vote and if the number of votes for and against a proposal is equal, the chairperson of the meeting has a second or casting vote.

(3) Subject to these articles, the directors may make any rules which they think fit about how they take decisions, and such rules shall be recorded and kept in the Company Register which shall be open for inspection by shareholders.

(4) Decisions of the directors may be taken at a directors' meeting or in the form of a directors' written resolution.

Unanimous decisions

61. (1) A decision of the directors is unanimous when all eligible directors indicate to each other by any means that they share a common view on a matter.

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to "eligible directors" are references to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(5) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Validity of directors' decisions

62. All acts done by any meeting of the 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 defects in the appointment of any such director or person acting as aforesaid or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a director.

Records of directors' meetings

63. (1) The directors shall cause to be kept minutes of meetings to record-

- (a) the names of the directors present at each meeting of the directors and of any committee of the directors; and

-
- (b) all resolutions and proceedings at all meetings of the company and of the directors, and of committees of directors.

(2) A director present at any meeting of directors or committee of directors shall sign his or her name in a book to be kept for that purpose.

(3) The directors shall cause separate books to be kept for recording-

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

Directors' written resolutions

64. (1) Any director may propose a directors' written resolution by giving a written notice of the proposed resolution to each director and the notice shall indicate-

- (a) the proposed resolution; and
- (b) the time and date by which it is proposed that the directors should adopt it.

(2) The company secretary shall issue a notice proposing a directors' written resolution if the director so requests.

Adoption of directors' written resolutions

65. (1) A proposed directors' written resolution is adopted when the majority of the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it:

Provided that those directors would have formed a quorum at such a meeting.

(2) A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors, shall be as valid and effectual as if it had been passed at the meeting of the directors duly convened and held.

(3) It is immaterial whether any director signs the resolution before or after the time and date by which it was proposed that the directors should adopt the resolution.

(4) The company secretary shall ensure that the company keeps a record, in writing, of all directors' written resolutions for at least 10 years from the date of their adoption.

Directors' committees

66. (1) The directors may establish committees consisting of such shareholder or shareholders of their body as they think fit.

(2) The directors may delegate any of their powers to committees established pursuant to sub article (1).

(3) Unless the directors make rules for committees, such committees shall follow procedures which govern the proceedings of directors.

(4) A committee may elect a chairperson of its meetings, if no such chairperson is elected, or if at any meeting the chairperson is not present within half an hour after the time appointed for holding the same, the shareholders present may choose one of their numbers to be chairperson of the meeting.

(5) A committee may meet and adjourn as it thinks proper.

(6) Questions arising at any meeting shall be determined by a majority of votes of the shareholders present, and in the case of an equality of votes, the chairperson shall have a second or casting vote.

Suspension and termination of director's appointment

67. (1) The shareholders may suspend the board of directors pending investigation into the affairs of the company.

(2) A person ceases to be a director if disqualified from being a director in terms of section 57 of the Act.

(3) Before a person is disqualified under section 57(3)(f) of the Act from being a director on the ground of unsound mind, a registered medical practitioner who is treating that person shall give a written opinion to the company stating that the person has become mentally incapable of acting as a director and may remain so for a period of more than 3 months.

(4) A company may remove a director from office if a Court has declared that the director is incapable of managing his or her financial affairs.

(5) The office of director shall be vacated if a director is absent without permission of chairperson of the board for 3 consecutive meetings of the board.

Managing director

68. (1) The shareholders may appoint one of their number to the office of managing director for such period and on such terms as they think fit and, may revoke such appointment.

(2) A director appointed pursuant to sub article (1) shall not, while holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his or her directorship shall be automatically reviewed if he or she ceases from any cause to be a managing director.

(3) A managing director shall receive such remuneration, whether by way of salary, commission or participation in profits, or partly in one way and partly in another, as the shareholders may determine.

(4) The directors may entrust to and confer upon such a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may revoke, withdraw, alter or vary all or any of such powers.

Secretary

69. (1) The company shall have a secretary who shall be appointed by the directors.

(2) The secretary shall be appointed on such terms and conditions as the directors think fit and the appointment may be revoked.

(3) No person shall be appointed or hold office as secretary if the person is the director of the company or a body corporate.

Indemnity

70. A director, managing director, agent, auditor, secretary and other officer of the company shall be indemnified out of the assets of the company against any liability incurred by that person in defending any civil proceedings, in which judgment is given in his or her favor.

Insurance

71. The directors may purchase and maintain insurance, at the expense of the company, for the benefit of any director, managing director, agent, auditor, secretary and other officer of the company in respect of any-

- (a) liability, not being a criminal liability, for any act or omission in his or her capacity as an officer or an employee;
- (b) costs incurred by that officer or employee in-
 - (i) defending or settling any claim or proceedings relating to any such liability; and
 - (ii) defending any criminal proceedings relating to the activities of the company in which he or she is acquitted.

Company seal

72. (1) The company shall have a seal and the directors shall provide for its safe custody.
- (2) The company seal shall only be used by the authority of the directors or of a committee of the directors authorised by the directors on their behalf, and every instrument to which the seal shall be affixed, shall be signed by the 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.

Accounts

73. (1) The directors shall cause proper books of accounts to be kept with respect to-
- (a) all sum of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
 - (b) all sales and purchase of goods by the company; and
 - (c) the assets and liabilities of the company.
- (2) Proper books of accounts shall not be deemed to be kept, if such books do not reflect a true and fair view of the state of the company's affairs.
- (3) The books of account shall be kept at the registered office of the company, or, subject to section 84 of the Act, at such other place or places as the directors think fit, and shall be open to the inspection of the directors and shareholders.
- (4) The directors shall, in accordance with section 94 of the Act, cause to be prepared and to be laid before the company in general meeting such accounts referred to in that section.

(5) Not less than 21 days before the date of the general meeting, a copy of the company accounts (including every document required by the Act to be annexed thereto) which are to be laid before the company in the general meeting, together with a copy of the auditor's report, shall be sent to every shareholder, every holder of debentures of the company and every person registered under article 25.

(6) Sub article (1) 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.

Auditor

74. (1) Seventy five percent of shareholders at a general meeting may, pursuant to section 98 of the Act, appoint an auditor who is qualified to—

- (a) hold office as auditor for the period specified by the shareholders; and
- (b) audit the financial statements of the company.

(2) The shareholders may remove an auditor from office by resolution at the special meeting.

Rights of auditor

75. The directors of the company shall ensure that an auditor of the company—

- (a) is permitted to attend a meeting of the shareholders of the company;
- (b) receives the notices and communications that shareholders are entitled to receive relating to meetings and decisions of the shareholders; and
- (c) is heard at a meeting of the shareholders that he or she attends on any part of the business of the meeting that concerns him or her as auditor.

Annual report

76. The directors shall prepare an annual report in respect of any financial year, in accordance with the provisions of the Act.

Dividends and reserve

77. (1) Subject to sub article (2) the company may, by special resolution in general meeting declare dividends.

(2) The company shall not-

- (a) declare any dividends unless the company satisfies the solvency test;
- (b) declare dividends that exceed the amount recommended by the directors;
and
- (c) pay dividends otherwise than out of profits of the company.

(3) The directors may, if they are so authorised by an ordinary resolution, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserve for any purpose to which the profit of the company may be properly applied, and pending such application such funds shall, be invested in such investments (other than shares of the company) as the directors may think fit.

Payment of dividends

78. (1) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the share in respect whereof the dividend is paid.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this article as paid on the share.

(3) All dividends shall be apportioned and paid proportionately to the amount paid or portion of the period in respect of which 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.

(4) The director may deduct from any dividend payable to any shareholder all sums of money, if any, presently payable by that shareholder to the company on account of calls or otherwise in relation to the shares of the company.

(5) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company) to distribution recipient or shareholder.

(6) For the purposes of paying non-cash dividends, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

- (a) fixing the value of any assets;
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; or
- (c) vesting any assets in trustee or beneficiary.

Method of payment of dividends

79. (1) In these articles, “**the distribution recipient**” means, in respect of a share which a dividend or other sum is payable—

- (a) the holder of the share; or
- (b) if the share has two or more joint holders, whichever of them is named first in the register of shareholders; or
- (c) if the holder is no longer entitled to the share by reason of death or insolvency, or otherwise by operation of law, the agent, trustee or other beneficiary.

(2) Where a dividend or other sum which is a distribution is payable in respect of a share, it shall be paid by one or more of the following means—

- (a) transfer to a bank or any financial institution or society account specified by the distribution recipient either in writing or as the distribution recipient may otherwise decide;
- (b) sending a cheque made payable to the distribution recipient by registered post to the recipient’s registered address or to an address specified by the distribution recipient either in writing or as the distribution recipient may otherwise decide;

(3) Payment of cash or any other means of payment as the directors may agree with the distribution recipient either in writing or by such other means as the distribution recipient may decide.

