

The Settlement + Legal Agreements + Addendum + Court Decrees on Settlement

Given below are the following Documents

1. The Settlement
2. Agreement No. 1 between the Government of Sri Lanka, Mitsui & Co. Ltd., and Taisei Corporation of Japan
3. Agreement No. 2 between the Government of Sri Lanka, Hotel Developers (Lanka) Ltd., Mitsui & Co. Ltd., and Taisei Corporation of Japan
4. Agreement No. 3 between the Government of Sri Lanka and Nihal Sri Ameresekere
5. Agreement No. 4 a collateral Agreement between Nihal Sri Ameresekere, Mitsui & Co. Ltd., Taisei Corporation of Japan and Hotel Developers (Lanka) Ltd.
6. *Addendum* to above Agreements signed by the Government of Sri Lanka, Mitsui & Co. Ltd., Taisei Corporation of Japan and Nihal Sri Ameresekere
7. Court Decree upon Settlement of D.C. Colombo Case No. 3155/Spl
8. Court Decree upon Settlement of D.C. Colombo Case No. 3231/Spl

THE SETTLEMENT

1. Mitsui & Taisei total stated dues to 30.6.1995

	Jap. Yen. Mn.	US \$ Mn. @ 85 Yen./US \$	SL Rs. Mn. @0.58 Rs./Yen.
Balance Construction & FFE Costs	1,400	16	812
Long Term Loan	<u>12,300</u>	<u>145</u>	<u>7,134</u>
Payable in full by <u>1999</u>	13,700	161	7,946
Interest on Balance Construction & FFE Costs	1,562	18	906
Interest on Long Term Loans	7,617	90	4,418
Overdue interest for non-payment	4,827	57	2,800
Past Insurance Premium	<u>87</u>	<u>1</u>	<u>50</u>
	14,093	166	8,174
TOTAL STATED DUES	<u>27,793</u>	<u>327</u>	<u>16,120</u>

2. As per the settlement, Mitsui and Taisei have agreed to write-off accrued interests and 30% of the Capital as shown below, whilst a concessionary simple interest of 3% p.a. on the written down capital, has been admitted for the last 2-years.

3. WRITE-OFF'S ON SETTLEMENT

	Jap. Yen. Mn.	US \$ Mn. @ 85 Yen./US \$	SL Rs. Mn. @0.58 Rs./Yen
30% of Balance Construction & FFE	420	5	244
30% of Long Term Loan Capitals	<u>3,690</u>	<u>43</u>	<u>2,140</u>
	4,110	48	2,384
Overdue Interest	4,827	57	2,800
Normal Interest from Commencement in 1984 upto 30 th June 1995 –	7,617	90	4,418
Interest on Balance Construction & FFE Costs	1,562	18	906
Past Insurance Premium- 30% write-off	26	0	15
Less: Simple Interest @ 3% p.a. for last 2 years – i.e. July 1993- June 1995 on reduced Capital Balance of Japanese Yen. Mn. (9590-312)	<u>(556)</u>	<u>(7)</u>	<u>(322)</u>
	13,476	159	7,816
TOTAL WRITE-OFF	<u>17,586</u>	<u>207</u>	<u>10,200</u>

The write-off amounts to 63.3% of the total claimed. Excluding overdue interest, the write-off amounts to 55.4%.

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4. As a consequence of the Interim Injunctions, the accumulated funds in the Company, amount to approximately US \$ 30 Mn., including interest earned during such accumulation. Of this, US \$ 27 Mn., is to be paid as a lump-sum payment, leaving a balance as shown below.

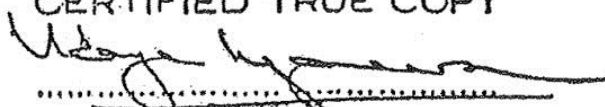
5. **BALANCE DUE TO 30.6.1995 AS PER SETTLEMENT**

	Jap. Yen. Mn.	US \$ Mn. @ 85 Yen./US \$	SL Rs. Mn. @0.58 Rs./Yen
Capital – Construction & FFE Costs	980	12	568
Long Term Loans	<u>8,610</u>	<u>101</u>	<u>4,994</u>
	9,590	113	5,562
Add: Simple Interest @ 3% p.a. for last 2 years – i.e. July 1993-June 1995 on reduced Capital Balance of Japanese Yen. Mn. (9590- 312)	<u>556</u>	<u>7</u>	<u>322</u>
	10,146	119	5,885
Deduct – Payment made to Mitsui / Taisei in May 1990 – but suspended due to Injunctions in September 1990	312	4	181
- From Monies accumulated in Company due to Injunctions	<u>2,000</u>	<u>24</u>	<u>1,160</u>
	2,312	27	1,341
NET REDUCED BALANCE AS AT 30.6.1995 AS PER SETTLEMENT	<u>7,834</u>	<u>92</u>	<u>4,544</u>

After the deductions, the balance due to be rescheduled amounts to 28.2% of the total claimed and 57.2% of the capital claimed.

