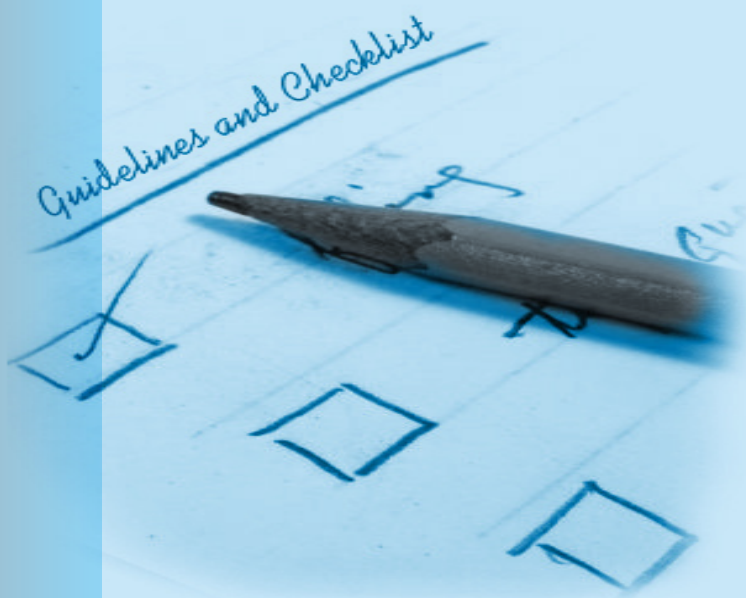


Guidelines and Checklist

*on documents to be submitted
along with the requests for*

OVERSEAS INVESTMENTS



**Exchange Control Department
Central Bank of Sri Lanka**

Exchange Control Guidelines on Investment Abroad by Resident Companies

1. Exchange Control provisions require that persons resident in Sri Lanka including companies should obtain prior permission of the Central Bank to participate as promoters or otherwise, in any concern outside Sri Lanka engaged in or intending to engage in any activity of a trading, commercial or industrial nature.
2. Participation in overseas joint ventures/subsidiary companies and setting up of marketing/branch/liaison offices are permitted in accordance with the following guidelines formulated by the Central Bank of Sri Lanka.
3. Companies registered in Sri Lanka could make applications in terms of these guidelines and the questionnaire (Annex I) set out for the purpose. Participants from Sri Lanka as well as from abroad in such concerns should have the necessary manufacturing experience, expertise and technical competence. Schemes for setting up industrial and manufacturing joint ventures abroad should be technically and financially sound and economically viable. Proposals should be supported in all cases by detailed project report/feasibility studies, marketing surveys, cash flow and profitability projections. The proposal should, inter alia, be justifiable on grounds of net foreign exchange benefits accruing to Sri Lanka in the immediate future and expected to accrue over the years by way of export earnings, royalty, engineering/technical know-how/management fees, dividends etc. Participation by Sri Lankan companies will have to conform to rules and regulations of the countries where the new concerns are to be located.

Exchange Control Guidelines on Investment Abroad by Resident Companies (Contd.)

4. Any proposal for setting up a wholly owned subsidiary abroad will be considered on merits only if it is established that the objectives behind setting up the subsidiary cannot be achieved by establishing a trading/ non trading office or branch in the host country.
5. Depending on the nature of the investment, copies of the applications will be referred to the relevant ministries and other authorities for their observations and recommendations.
6. Applicants for foreign investments are generally, required to submit the completed questionnaire to the Exchange Control Department along with the items requested in the relevant checklist attached hereto.

On the basis of the documents/information furnished, Exchange Control Department of the Central Bank will submit a report to the Hon. Minister of Finance for approval of the proposed investment.

After the Hon. Minister's approval is informed, Exchange Control Department of the Central Bank of Sri Lanka will issue a formal letter of approval relating to the proposed investment in accordance with the approval of Hon. Minister.