Interest on dividends

80. No dividends shall bear interest against the company unless otherwise provided for by-

- (a) the terms on which the share was issued; or

-
- (b) the provisions of another agreement between the shareholder and the company.

Waiver of dividends

81. Distribution recipients may waive their entitlement to dividends or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—

- (a) the share has more than one holder; or
- (b) more than one person is entitled to the share, whether by reason of the death or insolvency of one or more joint holders, or otherwise,

the notice shall not be effective unless it is in express form and signed by all the holders or persons otherwise entitled to the share.

Unclaimed dividends

82. (1) All dividends or other sums which are—

- (a) payable in respect of shares; and
- (b) unclaimed after having been declared or being payable,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

(2) The payment of any such dividends or other sum into a separate account does not make the company a trustee in respect of it.

(3) The distribution recipient is not entitled to payment of dividends or other sum if—

- (a) 8 years have passed from the date on which dividends became due for payment; and
- (b) the distribution recipient has not claimed the dividends.

(4) Where the distribution recipient ceases to be entitled to dividends under sub article (3), the dividends shall be paid to the office of the Master of the High Court by the company.

Capitalization of profits

-
83. (1) The shareholders in the general meeting may, upon recommendations of the directors-
- (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
 - (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.
- (2) Capitalised sums shall be applied—
- (a) on behalf of the persons entitled, and
 - (b) in the same proportions as a dividend would have been distributed to them.
- (3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted and credited as fully paid to the persons entitled or as shareholders may direct.
- (4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted and credited as fully paid to the persons entitled or as shareholders may direct.
- (5) Subject to these articles the directors may apply capitalised sums in accordance with sub articles (3) and (4) partly in one way and partly in another.

Service of documents

84. (1) Subject to these articles-
- (a) anything sent or supplied by or to the company under these articles may be sent or supplied in any way in which the Act provides;
 - (b) any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has indicated.
- (2) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and the specified time shall not be less than 2 working days.

(3) A notice may be given by the company to joint holders of a share by giving the notice to the joint holder first named in the register of shareholders in respect of the share.

(4) A notice may be given by the company to the persons entitled to share in consequence of the death or insolvency of a shareholder by sending it through a registered mail addressed to them by name, or by the title of representatives of the deceased, or trustee of the insolvent, or by any like description, at the address, if any, within Lesotho supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been supplied) by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

(5) Notice of every general meeting shall be given in any manner authorised by the Act to-

(a) every shareholder;

(b) every person upon whom the ownership of a share devolves by reason of his or her being the executor, trustee or assignee of a shareholder where the shareholder but for his death or insolvency would be entitled to receive notice of the meeting; and

(c) the auditor of the company.

(6) No other person other than persons mentioned in sub article (6) shall be entitled to the receive notice of general meetings.

Failure to update contact details

85. (1) A shareholder loses the right to receive notices from the company if—

(a) the company sends documents on 2 consecutive occasions to the shareholder over a period of at least 12 months; and

(b) the documents are returned undelivered; or

(c) the company receives notification that the documents had not been delivered.

(2) A shareholder who has ceased to be entitled to receive notices from the company becomes entitled to receive such notices again by sending the company—

(a) a new address to be recorded in the register of shareholders; or

(b) if a shareholder has agreed that the company should use a different means of communication other than sending documents to such an address, the

information that the company needs to use that means of communication effectively.

Dissolution

86. (1) The company may be dissolved in accordance with the provisions of the Act.
- (2) The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

Schedule 1

Form A

(article 38(3))

Proxy Appointment Form

.....(Name of Company) Limited.

I/We,.....of.....being a shareholder /shareholders of the above-named company, hereby appoint.....of....., of failing him or her,..... of....., as my/ our proxy to vote for me / us on my/ our behalf at the (annual or special, as the case may be) general meeting of the company to be held on the.....day of.....20.....and at any adjournment thereof.

Signed this.....day of..... 20.....”

Form B

(article 38(4))

Proxy Appointment Form- Voting

.....(Name of Company) Limited.

I/We _____, of _____ being a shareholder/shareholders of the above-named company, hereby appoint _____, of _____, or failing him or her _____, of _____ as my /our proxy to vote for me/us on my /our behalf at the (annual or special, as the case may be) general meeting of the company, to be held on the _____ day of _____, 20_____, and at any adjourned thereof.

This form is to be used in favor of/against * resolution No. _____ unless otherwise instructed, the proxy will vote as he thinks fit. (*strike out whichever is not desired.)

Signed this _____ day of _____ 20 _____

Schedule 2

(article 43 (1))

Particulars of First Directors

Title	Full names	ID number	Physical Address	Postal Address	Email Address (if any)	Signature

Dated the _____ day of _____ 20_____

EXPLANATORY NOTE

This document prescribes standard model articles for public companies. A company can either adopt these model articles or prepare its own. However, if a company prepares its own articles and the articles make no provision for a matter for which provision is included in these model articles and they do not expressly exclude that provision, the provision in the standard model article is

deemed to apply. Furthermore, these articles shall be read with the relevant provisions of the Act, and where provisions of these articles are in conflict with the provisions of the Act, the provisions of the Act shall prevail.

SCHEDULE 4

(regulation 5(3))

ARTICLES OF INCORPORATION FOR A SINGLE SHAREHOLDING COMPANY

ARRANGEMENT OF ARTICLES

Article

PART 1- PRELIMINARY

1. Interpretation

PART 2- REGULATION AND MANAGEMENT OF THE COMPANY

2. Power to issue shares
3. Variation of rights attached to shares
4. Share certificate
5. Consolidation of share certificates
6. Replacement of share certificates
7. Transfer of shares
8. Registration of other documents
9. Transmission of shares
10. Alteration of share capital
11. Shareholder's resolutions
12. Directors
13. Appointment of directors
14. Company in distress

-
15. Directors' remuneration
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 17. Directors' borrowing powers
 18. Powers and duties of directors
 19. Delegation of powers by directors
 20. Conflict of interest
 21. Payments by and to the company
 22. Rotation of directors
 23. Filling of vacancies of directors
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 25. Directors' meetings
 26. Quorum at directors' meetings
 27. Chairing directors' meetings
 28. Participation in directors' meetings
 29. Directors' decisions
 30. Unanimous decisions
 31. Validity of directors' decisions
 32. Records of directors meetings
 33. Directors' written resolutions
 34. Adoption of director's written resolutions
 35. Directors' committees
 36. Suspension and termination of director's appointment
 37. Managing director
 38. Secretary
 39. Indemnity
 40. Insurance
 41. Company seal
 42. Accounts
 43. Annual report
 44. Dividends and reserve

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45. Payment of dividends
 46. Method of payment of dividends
 47. Interest on dividends
 48. Capitalization of profits
 49. Service of documents
 50. Update of contact details
 51. Dissolution

Schedule: Particulars of first directors

Explanatory Note

ARTICLES OF INCORPORATION FOR A SINGLE SHAREHOLDING COMPANY

PART 1- PRELIMINARY

Interpretation

1. In these articles unless the context otherwise requires-

“**Act**” means the Companies Act 2011;

“**articles**” means these articles of incorporation;

“**certificate**” means a printed paper certificate (other than a share warrant) evidencing a person’s title to specified shares or other securities;

“**chairperson**” means the director appointed as such under article 27;

“**company seal**” means an official mark of a company, consisting of an embossed impression on paper evidencing the formality of the company's execution of the document and its intention to be bound;

“**director**” means a person occupying the position of director of the company by whatever name called;

“**distribution recipient**” has the meaning given in article 46 (1);

“document” includes, unless otherwise specified, a document in electronic form, that is, a document sent or supplied, kept, maintained or recorded –

- (a) by electronic means including but not limited to, e-mail or fax; or
- (b) by any other means while in an electronic form (for example, a disk delivered by hand or sent by post); or
- (c) saved in computer;

“holder”, in relation to shares, means the person whose name is entered in the register of members as holder of the shares or, in the case of a share in respect of which a share warrant has been issued (and not cancelled), the person in possession of that warrant;

“insolvency” includes proceedings in a jurisdiction other than Lesotho which have an effect similar to that of insolvency in Lesotho;

“instrument” means a document in hard copy form, that is, in a paper copy or similar form capable of being read;

“participate”, in relation to a directors’ meeting, has the meaning given in article 28;

“subsidiary” has the meaning given in section 2(2)(a) of the Act;

“shares” means the interest of a shareholder in the company, measured by some of money for the purpose of liability and of interest;

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, and capable of being reproduced in tangible form whether sent, stored or supplied in electronic form or otherwise.

PART 2- REGULATION AND MANAGEMENT OF THE COMPANY

Power to issue shares

2. (1) Without prejudice to any special rights previously conferred on the holder of any existing shares or class of shares, any share in the company may be issued with such preferred, deferred or other special rights or such restrictions, whether in regard to dividend, return of capital or otherwise as the company may determine.

(2) Subject to the provision of section 21 of the Act, any preference shares may, by ordinary resolution, be issued on the terms that they are, or at the option of the company are liable, to be redeemed on such terms and in such manner as the company may determine before the issue of the shares.

Variation of rights attached to shares

3. (1) 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 share of that class) may, whether or not the company is being dissolved, be varied with the consent in writing of the holder.

(2) The rights conferred upon the holder of the share of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares.

Share certificate

4. (1) A person whose name is entered as a shareholder in the register of the shareholder may, upon payment of twenty Maloti (M20) or such amount as the directors may determine, be issued with a share certificate after allotment or lodgment of transfer within such period as the conditions of issue may provide, but each class of shares shall be represented by a separate certificate.

(2) Every certificate shall be executed in accordance with section 27 of the Act and shall specify –

- (a) the name of the company;
- (b) the name of the person to whom it is issued;
- (c) the number, class and designation of shares issued;
- (d) The rights, privileges and limitations attached to the shares; and
- (e) the amount paid for the shares.

(3) Share certificates shall have affixed to them the company's official seal.

(4) Where the company has not issued a share certificate, the company shall issue a shareholder with a written statement containing the details specified in sub article (2).

Consolidation of share certificates

5. (1) When the shareholder's holding of shares of a particular class increases, the company may issue the shareholder with—

- (a) a single, consolidated share certificate in respect of all the shares of a particular class which the shareholder holds; or
- (b) a separate share certificate in respect of only those shares by which the shareholder's holding has increased.

(2) When the shareholder's holding of shares of a particular class is reduced, the company shall ensure that the shareholder is issued with one or more share certificates in respect of the number of shares held by the shareholder after that reduction.

(3) The shareholder may request the company, in writing, to replace—

- (a) the shareholder's separate share certificates with a consolidated share certificate; or
- (b) the shareholder's consolidated certificate with 2 or more separate share certificates representing such proportion of the shares as the shareholder may specify.

(4) When the company complies with such a request it may charge such reasonable fee as the directors may decide.

(5) A consolidated share certificate shall not be issued unless the certificate which it is to replace has first been returned to the company for cancellation.

Replacement of share certificates

6. (1) If a share certificate issued in respect of the shareholder's shares is—

- (a) damaged or defaced; or
- (b) lost, stolen or destroyed,

the shareholder is entitled to be issued with a replacement share certificate in respect of the same shares upon –

- (a) presentation of the damaged or defaced share certificate, and in the case of lost, stolen or destroyed share certificate, an affidavit accompanied by a police report where applicable;

-
- (b) compliance with such conditions as to evidence as the directors may decide;
 - (c) payment of a fee of fifty Maloti (M50) or such amount, if any, as the directors may determine.

(2) The shareholder exercising the right to be issued with a replacement share certificate may, at the same time, exercise the right to be issued with a single share certificate or separate share certificates.

Transfer of shares

7. (1) Shares may be transferred by means of an instrument of transfer as prescribed in the Act.

(2) The instrument of transfer of any share shall be executed by or on behalf of 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 of the shareholder.

(3) Subject to restrictions of these articles as may be applicable, the shareholder may transfer all or any of the shareholder's shares by instrument in writing in any usual or common form or any other form which the directors may approve.

(4) The directors shall only refuse to register the transfer of a share to a person whom they do not approve and shall, within 15 days, furnish the transferor and transferee with reasons for the refusal.

(5) The directors may also decline to recognise any instrument of transfer unless-

- (a) a fee of fifty Maloti (M 50) or such sum as the directors may determine is paid to the company;
- (b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer; and
- (c) the instrument of transfer is in respect of only one class of shares.

(6) If the directors refuse to register a transfer they shall, within 15 days after the date on which the transfer was lodged with the company, send to the transferee notice of the refusal.

(7) The registration of transfers may be suspended at such times and for such period as the directors may determine, but registration of transfer shall not be suspended for more than 30 days in any year.

Registration of other documents

8. The company shall be entitled to charge a fee of five Maloti (M 5) or any fee as the directors may determine on the registration of every letter of administration, certificate of death or marriage, power of attorney, deed of settlement or any other instrument.

Transmission of shares

9. (1) In the case of death of the shareholder the executor of the deceased shall be the only person recognized by the company as having any title to the deceased's interest in the shares; but nothing herein contained shall release the estate of the deceased of any liability in respect of any share which was held by the deceased.

(2) Any person entitled to a share in consequence of the death or insolvency of the shareholder may, upon such evidence being produced as may be required by the directors and subject as hereinafter provided, elect either to be registered as the holder of the share or to nominate another person to be 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 shareholder before death or insolvency as the case may be.

(3) If a person becoming entitled to a share in consequence of the death or insolvency of the shareholder elects to be registered as the shareholder, that person shall deliver or send to the company a signed notice to that effect.

(4) If the person referred to in sub article (1) elects to have another person registered as the shareholder, the person shall execute an instrument of transfer in favour of that other person.

(5) All the limitations, restrictions and provisions of these articles relating to the right of transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the shareholder had not occurred and the notice of transfer were a transfer signed by that shareholder.

(6) 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 the person would be entitled if the person was registered as a holder of the share, except that that person shall not, before being registered as a shareholder in respect of the share, be entitled in respect of it to exercise any right conferred in relation to resolutions of the company:

Provided that the directors may, at any time, give notice requiring any such person to elect either to be registered or to transfer the share, and if the notice is not complied with within 15 days the directors may thereafter withhold payment of all dividends, bonuses, or other moneys payable in respect of the share until the requirements of the notice have been complied with.

Alteration of share capital

10. (1) The shareholder may, by resolution, increase the share capital by such sum, to be divided into shares of such amount, the shareholder may determine.

(2) The shareholder may-

- (a) consolidate and divide all or any of the company's share capital into shares of larger amount than its existing shares;
- (b) sub-divide the existing shares, or any of them, into shares of smaller amount than is fixed by these articles.

(3) The shareholder may reduce capital redemption reserve fund or any share premium account in any manner required by the Act.

Shareholder's resolutions

11. (1) Subject to these articles, the shareholder may make rules which he or she thinks fit on how to take decisions which shall be recorded as resolutions, and such resolutions shall be recorded and kept in the company register.

(2) Subject to the Act—

- (a) the resolutions have effect and may be enforced as if they constituted a contract between the—
 - (i) company and the shareholder;
 - (ii) company and each director; and

(b) the shareholder and the directors of the company have the rights, powers, duties, and obligations set out in these articles

(3) Subject to the provisions of the Act, a resolution in writing shall be signed by the shareholder and such resolution shall be valid and effective.

(4) The shareholder may amend and revoke the resolutions as the shareholder thinks fit.

Directors

12. (1) The persons whose particulars appear in the Schedule shall be the first directors of the company and they shall hold office until directors are appointed by the shareholder in accordance with article 23.

(2) The minimum number of directors shall be one and there shall be no maximum number but, the shareholder may fix the number of directors.

Appointment of directors

13. Any person who is willing to act as a director, and is permitted by the Act to do so, may be appointed by the shareholder.

Company in distress

14. (1) The directors shall, within 14 days of incorporation of the company, prepare and submit for approval by the shareholder a succession plan, and in the absence of such a plan, if for a period of 3 months the shareholder and directors either severally or collectively are unable to perform the functions of their office, whether arising from infirmity of body or mind or any such cause, the company shall be managed under Part XVII (Judicial Management) of the Act until the succession issue as to shareholding has been resolved.

(2) Where the shareholder and directors are unable to perform the functions of their office as provided for in sub article (1) a senior officer of the company shall notify the office of the Registrar of Companies.

(3) Within 14 working days after the succession as to shareholding referred to in sub article (1) has been resolved, the shareholder shall appoint directors of the company.

Directors' remuneration

15. (1) Directors may undertake any services for the company that the directors and shareholder may decide.

(2) Directors are entitled to such remuneration as the shareholder determine—

-
- (a) for their services to the company as directors; and
 - (b) for any other service which they undertake for the company.
- (3) Subject to these articles, a director's remuneration may —
- (a) be in a form of-
 - (i) cash;
 - (ii) tangible or intangible assets ;or
 - (iii) movable or immovable property;
 - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits to, or in respect of that director.

(4) Unless the shareholder decides otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company has an interest.

Directors' expenses

16. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

- (a) meetings of directors or committees of directors;
- (b) meetings with the shareholder or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

Directors' borrowing powers

17. (1) The directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, and other securities whether outright or as security for any debt, liability or obligation of the company.

(2) Notwithstanding sub article (1), the amount for the time being remaining unpaid of moneys borrowed or secured by the directors as aforesaid (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not at any time exceed the nominal amount of the share capital of the company for the time being issued.

(3) No lender or other person dealing with the company shall be obliged to see or inquire whether the limit in sub article (2) is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

Powers and duties of directors

18. (1) The business of the company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company prescribed by the Act, the Regulations made thereunder or by these articles.

(2) Notwithstanding sub article (1), the shareholder may direct the directors to take or refrain from taking a specified action:

Provided that no such resolution invalidated anything which the directors have done before the adoption of the resolution.

Delegation of powers by directors

19. (1) Subject to these articles, the directors may delegate any of the powers conferred on them under these articles—

- (a) to such person or committee;
- (b) by such means (including by power of attorney);
- (b) to such an extent;
- (c) in relation to such matters; and
- (d) on such terms and conditions,

as they think fit.

(2) The delegation referred to in sub article (1) may not authorise further delegation of the directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or in part, or alter its terms and conditions.

Conflict of interest

20. (1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, the director shall be counted as participating in the decision-making process and, the director shall further comply with sections 65 and 67 of the Act.

(2) A director shall not hold more than 5 directorship positions while serving as a director in the company.

(3) A director or a director's firm may act for the company in a professional capacity, and the director's firm shall be entitled to remuneration for professional services as if the director were not a director, but a director or the directors' firm shall not act as an auditor to the company.

Payments by and to the company

21. (1) All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the directors may determine.

(2) The directors may, on behalf of the company, 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 the director's widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Rotation of directors

22. (1) The shareholder on annual basis shall cause directors to retire from office.

(2) The directors to retire in every year shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(3) A retiring director shall be eligible for re-appointment.

(4) Where a director has retired in accordance with this article, the shareholder may fill the vacated office by appointing a person thereto, and in default the retiring director, if he or she has offered to be re-appointed, shall be deemed to have been re-appointed, unless the shareholder expressly resolved not to fill such vacant office.

Filling of vacancies of directors

23. (1) The shareholder shall have power to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these articles.

(2) A person appointed in place of a director removed or to fill a vacancy shall be subject to retirement at the same time as if the person had become a director on the day on which the director in whose place he or she is appointed but shall not be taken into account in determining the directors who are to retire by rotation in sub article (1).

Removal of directors

24. The shareholder may remove any director from office before the expiration of the director's period in office, notwithstanding anything in these articles or in any agreement between the company and such director and such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between him or her and the company.

Directors' meetings

25. (1) Subject to these articles, directors may meet together for the dispatch of business; adjourn, and otherwise regulate their meetings, as they think fit.

(2) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary, if any, to give the notice.

(3) Notice of any directors' meeting shall indicate—

(a) the proposed date and time of the meeting;

(b) where the meeting is to take place; and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how they will communicate with each other during the meeting.

(4) Notice of a directors' meeting shall be given to each director, but need not be in writing.

(5) At the instance of a director who was not notified contrary to sub-article (3), a decision made at that directors meeting shall be nullified.

(6) Directors may waive their entitlement to notice of the meeting by giving notice to that effect to the company not more than 7 days after the date on which the meeting was held.

(7) A director who waives the right to receive a notice of a meeting loses the entitlement to nullify decisions taken at that meeting or any business conducted at that meeting.

(8) Where the shareholder is the only director, the director need not hold meetings but adopt resolutions as set out in article 16.

Quorum at directors' meetings

26. (1) The quorum necessary for the transaction of the business of the directors' meeting shall not be less than a simple majority of all directors.

(2) The directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as the necessary quorum of directors, the directors may request the shareholder to appoint sufficient directors.

Chairing directors' meetings

27. (1) The directors may appoint a chairperson to chair their meetings and a vice-chairperson to chair the meetings in the absence of the chairperson.

(2) The directors may determine the period for which a chairperson and vice-chairperson may hold office but the directors may terminate the chairperson's or vice-chairperson's appointment at any time.

(3) If the chairperson or vice-chairperson is not present in a directors' meeting within half an hour of the time at which it was to start, the directors present shall appoint one of themselves to chair the meeting.

Participation in directors' meetings

28. (1) Subject to these articles, directors participate in directors' meeting, or part of a directors' meeting, when—

(b) the meeting has been called and takes place in accordance with these articles; and

(b) they can each communicate to others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Directors' decisions

29. (1) Subject to these articles-

(a) a decision is taken at a directors' meeting by-

(i) unanimous decision of the participating directors; and

(ii) majority of the votes of the participating directors.

(c) each director participating in a directors' meeting has one vote and if the number of votes for and against a proposal is equal, the chairperson of the meeting has a second or casting vote.

(d) the directors may make any rule which they think fit about how they take decisions, and such rules shall be recorded and kept in the Company Register and shall be open for inspection by the shareholder.

(2) Decisions of the directors may be taken at a directors' meeting or in the form of a directors' written resolution.

Unanimous decisions

30. (1) A decision of the directors is unanimous when all eligible directors indicate to each other by any means that they share a common view on a matter.

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to "eligible directors" are references to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Validity of directors' decisions

31. All acts done by any meeting of the 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, be as valid as if every such person had been duly appointed and was qualified to be a director.

Records of directors' meetings

32. (1) The directors shall cause minutes of meetings to record-
- (b) the names of the directors present at each meeting of the directors and of any committee of the directors; and
 - (b) all resolutions and proceedings at all meetings of the company and of the directors, and of committees of directors.
- (2) A director present at any meeting of directors or committee of directors shall sign his or her name in a book to be kept for that purpose.
- (3) The directors shall cause separate books to be kept for recording-
- (a) all appointments of officers made by the directors;
 - (b) the names of the directors present at each meeting of the directors and of any committee of the directors; and
 - (c) all resolutions and proceedings at all meetings of the company, and of the directors, and of committees of directors.

Directors' written resolutions

33. (1) A director may propose a directors' written resolution by giving a written notice of the proposed resolution to each director and the notice shall indicate-
- (a) the proposed resolution; and
 - (b) the time and date by which it is proposed that the directors should adopt it.
- (2) The company secretary shall issue a notice proposing a directors' written resolution if the director so requests.

Adoption of directors' written resolutions

34. (1) A proposed directors' written resolution is adopted when the majority of the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it:
Provided that those directors would have formed a quorum at such a meeting.

(2) A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors, shall be as valid and effectual as if it had been passed at the meeting of the directors duly convened and held.

(3) It is immaterial, whether any director signs the resolution before or after the time and date by which it was proposed, that the directors should adopt the resolution.

(4) The company secretary shall ensure that the company keeps a record, in writing, of all directors' written resolutions for at least 10 years from the date of their adoption.

Directors' committees

35. (1) The directors may establish committees consisting of such member or members of their body as they think fit.

(2) The directors may delegate any of their powers to committees established in sub article (1).

(3) Unless the directors make rules for committees, such committees shall follow procedures which govern the proceedings of directors.

(4) A committee may elect a chairperson of its meetings, if no such chairperson is elected, or if at any meeting the chairperson is not present within half an hour after the time appointed for holding the same, the members present may choose one of their numbers to be chairperson of the meeting.

(5) A committee may meet and adjourn as it thinks proper.

(6) 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 chairperson shall have a second or casting vote.

Suspension and termination of director's appointment

36. (1) The shareholder may suspend the board of directors pending investigation into affairs of the company.

(2) A person ceases to be a director if disqualified from being a director in terms of section 57 of the Act.

(3) Before a person is disqualified under section 57(6) (f) of the Act from being a director on the ground of unsound mind, a registered medical practitioner who is treating that person shall give a written opinion to the company stating that the person has become mentally incapable of acting as a director and may remain so for a period of more than three months.

(4) A company may remove a director from office if a Court has declared that the director is incapable of managing his or her financial affairs.

(5) The office of director shall be vacated if a director is absent without permission of the chairperson of the board for 3 consecutive meetings of the board.

Managing director

37. (1) The shareholder may appoint one of the directors to the office of managing director for such period and on such terms as the shareholder thinks fit and may revoke such appointment.

(2) A director appointed pursuant to sub article (1) shall not, while holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his or her directorship shall be automatically reviewed if he or she ceases for any cause to be managing director.

(3) A managing director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the shareholder may determine.

(4) The directors may entrust to and confer upon such a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may revoke, withdraw, alter or vary all or any of such powers.

Secretary

38. (1) The company shall have a secretary who shall be appointed by the directors.

(2) The secretary shall be appointed on such terms and conditions as the directors think fit and the appointment may be revoked.

(3) No person shall be appointed or hold office as secretary if the person is a director of the company or a body corporate.

Indemnity

39. A director, managing director, agent, auditor, secretary and other officer of the company shall be indemnified out of the assets of the company against any liability incurred by that person in defending any civil proceedings, in which judgment is given in his or her favor.

Insurance

40. (1) The directors may purchase and maintain insurance, at the expense of the company, for the benefit of any director, managing director, agent, auditor, secretary and other officer of the company in respect of any-

- (a) liability, not being a criminal liability, for any act or omission in his or her capacity as an officer or an employee;
- (b) costs incurred by that officer or employee in-
 - (i) defending or settling any claim or proceedings relating to any such liability; and
 - (ii) defending any criminal proceedings relating to the activities of the company in which he or she is acquitted.

Company seal

41. (1) The company shall have a seal and the directors shall provide for its safe custody.

(2) The company seal shall only be used by the authority of the directors or of a committee of the directors authorised by the directors on their 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.

Accounts

42. (1) The directors shall cause proper books of accounts to be kept with respect to-

- (a) all sum of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
- (b) all sales and purchase of goods by the company; and
- (c) the assets and liabilities of the company.

(2) Proper books of accounts shall not be deemed to be kept if such books do not reflect a true and fair view of the state of the company's affairs.

(3) The books of account shall be kept at the registered office of the company, or, subject to section 84 of the Act, at such other place or places as the directors think fit, and shall be open to inspection of the directors and shareholder.

(4) The directors shall, in accordance with section 94 of the Act, cause to be prepared and to be laid before the company in meeting with the shareholder such accounts referred to in that section.

(5) Not less than 21 days before the date of the meeting between shareholder and directors, a copy of the company accounts (including every document required by the Act to be annexed thereto) which are to be laid before the company in the meeting, shall be sent to the shareholder.

(6) Sub article (1) shall not require a copy of those documents to be sent to any person of whose address the company is not aware of.

Annual report

43. The directors shall prepare an annual report in respect of any financial year, in accordance with the provisions of the Act.

Dividends and reserve

44. (1) Subject to sub- article (2), the company may declare dividends.

(2) The company shall not-

(a) declare any dividends unless the company satisfies the solvency test;

(b) declare dividends that exceed the amount recommended by the directors;
and

(c) pay dividends otherwise than out of profits of the company.

(3) The directors may, if they are so authorised by the shareholder, before recommending any dividend, set aside out of the profits of the company such sums as they think proper as a reserve for any purpose to which the profit of the company may be properly applied, and pending such application such funds shall, be invested in such investments (other than shares of the company) as the directors may think fit.

Payment of dividends

45. (1) All dividends shall be declared and paid according to the amounts paid or credited as paid on the share in respect of the dividend paid.

(2) All dividends shall be apportioned and paid proportionately to the amount paid or portion of the period in respect of which 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.

(3) The director may deduct from any dividend payable to the shareholder all sums of money, if any, presently payable by that shareholder in relation to the shares of the company.

(4) Subject to the terms of issue of the share in question, the shareholder on recommendation by directors, may pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company) to the distribution recipient or shareholder.

(5) For the purposes of paying non-cash dividends, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

- (a) fixing the value of any assets;
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; or
- (c) vesting any assets in a trustee or beneficiary.

Method of payment of dividends

46. (1) In this articles, “**the distribution recipient**” means, in respect of a share which a dividend or other sum is payable—

- (a) the holder of the share; or
- (b) if the holder is no longer entitled to the share by reason of death or insolvency, or otherwise by operation of law, the agent, trustee or other beneficiary.

(2) Where a dividend or other sum which is a distribution is payable in respect of a share, it shall be paid by one or more of the following means—

- (a) transfer to a bank or any financial institution or society account specified by the distribution recipient either in writing or as the distribution recipient may otherwise decide;
- (b) sending a cheque made payable to the distribution recipient by registered post to the recipient’s registered address or to an address specified by the distribution recipient either in writing or as the distribution recipient may otherwise decide;

-
- (c) payment of cash or any other means of payment as the directors may agree with the distribution recipient either in writing or by such other means as the distribution recipient may decide.

Interest on dividends

47. No dividends shall bear interest against the company unless otherwise provided for by-

- (a) the terms on which the share was issued; or
- (b) the provisions of another agreement between the shareholder and the company.

Capitalization of profits

48. (1) The shareholder may, upon recommendations by directors-

- (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
- (b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

(2) Capitalised sums shall be applied—

- (a) on behalf of the persons entitled; and
- (b) in the same proportions as a dividend would have been distributed to them.

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted and credited as fully paid to the persons entitled or as shareholder may direct.

(4) Subject to these articles, the directors may apply capitalised sums in accordance with sub article (3) partly in one way and partly in another.

Service of documents

49. (1) Subject to these articles-

- (a) anything sent or supplied by or to the company under these articles may be sent or supplied in any way in which the Act provides; and

-
- (b) any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has indicated.

(2) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and the specified time shall not be less than 2 working days.

(3) A notice may be given by the company to the persons entitled to a share in consequence of the death or insolvency of a shareholder by sending it through a registered mail addressed to them by name, or by the title of representatives of the deceased, or trustee of the insolvent, or by any like description, at the address, if any, within Lesotho supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been supplied) by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

Update of contact details

50. The shareholder shall update his or her contact details as and when a need arises.

Dissolution

51. (1) The company may be dissolved in accordance with the provisions of the Act.

(2) The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

SCHEDULE 5

(regulation 5(3))

ARTICLES OF INCORPORATION FOR A NON PROFIT MAKING COMPANY

ARRANGEMENT OF ARTICLES

Article

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ARTICLES OF INCORPORATION FOR A NON PROFIT MAKING COMPANY

PART 1 - PRELIMINARY

Interpretation

1. In these articles-

“**Act**” means the Companies Act 2011;

“**articles**” means these articles of incorporation;

“**chairperson**” means the director appointed as such under article 34;

“**chairperson of the general meeting**” means a member appointed as such under article 6(4);

“**company seal**” means an official mark of a company, consisting of an embossed impression on paper evidencing the formality of the company's execution of the document and its intention to be bound;

“**director**” means a person occupying the position of director of the company by whatever name called;

“**document**” includes, unless otherwise specified, a document in electronic form, that is, a document sent or supplied, kept, maintained or recorded –

(a) by electronic means including but not limited to, e-mail or fax; or

(b) by any other means while in an electronic form (for example, a disk delivered by hand or sent by post); or

(c) saved in computer.

“insolvency” includes proceedings in a jurisdiction other than Lesotho which have an effect similar to that of insolvency in Lesotho;

“instrument” means a document in hard copy form, that is, in a paper copy or similar form capable of being read;

“member” means a

“ordinary resolution” has the meaning given in section 2 of the Companies Act 2011;

“participate” in relation to a directors’ meeting, has the meaning given in article 39;

“proxy notice” has the meaning given in article 14 ;

“subsidiary” has the meaning given in section 2(2)(a) of the Act ;

“special resolution” has the meaning given in section 2 of the Act ;

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, and capable of being reproduced in tangible form whether sent, stored or supplied in electronic form or otherwise.

PART 2- REGULATION AND MANAGEMENT OF THE COMPANY

Members

2. The number of members with which the company proposes to be registered is, and the directors may register an increase of members.

Registration of trusts as members

3. (1) The company may, in its discretion, enter in its register any share held in trust.

(2) The company shall verify the legal status of any trust or of any trustee who is registered as a member but there shall be no obligation on the company to see to the due and proper carrying out of any trust.

General meetings

4. (1) The company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse between the date of one annual general meeting and of the next, but if the company holds its first annual general meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation.

(2) The annual general meeting shall be held at such time and place as the directors shall appoint.

(3) All other meetings other than annual general meetings shall be called special meetings.

(4) The directors may, whenever they think fit, convene a special meeting, and a special meeting shall also be convened on the written request of a member with the right to vote.

(5) If at any time there are not sufficient members capable of acting to form a quorum, any director or any 4 members of the company may convene a special meeting in the same manner as nearly as possible as that in which meetings may be convened by the members.

Notice of general meetings

5. (1) A notice for an annual general meeting and a meeting called to pass a special resolution shall –

(a) be in writing;

-
- (b) be issued not less than 10 days before the date of the meeting excluding the day on which it is issued; and
 - (c) state the time, date and place of meeting and in case of a special meeting, the purpose for which the meeting is called.

(2) The company may call a meeting by giving a shorter notice than that specified in sub article(1) (b) , and such a meeting shall be deemed to have been duly called if it is so agreed-

- (a) in the case of a meeting called as the annual general meeting, by all the members entitled to attend and vote ; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting.

(3) The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

Proceedings at general meetings

6. (1) 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.

(2) A quorum for transaction of business at the meeting of members shall be a majority of members with voting rights in person or by proxy.

(3) All business shall be deemed special that is transacted at a special meeting, and also all that is transacted at an annual general meeting, with consideration of the accounts, balance sheets, and the reports of the directors and auditors, the election of directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.

(4) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at any such other time and place as the members may determine,

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 shall be a quorum.

(5) If the members have elected a chairperson, the chairperson shall preside at every general meeting of the company if present, or if there is no such chairperson, or if the chairperson is not present within fifteen minutes after the time appointed for the holding of the meeting or the elected chairperson is unwilling to act, the members present shall elect one of their number to be chairperson of the meeting and the appointment of the chairperson of the meeting shall be the first business of the meeting.

(6) The chairperson of the meeting may adjourn a general meeting at which a quorum is present if—

- (a) two-third majority of members voting consent to an adjournment; or
- (b) it appears to the chairperson of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(7) When adjourning a general meeting, the chairperson of the meeting may—

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

(8) If the continuation of an adjourned meeting is to take place more than 30 days after it was adjourned, the company shall give at least 7 days' notice of it, that is, excluding the day of the adjourned meeting and the day on which the notice is given—

-
- (a) to the same persons to whom notice of the company's general meetings is required to be given; and
 - (b) that notice shall contain the same information which should be in the notice of a general meeting.

Proceedings at the adjourned meetings

7. No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Demand for a poll

8. (1) 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 chairperson of the meeting;
- (b) the members;
- (c) 2 or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the members having the right to vote on the resolution.

(2) A poll demanded on-

- (a) the election of a chairperson or a question of adjournment shall be taken forthwith; or
- (b) any other question shall be taken at such time as the chairperson of the meeting directs, and any business other than that upon which a poll has been demanded may be preceded with pending the taking of a poll.

(3) Except as provided in this article, if a poll is duly demanded it shall be taken in such manner as the chairperson directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Withdrawal of the demand for a poll

9. A demand for a poll may be withdrawn if the poll has not yet been taken and the chairperson of the meeting consents to the withdrawal.

Casting vote

10. In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to a second or casting vote.

Attendance and speaking at general meetings

11. (1) The company shall organise meetings in such a way that every member is able to exercise the right to vote and communicate any information or opinions which that member has on the business of the meeting and the directors shall make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote.

(2) A person is able to exercise the right to vote at a general meeting when—

- (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
- (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

(3) A person is able to exercise the right to speak at a general meeting when—

(a) that person is able to speak, during the meeting, on issues raised or under discussion at the meeting; and

(b) that person's opinion can be taken into account in determining whether or not resolutions are passed in the meeting.

(4) In determining attendance at a general meeting, it is immaterial whether any of the members attending it are in the same place as each other.

(5) Members who are not in the same place as each other, attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Votes of members

12. (1) Every member shall have one vote on a show of hands and on a poll.

(2) A member who has been declared of unsound mind by any court may vote, whether on a show of hands or on a poll, by the member curator bonis or other person appointed by that court.

(3) No member shall be entitled to vote at any general meeting unless all monies presently payable by the member to the company have been paid.

(4) 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 at such meeting shall be valid for all purposes.

(5) An objection made in sub article (4) shall be referred to the chairperson of the meeting whose decision shall be final and conclusive.

(6) Unless stated otherwise elsewhere in these articles, a poll vote may be given either personally or by proxy.

Objection on votes tendered

13. (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive.

Proxy notice

14. (1) A member or an agent authorised by the member may appoint a proxy and the appointment shall be in writing and the proxy need not be a member of the company.

(2) Proxies may only be validly appointed by a notice in writing (a “proxy notice”) which—

- (a) states the name and address of the member appointing the proxy;
- (b) identifies the person appointed to be that member’s proxy and the meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the member appointing the proxy, or is authenticated in such manner as the directors may determine; and
- (d) is delivered to the company in accordance with these articles and any instructions contained in the notice of the meeting to which they relate.

(3) The company may require proxy notices to be delivered in an instrument in the form as set out in Schedule 1 Form A or a form as near thereto as circumstances permit and the company may specify different forms for different purposes.

(4) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions and where it is desired to afford the proxy an opportunity of voting for or against a resolution the instrument appointing a proxy shall be in the form as set out in Schedule 1 Form B or a form as near thereto as circumstances permit.

(5) Unless a proxy notice indicates otherwise, it shall be treated as—

(c) allowing the person appointed thereunder, a discretion as to how to vote on any ancillary or procedural resolutions put to the meeting; and

(d) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notice

15. (1) Any notice of a meeting shall specify the address or addresses (**“proxy notification address”**) at which the company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered by hand or registered mail.

(2) The proxy notice shall be delivered to the address specified in accordance with sub article (1) not less than 48 hours before holding the meeting or adjourned meeting to which it relates.

(3) A person who is entitled to attend, speak or vote (either on a show of hands or cast a secret ballot) at a meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(4) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

(5) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

(6) If a proxy notice is not executed by the member, it shall be accompanied by written evidence of the authority of the person who executed it on behalf of the member.

Rights of a proxy

16. (1) The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

(2) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death, insolvency or insanity of the member or revocation of the proxy or of the authority under which the proxy is executed:

Provided that no intimation in writing of such death, insolvency, insanity or revocation as aforesaid shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Members' resolutions

17. (1) Unless a poll be demanded, a declaration by the chairperson that the resolution has, on a show of hands, been carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the company shall be conclusive evidence of the fact without proof of the number or of the votes recorded in favour of or against such resolution.

(2) Subject to the provisions of the Act, a resolution in writing signed by all members for the time being entitled to receive notice of and to attend and vote at a meeting (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a meeting of the company duly convened and held.

Amendments to resolutions

18. (1) An ordinary resolution to be proposed at a meeting may be amended if—
- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the meeting at which it is to be proposed not less than 48 hours before the meeting is to take place or such later time as the chairperson of the meeting may determine; and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairperson of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a meeting may be amended if—
- (a) the chairperson of the meeting proposes the amendment at the meeting at which the resolution is to be proposed; and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairperson of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairperson's error does not invalidate the vote on that resolution.

Directors

19. (1) The persons whose particulars appear in Schedule 2 shall be the first directors of the company and they shall hold office until directors are appointed by the company in a general meeting in accordance with article 30.

(2) The minimum number of directors shall be 2 and there shall be no maximum number.

Appointment of directors

20. Any person who is willing to act as a director, and is permitted by the Act to do so, may be appointed to be a director by ordinary resolution at a members general meeting.

Company in distress

21. (1) The directors shall, within 14 days of incorporation of the company, prepare and submit for approval by the members a succession plan, and in the absence of such a plan if for a period of 3 months the members and directors either severally or collectively are unable to perform the functions of their office, whether arising from infirmity of body or mind or any such cause, the company shall be managed under Part XVII (Judicial Management) of the Act until the succession issue as to membership has been resolved.

(2) Where the members and directors are unable to perform the functions of their office as provided for in sub article (1) a senior officer of the company shall notify the office of the Registrar of Companies.

(3) Within 14 working days after the succession as to membership referred to in sub article (1) has been resolved, the members shall appoint directors of the company.

Directors' remuneration

22. (1) Directors may undertake any services for the company that the directors and members may decide.

-
- (2) Directors are entitled to such remuneration as the members may determine—
- (a) for their services to the company as directors; and
 - (b) for any other service which they undertake for the company.
- (3) Subject to these articles, a director's remuneration may —
- (a) be in a form of-
 - (i) cash;
 - (ii) tangible or intangible assets ;or
 - (iii) movable or immovable property;
 - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits to, or in respect of, that director.
- (4) Unless the members decide otherwise directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company has an interest.

Directors' expenses

23. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—

- (a) meetings of directors or committees of directors;
- (b) general meetings; or
- (c) special meetings of the members or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

Directors' borrowing powers

24. (1) The directors may exercise all the powers of the company to borrow money, and to mortgage or charge its undertaking, property and uncalled capital, liability or obligation of the company.

(2) Notwithstanding sub article (1), the amount for the time being remaining unpaid of moneys borrowed or secured by the directors as aforesaid (apart from temporary loans obtained from the company's bankers in the ordinary course of business) shall not at any time, without the previous sanction of the company in a general meeting, exceed the nominal amount contributed by members.

(3) No lender or other person dealing with the company shall be concerned to see or inquire whether the limit in sub article (2) is observed and no debt incurred or security given in excess of such limit shall be invalid or ineffectual except in the case of express notice to the lender or the recipient of the security at the time when the debt was incurred or security given that the limit hereby imposed had been or was thereby exceeded.

Powers and duties of directors

25. (1) The business of the company shall be managed by the directors, who may pay all expenses incurred in promoting and registering the company, and may exercise all such powers of the company prescribed by the Act or by the regulations made there under by these articles required to be exercised by the company in a general meeting.

(2) Notwithstanding sub article (1), the members may, by special resolution, direct the directors to take or refrain from taking a specified action:

Provided that no such resolution invalidates anything which the directors have done before the passing of the resolution.

Delegation of powers by directors

26. (1) Subject to these articles, the directors may delegate any of the powers conferred on them under these articles—

-
- (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters; and
 - (e) on such terms and conditions,
- as they think fit.

(2) The delegation referred to in sub article (1) may not authorise further delegation of the directors' powers by any person to whom they are delegated.

(3) The directors may revoke any delegation in whole or in part, or alter its terms and conditions.

Conflict of interest

27. (1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, the director shall be counted as participating in the decision-making process for quorum or voting purposes and, the director shall further comply with sections 65 and 67 of the Act.

(2) A director shall not hold more than 5 directorship positions while serving as a director in the company.

(3) A director or a directors' firm may act for the company in a professional capacity, and the director's firm shall be entitled to remuneration for professional services as if the director were not a director, but a director or the directors' firm shall not act as an auditor to the company.

Payments by and to the company

28. (1) All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the company, shall be signed, drawn, accepted,

endorsed, or otherwise executed, as the case may be, in such manner as the directors may determine.

(2) The directors may, 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 the director's widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

Rotation of directors

29. (1) At the first annual general meeting of the company all the directors shall retire from office, and at the annual general meeting in every subsequent year one-third of the directors for the time being, or, if their number is not 3 or a multiple of 3, then the number nearest one-third, shall retire from office.

(2) The directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

(3) A retiring director shall be eligible for re-election.

(4) The company at the meeting at which a director retires in a manner aforesaid may fill the vacated office by electing a person thereto, and in default the retiring director shall, if offering himself for re-election be deemed to have been re-elected, unless at such meeting it is expressly resolved not to fill such vacant office or unless a proposal for the re-election of such director shall have been put to the meeting and rejected.

(5) The company may, by ordinary resolution, increase or reduce the number of directors, and may also determine in what rotation the increased or reduced number is to go out of office.

Filling of vacancies of directors

30. (1) The members, in a general meeting, shall have power to appoint any person to be a director, either to fill a casual vacancy or as an addition to the existing directors, but so that the total number of directors shall not at any time exceed the number fixed in accordance with these articles.

(2) A person appointed in place of a director removed or to fill a vacancy shall be subject to retirement at the same time as if the person had become a director on the day on which the director in whose place he or she is appointed was last elected a director, but shall not be taken into account in determining the directors who are to retire by rotation at a meeting referred to in sub article (1).

Removal of directors

31. (1) The company may by ordinary resolution, of which special notice has been given in accordance with section 73 of the Act, remove any director before the expiration of the director period of office notwithstanding anything in these articles or in any agreement between the company and such director.

(2) Such removal shall be without prejudice to any claim such director may have for damages for breach of any contract of service between the director and the company.

Directors' meetings

32. (1) Subject to these articles, directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings, as they think fit;

(2) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.

(3) Notice of any directors' meeting shall indicate—

(a) the proposed date and time of the meeting;

(b) where the meeting is to take place; and

(c) if it is anticipated that directors participating in the meeting will not be in the same place, how they will communicate with each other during the meeting.

(4) Notice of a directors' meeting shall be given to each director, but need not be in writing.

(5) At the instance of a director who was not notified contrary to sub-article (3), a decision made at that directors meeting shall be nullified.

(6) Directors may waive their entitlement to notice of the meeting by giving notice to that effect to the company not more than 7 days after the date on which the meeting was held.

(7) A director who waives the right to receive notice of a meeting loses the entitlement to nullify decisions taken at that meeting or any business conducted at the meeting.

Quorum at directors' meetings

33. (1) The quorum necessary for the transaction of the business of the directors' meeting shall not be less than a simple majority of all directors.

(2) The directors may act notwithstanding any vacancy in their body, but, if and so long as their number is reduced below the number fixed by or pursuant to these articles as the necessary quorum of directors, the directors may act for the purpose of calling a general meeting to appoint sufficient directors.

Chairing directors' meetings

34. (1) The directors may appoint a chairperson to chair their meetings and a vice-chairperson to chair the meetings in the absence of the chairperson.

(2) The directors may determine the period for which a chairperson and vice-chairperson may hold office but the directors may terminate the chairperson's or vice-chairperson's appointment at any time.

(3) If the chairperson or vice-chairperson is not present in a directors' meeting within half an hour of the time at which it was to start, the directors present shall appoint one of themselves to chair the meeting.

Participation in directors' meetings

35. (1) Subject to these articles, directors participate in directors' meeting, or part of a directors' meeting, when—

(a) the meeting has been called and takes place in accordance with these articles; and

(b) they can each communicate to others any information or opinions they have on any particular item of the business of the meeting.

(2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.

(3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

Directors' decisions

36. (1) Subject to these articles a-

(a) decision is taken at a directors' meeting by-

-
- (i) unanimous decision of the participating directors; and
 - (ii) majority of the votes of the participating directors.

(b) each director participating in a directors' meeting has one vote and if the number of votes for and against a proposal is equal, the chairperson of the meeting has a second or casting vote.

(c) the directors may make any rule which they think fit about how they take decisions, and such rules shall be recorded and kept in the Company Register and shall be open for inspection by members.

(2) Decisions of the directors may be taken at a directors' meeting or in the form of a directors' written resolution.

Unanimous decisions

37. (1) A decision of the directors is unanimous when all eligible directors indicate to each other by any means that they share a common view on a matter.

(2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.

(3) References in this article to "eligible directors" are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.

(4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

Validity of directors' decisions

38. All acts done by any meeting of the 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 be as valid as if every such person had been duly appointed and was qualified, to be a director.

Records of directors' meetings

39. (1) The directors shall cause to be kept minutes of meetings to record-
- (c) the names of the directors present at each meeting of the directors and of any committee of the directors; and
 - (b) all resolutions and proceedings at all meetings of the company, and of the directors and of committees of directors.
- (2) A director present at any meeting of directors or committee of directors shall sign his or her name in a book to be kept for that purpose.
- (3) The directors shall cause separate books to be kept for recording-
- (a) all appointments of officers made by the directors;
 - (b) the names of the directors present at each meeting of the directors and of any committee of the directors; and
 - (c) all resolutions and proceedings at all meetings of the company, and of the directors and of committees of directors.

Directors' written resolutions

40. (1) A director may propose a directors' written resolution by giving a written notice of the proposed resolution to each director and the notice shall indicate-

(a) the proposed resolution; and

(b) the time and date by which it is proposed that the directors should adopt it.

(2) The company secretary shall issue a notice proposing a directors' written resolution if the director so requests.

Adoption of directors' written resolutions

41. (1) A proposed directors' written resolution is adopted when the majority of the directors who would have been entitled to vote on the resolution at a directors' meeting have signed one or more copies of it:

Provided that those directors would have formed a quorum at such a meeting.

(2) A resolution in writing, signed by all the directors for the time being entitled to receive notice of a meeting of the directors, shall be as valid and effectual as if it had been passed at the meeting of the directors duly convened and held.

(3) It is immaterial whether any director signs the resolution before or after the time and date by which it was proposed that the directors should adopt the resolution.

(4) The company secretary shall ensure that the company keeps a record, in writing, of all directors' written resolutions for at least 10 years from the date of their adoption.

Directors' committees

42. (1) The directors may establish committees consisting of such member or members of their body as they think fit.

(2) The directors may delegate any of their powers to committees established pursuant to sub article (1).

(3) Unless the directors make rules for committees, such committees shall follow procedures which govern the proceedings of directors.

(4) A committee may elect a chairperson of its meetings, if no such chairperson is elected, or if at any meeting the chairperson is not present within half an hour after the time appointed for holding the same, the members present may choose one of their numbers to be chairperson of the meeting.

(5) A committee may meet and adjourn as it thinks proper.

(6) 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 chairperson shall have a second or casting vote.

Suspension and termination of director's appointment

43. (1) The members may suspend the board of directors pending investigation into the affairs of the company.

(2) A person ceases to be a director if disqualified from being a director in terms of section 57 of the Act.

(3) Before a person is disqualified under section 57(3)(f) of the Act from being a director on the ground of unsound mind, a registered medical practitioner who is treating that person shall give a written opinion to the company stating that the person has become mentally incapable of acting as a director and may remain so for a period of more than 3 months.

(4) A company may remove a director from office if a court has declared that the director is incapable of managing his or her financial affairs.

(5) The office of a director shall be vacated if a director is absent without permission of chairperson of the board for 3 consecutive meetings of the board.

Managing director

44. (1) The members may appoint one of their number to the office of managing director for such period and on such terms as they think fit and may revoke such appointment.

(2) A director appointed pursuant to sub- article (1) shall not, while holding that office, be subject to retirement by rotation or be taken into account in determining the rotation of retirement of directors, but his or her directorship shall be automatically reviewed if he or she ceases from any cause to be a managing director.

(3) A managing director shall receive such remuneration, whether by way of salary, commission or participation in profits, or partly in one way and partly in another, as the members may determine.

(4) The directors may entrust to and confer upon such a managing director any of the powers exercisable by them upon such terms and conditions and with such restrictions as they may think fit, and either collaterally with or to the exclusion of their own powers and may revoke, withdraw, alter or vary all or any of such powers.

Secretary

45. (1) The company shall have a secretary who shall be appointed by the directors.

(2) The secretary shall be appointed on such terms and conditions as the directors think fit and the appointment may be revoked.

(3) No person shall be appointed or hold office as secretary if the person is a director of the company or a body corporate.

Indemnity

46. Every director, managing director, agent, auditor, secretary and other officer of the company shall be indemnified out of the assets of the company against any liability incurred by that person in defending any civil proceedings, in which judgment is given in his or her favor.