6. This balance is to be rescheduled over a period of 15-years at simple interest of 5.25% p.a. with repayment commencing in 1996 and completing in 2010, whereas at present, the total claim was payable fully by 1999.
7. The Company is to issue 15 Promissory Notes for the annual instalments, including interest, falling due.

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.....
Director

Corporate Services Limited
Secretaries.

බේරුම්කරණය

1. 1995.06.30 දිනට මිටිසුයි සහ තායිසෙයි සමාගම් ඉල්ලා සිටි මුදල්

	<u>ජපන් යෙන් මිලියන</u>	<u>ඇමරිකානු ඩොලර් මිලියන</u> <u>@ යෙන් 85 / ඇ.ඩො.</u>	<u>ශ්‍රී ලංකා රුපියල් මිලියන</u> <u>@ රු. 0.58 / යෙන්</u>
ඉදිකිරීම් ශේෂය සහ ගෘහභාණ්ඩ, වැද්දුම් සහ උපකරණ වියදම්	1,400	16	812
දිගු කාලීන ණය	12,300	145	7,134
<u>1999 වන විට සම්පූර්ණයෙන් ගෙවිය යුතු මුදල්</u>	<u>13,700</u>	<u>161</u>	<u>7,946</u>
ඉදිකිරීම් ශේෂය සහ ගෘහභාණ්ඩ, වැද්දුම් සහ උපකරණ වියදම් මත පොළිය	1,562	18	906
දිගු කාලීන ණය මත පොළිය	7,617	90	4,418
නොගෙවීම් සඳහා කල් ඉකුත් වූ පොළිය	4,827	57	2,800
පසුගිය රක්ෂණ වාරික	87	1	50
	<u>14,093</u>	<u>166</u>	<u>8,174</u>
<u>සමස්ත ගෙවිය යුතු වටිනාකම</u>	<u>27,793</u>	<u>327</u>	<u>16,120</u>

2. බේරුම්කරණය අනුව, පහත සඳහන් පරිදි, පසුගිය වර්ෂ 10 ට එකතුව තිබූ පොළිය කපා හැරීම සහ ප්‍රාග්ධනයෙන් 30% ක් කපා හැරීම අවසාන අවුරුදු 2 දී වර්ෂයකට 3% ක සහන පොළියක් ඉතිරි ණය ශේෂය මත අයකිරීමටද මිටිසුයි සහ තායිසෙයි සමාගම් පහත සඳහන් පරිදි එකඟ වී ඇත.

3. බේරුම්කරණය මත කපා හැරීම්

	<u>ජපන් යෙන් මිලියන</u>	<u>ඇමරිකානු ඩොලර් මිලියන</u> <u>@ යෙන් 85 / ඇ.ඩො.</u>	<u>ශ්‍රී ලංකා රුපියල් මිලියන</u> <u>@ රු. 0.58 / යෙන්</u>
30% ඉදිකිරීම් ශේෂය සහ ගෘහභාණ්ඩ, වැද්දුම් සහ උපකරණ වියදම්	420	5	244
30% දිගු කාලීන ණය ප්‍රාග්ධනය	3,690	43	2,140
	4,110	48	2,384
කල් ඉකුත් වූ පොළිය	4,827	57	2,800
1984න් ආරම්භ වී 1995 ජුනි 30 තෙක් පොළිය	7,617	90	4,418
ඉදිකිරීම් ශේෂය සහ ගෘහභාණ්ඩ, වැද්දුම් සහ උපකරණ වියදම් මත පොළිය	1,562	18	906
පසුගිය රක්ෂණ වාරික - 30% කපා හැරීම	26	0	15
<u>අඩු කලා</u> පසුගිය වර්ෂ දෙක සඳහා වාර්ෂික සාමාන්‍ය පොළී අනුපාතය @ 3% - එනම් 1993 ජූලි - 1995 ජූනි දක්වා ජපන් යෙන් මිලියන (9590-312) ක අඩුකල ප්‍රාග්ධන ශේෂය මත	(556)	(7)	(322)
	<u>13,476</u>	<u>159</u>	<u>7,816</u>
<u>සම්පූර්ණ කපා හැරීම</u>	<u>17,586</u>	<u>207</u>	<u>10,200</u>

මෙය සම්පූර්ණ හිමිකම්පෑම් වල මුදලින් 63.3% ක කපා හැරීමකි. කල් ඉකුත් වූ පොළිය හැර මෙම කපාහැරීම් 55.4% කි.

- අතුරු තහනම් නියෝගයේ ප්‍රතිඵලයක් ලෙස, සමාගමෙහි එකතු වූ අරමුදල් ප්‍රමාණ දළ වශයෙන් ඇමරිකානු ඩොලර් මිලියන 30 ක් වූ අතර, එම මුදල් මත උපයාගත් පෝලියද ඇතුළුවිය. මෙයින් ඇමරිකානු ඩොලර් මිලියන 27 ක් එකවර ගෙවිය යුතු වූ අතර ඉතිරි මුදල පහතින් පෙන්වා ඇත.
- බේරුම්කරණය අනුව 1995.06.30 දිනට ගෙවිය යුතු ඉතිරි ශේෂය

	ජපන් යෙන් මිලියන	ඇමරිකානු ඩොලර් මිලියන @ යෙන් 85 / ඇ.ඩො.	ශ්‍රී ලංකා රුපියල් මිලියන @ රු. 0.58 / යෙන්
ප්‍රාග්ධනය - ඉදිකිරීම් සහ ගෘහභාණ්ඩ, වැද්දුම් සහ උපකරණ	980	12	568
දිගු කාලීන ණය	<u>8,610</u>	<u>101</u>	<u>4,994</u>
	9,590	113	5,562
<u>එකතු කිරීම්</u>			
පසුගිය වර්ෂ දෙක සඳහා වාර්ෂික සාමාන්‍ය පොලී අනුපාතය @ 3% - එනම් 1993 ජූලි - 1995 ජූනි දක්වා ජපන් යෙන් මිලියන (9590-312) ක අඩුකල ප්‍රාග්ධන ශේෂය මත	<u>556</u>	<u>7</u>	<u>322</u>
	10,146	119	5,885
<u>අඩු කිරීම්</u>			
-1990 මැයි මිටසුයි / තායිසෙයි වෙත ගෙවීම - නමුත් 1990 සැප්තැම්බර් මස අතුරු තහනම් නියෝග මත අත් හිටුවන ලදී.	312	4	181
- අතුරු තහනම් නියෝගය මත සමාගම තුළ එකතු වූ මුදල් වලින් ගෙවීම	<u>2,000</u>	<u>24</u>	<u>1,160</u>
	2,312	27	1,341
 බේරුම්කරණය අනුව 1995.06.30 දින වන විට ශුද්ධ අඩුකල ශේෂය	 <u>7,834</u>	 <u>92</u>	 <u>4,544</u>

කසා හැරීමට පසු සහ ඉහත ගෙවීම් මත, කොටස් වශයෙන් ගෙවීමට ඇති ඉතිරි ශේෂය මුළු ඉල්ලීම් වලින් 28.2% ක් වන අතර ප්‍රාග්ධන ඉල්ලීම් වලින් ඉතිරි ශේෂය 57.2 % කි.

- ඉතිරි ශේෂය කොටස් වශයෙන් අවුරුදු 15 ක් තුළ සාමාන්‍ය පෝලිය 5.25 % කට ගෙවීමට ඇත්තේ 1996 වර්ෂ සිට 2010 වර්ෂයේ දී සම්පූර්ණ ගෙවීම් කර අවසාන කිරීමටය. එනමුත් ඒ වන විට තිබුණු තත්වය වූයේ ඉහත කී මුළු ඉල්ලීම් 1999 ට පෙර ගෙවීමට තිබුණු බවය.
- සමාගම විසින් ගෙවිය යුතු පොලියද ඇතුළුව වාර්ෂික කොටස් සඳහා පොරොන්දු පත්‍ර 15 ක් නිකුත් කිරීමට නියමිතය.

සත්‍ය පිටපතක් ලෙස සහතික කරමි.
(අත්සන)
අධ්‍යක්ෂ
ආයතනික සේවා සමාගම් ලේකම් කාර්යාලය

AGREEMENT NO: 1

THIS AGREEMENT is made and entered into at Colombo in the Democratic Socialist Republic of Sri Lanka on this Twenty Eighth day of June One thousand nine hundred and ninety-five;

BY AND BETWEEN

AMARANANDA SOMASIRI JAYAWARDENA, Secretary, Ministry of Finance, Planning, Ethnic Affairs & National Integration and Secretary Treasury, duly authorised on behalf of THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (hereinafter referred to as "the Government") of the first part,

MITSUI & CO., LTD. a Company organised and existing under the laws of Japan, having its principal place of business at 2-1, Ohtemachi 1-Chome, Chiyoda-ku, Tokyo, Japan, of the second part for itself its successors and permitted assigns,

TAISEI CORPORATION, a Company organised and existing under the laws of Japan, having its principal place of business at 25-1, Nishi-Shinjuku 1-Chome, Shinjuku-ku, Tokyo, Japan, of the third part for itself its successors and permitted assigns,

(Parties of the second and third part being hereinafter jointly and/or severally referred to as "Mitsui and Taisei") and

HOTEL DEVELOPERS (LANKA) LIMITED, a company organised and existing under the laws of Sri Lanka and registered under the Companies Act No. 17 of 1982, having its registered office at the Colombo Hilton Hotel, Echelon Square, Lotus Road, Colombo 1, Sri Lanka (hereinafter referred to as "HDL") of the fourth part for itself its successors and permitted assigns,

SUPPLEMENTAL TO;

1. An Agreement made on 31st January 1984, 2 Agreements made on 17th July 1989, an Agreement made on 18th July 1989, an Agreement made on 19th July 1989, an Agreement made on 29th November 1989 and an Agreement made on 17th May 1990, respectively, (hereinafter referred to as the "Loan Agreements") between Mitsui and Taisei and HDL in respect of a Loan (hereinafter referred to as the "Loan") stated to be in a sum of Japanese Yen 12,300,000,000 for the financing of the Colombo Hilton Hotel (hereinafter referred to as the "Hotel"), at Echelon Square, Lotus Road, Colombo 1, Sri Lanka.
2. An Agreement made on 31st January 1984 between HDL and Mitsui and Taisei for the construction of the Hotel (hereinafter referred to as the "Construction Agreement").
3. An Agreement made on 31st January 1984 between HDL and Mitsui for the supply of furnishings, fixtures and equipment for the Hotel (hereinafter referred to as the "FF&E Supply Contract").
4. An Agreement made on 31st January 1984 between the Government, Mitsui and Taisei and Cornel & Co., Ltd., whereby the Government agreed to become a shareholder in HDL upon the terms set out therein (hereinafter referred to as the "Investment Agreement").
5. Two Letters of Guarantee both dated 17th February 1984 (hereinafter referred to as the "Guarantees") and addressed to Mitsui and Taisei respectively, and whereunder the Government agreed to make good on demand any default by HDL under the terms of the Loan Agreements.

WHEREAS:-

- (1) Interest accrued and stated to be due to Mitsui and Taisei up to 30th June 1993 under the terms of the Loan Agreements, the Construction Agreement and the FF&E Supply Contract amounts to the sum of 9,678,345,936 Japanese Yen (hereinafter referred to as the "Pre-July 1993 Interest").

- (2) The outstanding capital balance of that part of the Loan represented by monies stated to be advanced by Mitsui and Taisei to HDL under the terms of the Loan Agreements amounts to the sum of Japanese Yen 12,300,000,000 (hereinafter referred to as the "Loan Balance").
- (3) The outstanding monies stated to be due to Mitsui and Taisei under the terms of the Construction Agreement and the FF&E Supply Contract amounts to the sum of Japanese Yen 1,400,142,000 (hereinafter referred to as the "Balance of Capital Costs").
- (4) On 29th March 1990, HDL made an interim payment of US \$ 2,000,000 (equivalent at the then prevailing rates of exchange to Japanese Yen 312,573,134) to Mitsui and Taisei (hereinafter referred to as the "Interim Payment").
- (5) There is currently pending;
 - (a) against Mitsui and Taisei, Kanko Kikaku Sekkeisha Yozo Shibata & Associates and HDL an Action in the District Court of Colombo numbered 3155/Spl. (hereinafter referred to as "Action No. 3155/Spl"), and
 - (b) against HDL an Action in the said District Court numbered 3231/Spl.,

(both of which are hereinafter referred to as the "Actions