Controller of Exchange
Exchange Control Department
Central Bank of Sri Lanka

General Conditions Applicable to Approved Investments Abroad

1. Equity capital of the local participant in the proposed company should not be less than the amount approved for investment.
2. Share certificates issued to the local investor company should be brought into Sri Lanka and copies of the share certificates should be forwarded to the Exchange Control Department within one month from the date of issuance of the shares.
3. Local participant should furnish to this department within one month of the incorporation of the company abroad, a copy of the Certificate of Incorporation and the Memorandum & Articles of Association.
4. All dividends/profits/commissions, etc. declared/paid should be repatriated to Sri Lanka within a period of three months from the date of the payment and the documentary evidence in support of having done so should be furnished to the Exchange Control Department together with copies of the audited accounts.
5. In the event of the company being liquidated, liquidation proceeds should be repatriated to Sri Lanka within a period of 3 months after the payment of such liquidation proceeds, and bank confirmation to that effect should be furnished to the Exchange Control Department together with a certified copy of the final liquidation accounts. However, Exchange Control Department should be informed of company's decision to liquidate prior to such liquidation.
6. The participant should not invest any surplus funds of the company for purposes other than those for which the company is established.
7. The shares of the local partner should not be hypothecated or disposed of in any manner whatsoever, without the prior approval of the Controller of Exchange.
8. The audited accounts of the foreign company should be furnished within one month of publication.

Checklist for Investments in Fully Owned Subsidiaries Abroad by Resident Companies

1	Duly filled questionnaire on investments abroad. (Obtainable from Exchange Control Department- Annex I)	<input type="checkbox"/>
2	Audited accounts of the investing company in respect of the last 3 years.	<input type="checkbox"/>
3	Copies of the Certificate of Incorporation and Memorandum & Articles of Association of the investing company.	<input type="checkbox"/>
4	A certified copy of the resolution passed by the Board of Directors of the investing company on the proposed investment.	<input type="checkbox"/>
5	Copies of the project report/feasibility studies/market surveys which should include Cash flow and profitability projections prepared by a reputed firm.	<input type="checkbox"/>
6	Copies of the approval granted for the proposal by the relevant authorities of the country in which the investment is to be made.	<input type="checkbox"/>
7	A confirmation from the Monetary/Exchange Control Authority of the country stating that profits, surplus funds and the capital invested and liquidation proceeds if any in case of the closure or liquidation of the company are freely remittable to Sri Lanka.	<input type="checkbox"/>
8	Bank confirmation with regard to foreign exchange earnings of the investing company, if any, in respect of the last 3 years.	<input type="checkbox"/>
9	If it is an acquisition of an existing company abroad, a recent share valuation made by company's auditors.	<input type="checkbox"/>

Checklist for Investments In Joint Ventures by Resident Companies

1	Duly filled questionnaire on investments abroad. (Obtainable from Exchange Control Department- Annex I)	<input type="checkbox"/>
2	Audited accounts of the participants in respect of the last 3 years.	<input type="checkbox"/>
3	Certified Copies of the Certificate of Incorporation and Memorandum & Articles of Association of the participating companies.	<input type="checkbox"/>
4	A certified copy of the Joint Venture Agreement/Memorandum of Understanding entered into between the parties involved.	<input type="checkbox"/>
5	A certified copy of the resolution passed by the Board of Directors of the participants to the joint venture on the proposed investment.	<input type="checkbox"/>
6	Copies of the project report/feasibility studies/market surveys which should include Cash flow and profitability projections prepared by a reputed firm.	<input type="checkbox"/>
7	Copies of the approval granted for the proposal by the relevant authorities of the country in which the investment is to be made.	<input type="checkbox"/>
8	A confirmation from the Monetary/Exchange Control Authority of the country stating that profits, surplus funds and the capital invested and liquidation proceeds if any in case of the closure or liquidation of the company are freely remittable to Sri Lanka.	<input type="checkbox"/>
9	Bank confirmation with regard to foreign exchange earnings of the investing company, if any, in respect of the last 3years.	<input type="checkbox"/>
10	If the proposed investment is for the purpose of acquiring of an existing company abroad, a recent share valuation of the company to be acquired made by company's auditors.	<input type="checkbox"/>