Insurance

47. The directors may purchase and maintain insurance, at the expense of the company, for the benefit of any director, managing director, agent, auditor, secretary and other officer of the company in respect of any-

- (a) liability, not being a criminal liability, for any act or omission in his or her capacity as an officer or an employee;
- (b) costs incurred by that officer or employee in-
 - (i) defending or settling any claim or proceedings relating to any such liability; and
 - (ii) defending any criminal proceedings relating to the activities of the company in which he or she is acquitted.

Company seal

48. (1) The company shall have a seal and the directors shall provide for its safe custody.

(2) The company seal shall only be used by the authority of the directors or of a committee of the directors authorised by the directors on their behalf, and every instrument to which the seal shall be affixed, shall be signed by the 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.

Accounts

49. (1) The directors shall cause proper books of accounts to be kept with respect to-

-
- (a) all sum of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;
 - (b) all sales and purchase of goods by the company; and
 - (c) the assets and liabilities of the company.

(2) Proper books of accounts shall not be deemed to be kept, if such books do not reflect a true and fair view of the state of the company's affairs.

(3) The books of accounts shall be kept at the registered office of the company, or, subject to section 84 of the Act, at such other place or places as the directors think fit, and shall be open to the inspection of the directors and members.

(4) The directors shall, in accordance with section 94 of the Act, cause to be prepared and to be laid before the company in general meeting such accounts referred to in that section.

(5) Not less than 21 days before the date of the general meeting, a copy of the company accounts (including every document required by the Act to be annexed thereto) which are to be laid before the company in the general meeting, together with a copy of the auditor's report, shall be sent to every member.

(6) Sub article (1) shall not require a copy of those documents to be sent to any person of whose address the company is not aware of.

Auditor

50. (1) Seventy five percent of members at a general meeting may, pursuant to section 98 of the Act, appoint an auditor who is qualified to—

- (a) hold office as auditor for the period specified by the members; and
- (b) audit the financial statements of the company.

(2) The members may remove an auditor from office by resolution at the special meeting.

Rights of auditor

51. The directors of the company shall ensure that an auditor of the company—

- (a) is permitted to attend a meeting of the members of the company;
- (b) receives the notices and communications that members are entitled to receive relating to meetings and decisions of the members; and
- (c) is heard at a meeting of the members that he or she attends on any part of the business of the meeting that concerns him or her as an auditor.

Annual report

52. The directors shall prepare an annual report in respect of any financial year.

Service of documents

53. (1) Subject to these articles a-

- (a) anything sent or supplied by or to the company under these articles may be sent or supplied in any way in which the Act provides; and
- (b) any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has indicated.

(2) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and the specified time shall not be less than 2 working days.

(3) A notice may be given by the company to the person who becomes a member in consequence of the death or insolvency of a member by sending it through a registered mail addressed to them by name, or by the title of representatives of the deceased, or trustee of the insolvent, or by any like description, at the address, if any, within Lesotho supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been supplied) by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

(4) Notice of every general meeting shall be given in any manner authorised by the Act to-

- (a) every member;
- (b) every person upon whom the membership devolves by reason of being the executor, trustee or assignee of a member where the member but for his or her death or insolvency would be entitled to receive notice of the meeting; and
- (c) the auditor of the company.

(5) No other person other than persons mentioned in sub article (4) shall be entitled to the receive notice of general meetings.

Failure to update contact details

54. (1) A member loses the right to receive notices from the company if—

- (a) the company sends documents on 2 consecutive occasions to the member over a period of at least 12 months; and

-
- (b) the documents are returned undelivered; or
 - (c) the company receives notification that the documents had not been delivered.

(2) A member who has ceased to be entitled to receive notices from the company becomes entitled to receive such notices again by sending the company—

- (a) a new address to be recorded in the register of members; or
- (b) if a member has agreed that the company should use a different means of communication other than sending documents to such an address, the information that the company needs to use that means of communication effectively.

Dissolution

55. (1) The company may be dissolved in accordance with the provisions of the Act.

(2) The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

Schedule 1

Form A

(article 14(3))

Proxy Appointment Form

.....(Name of Company)Proprietary limited.

I/We,.....,of.....being a member /members of the above-named company, hereby appoint.....of....., of failing him or her,..... of....., as my/ our proxy to vote for me / us on my/ our behalf at the (annual or special, as the case may be) general meeting of the company to be held on the.....day of.....20.....and at any adjournment thereof.

Signed this.....day of..... 20.....

Form B

(article [14(4)

Proxy Appointment Form- Voting

..... (Name of Company)

I/We, ofbeing a member/members of the above-named company, hereby appoint....., of, or failing him or her....., of..... as my /our proxy to vote for me/us on my /our behalf at the (annual or special, as the case may be) general meeting of the company, to be held on the.....day of, 20....., and at any adjourned thereof.

This form is to be used in favor of/against * resolution No.....unless otherwise instructed, the proxy will vote as he or she thinks fit. (*strike out whichever is not desired.)”

Signed this day of.....20

Schedule 2

(article 19(1))

Particulars of First Directors

Title	Full names	ID Number	Physical Address	Postal Address	Email Address (if any)	Signature

Dated the _____ day of _____ 20____

EXPLANATORY NOTE

This document prescribes standard model articles for Non-Profit Making companies. A company can either adopt these model articles or prepare its own. However, if a company prepares its own articles and the articles make no provision for a matter for which provision is included in these model articles and they do not expressly exclude that provision, the provision in the standard model article is deemed to apply. Furthermore, these articles shall be read with the relevant provisions of the Act and the regulations, and where provisions of these articles are in conflict with the provisions of the Act, the provisions of the Act shall prevail.

SCHEDULE 6

(regulation 8)

PARTICULARS OF THE COMPANY

Form A

Private Company

Name of the company

(3) The name of the company isPty (Ltd).

Activities of the company

(4) The activities in which the company may engage are.....

Nature of the company

(5) The company is a private company and accordingly-

- (a) the number of shareholders is limited to fifty, not including persons who are in the employment of the company, and persons who, having been formally in the employment of the company, were while in the employment and have continued, after the termination of that employment, to be shareholders of the company;
- (b) the right to transfer shares is restricted;
- (c) any invitation to the public to subscribe for share and debentures is prohibited.

Liability of shareholders

(6) The liability of shareholder is limited to the amount, if any, unpaid on the shares held by the shareholder.

Share capital of the company and subscribed shares

(7) (1) The share capital of the company isMaloti divided into..... shares of..... Loti each.

Public company

Form B

Name of the company

1. The name of the company isLtd.

Activities of the company

2. The activities in which the company may engage are.....

Nature of the company

3. The company is a public company and accordingly-

- (a) the number of shareholders is unlimited;
- (b) may issue and transfer shares to the public.

Liability of shareholders

4. The liability of shareholders is limited to the amount, if any, unpaid on the shares held by the shareholder.

Share capital of the company and subscribed shares

5. (1) The share capital of the company isMaloti divided into..... shares of..... Loti each.

Form C

Single Shareholding Company

Name of the company

1. The name of the company isPty(Ltd).

Activities of the company

2. The activities in which the company may engage are.....

Nature of the company

3. The company is a private company and accordingly-

- (a) the number of shareholders is limited to one, not including persons who are in the employment of the company, and persons who, having been formally in the employment of the company, were while in the employment and have continued, after the termination of that employment, to be shareholder of the company;
- (b) the right to transfer shares is restricted;
- (c) any invitation to the public to subscribe for shares and debentures is prohibited.

Liability of shareholder

4. The liability of the shareholder is limited to the amount, if any, unpaid on the shares held by him or her.

Share capital of the company and subscribed shares

5. (1) The share capital of the company isMaloti divided into..... shares of..... Loti each.

Form D

Non-profit making company

Name of the company

1. The name of the company is

Activities of the company

2. The activities in which the company may engage are.....

Nature of the company

3. The company is a public company and accordingly the number of members is unlimited

Liability of members

4. The liability of the members is limited to the amount contributed and pledged by each member.

SCHEDULE 7

(regulation 32)

COMPANY FEES

1.	Registration of a company	M500
2.	Notice of alteration of memorandum of association	M100
3.	Notice alteration of articles of association/incorporation	M100
4.	Registration of external company	M1000
5.	Notice to change registered office	M100
6.	Notice of change concerning a director/s	M200
7.	Application for re-instatement of de-registered company	M150
8.	Registration of prospectus	M1000
9.	Notice of merger	M150

10.	Annual report	M250
11.	Notice of voluntary dissolution	M100
12.	Reservation of the name	M30

MISCELLANEOUS FEES

13.	Inspection of documents relating to any company filed with the register	M10
14.	Inspection of the entries in the registers kept by the Registrar relating to any company	M10
15.	Certifying a copy of a document on file	M2 Per page
16.	Issuing of lost certificate of Incorporation	M250
17.	Photocopies of documents from a file held at registers office	M2 Per page
18.	Late filing fee (for each day of failure to file)	M5
19.	Any other form	M50