Checklist for Setting up of Branch Office/ Liaison Offices

1	Duly filled questionnaire on investments abroad. (Obtainable from Exchange Control Department- Annex 1)	<input type="checkbox"/>
2	Audited accounts of the investing company in respect of the last 3 years.	<input type="checkbox"/>
3	Copies of the Certificate of Incorporation and Memorandum & Articles of Association of the investing company.	<input type="checkbox"/>
4	A certified copy of the resolution passed by the Board of Directors of the investing company in respect of the proposed investment.	<input type="checkbox"/>
5	Copies of the project report/feasibility studies/market surveys which should include Cash flow and profitability projections prepared by a reputed firm.	<input type="checkbox"/>
6	Copies of the approval/s granted for the proposal by the relevant authorities of the country in which the investment is to be made.	<input type="checkbox"/>
7	A confirmation from the Monetary/Exchange Control Authority of the country stating that profits, surplus funds and the capital invested in case of the closure of the branch are freely remittable to Sri Lanka.	<input type="checkbox"/>
8	Bank confirmation with regard to foreign exchange earnings of the investing company, if any, in respect of the last 3 years.	<input type="checkbox"/>

Checklist for Participation in Employee Share Option Schemes offered by Overseas Parent Companies to Sri Lankan Employees

1	A formal request from the local company for participating in share option.	<input type="checkbox"/>
2	Audited accounts of the overseas parent company and local company in respect of the last 3 years.	<input type="checkbox"/>
3	Certified Copies of the Certificate of Incorporation and Memorandum & Articles of Association of both local and parent companies.	<input type="checkbox"/>
4	Details of employees (Names, Addresses, Position Held, and number of shares allotted to each of them) who are eligible to participate in the Scheme along with number of shares allotted to each of them.	<input type="checkbox"/>
5	A certified copy of Prospectus/Guidelines of the Scheme which depicts the enrollment instructions, eligibility criteria and other terms and conditions etc.	<input type="checkbox"/>
6	Par value of a share of the overseas parent company and Monthly trading prices of shares at the relevant Stock Exchange during last 12 months.	<input type="checkbox"/>
7	Price at which the employees of local company could acquire shares of the overseas parent company under the Scheme.	<input type="checkbox"/>
8	Additional benefits accruing to the employees of the local company on acquisition of shares under the Scheme.	<input type="checkbox"/>
9	Total amount of foreign exchange expected to remit to the parent company under the scheme along with a schedule of remittances.	<input type="checkbox"/>

Investments Abroad

Questionnaire to be completed by the Applicant

A. Details of the local company

(a) Name and address of the local company:

(b) Names and addresses of local Directors/Partners:

- | | |
|----|-----|
| 1. | 6. |
| 2. | 7. |
| 3. | 8. |
| 4. | 9. |
| 5. | 10. |

(c) Company Registration Number:

(A copy of the Certificate of Incorporation/Registration should be submitted)

(d) Share structure of the company

Local:

Foreign:

(e) Nature of business:

B. Details of the foreign company:

(a) Name and address of the foreign company/collaborators:

(b) Names and addresses of Directors of the foreign company:

- | | |
|----|----|
| 1. | 3. |
| 2. | 4. |
| 5. | 6. |

(c) Company Registration No.:

(A copy of the Certificate of Incorporation/Registration should be Submitted)

(d) Share structure of the company

Local:

Foreign:

(e) Nature of business:

(f) Credentials of joint partners/collaborators:

(g) Performance record of the foreign partners:

C. Details of the proposed investment abroad/company/branch office/ marketing office:

(a) Copies of correspondence with the foreign shareholder/ collaborator/government or private agencies relating to the proposed investment:

(b) Purpose of the investment:

(c) Areas of investment:

(d) Local equity participation and percentage of the total paid up capital of the proposed company:

(e) Details of remittances relating to the proposed investment:

1. Amount:

2. Terms of payment:

3. Mode of financing:

(f) Indicate briefly the proposed method of financing the project and implementation details:

(g) Projected exports from Sri Lanka (item wise) for the next five years (if available in the feasibility report, please indicate the page):

- (h) Projected costs for the next five years (if available in the feasibility report, please indicate the page):
- (i) Profits for the next five years (if available in the feasibility report, please indicate the page):
- (j) Any other benefits expected from the investment (if available in the feasibility report, please indicate the page):
- (k) Specific laws/Exchange Control procedures on foreign investments in the proposed activity in the country of investment (documentary evidence from relevant authority):

Possible problems, if any that would be faced in implementing the proposal:

Signature of Authorized Officers

1.

2.

Date:

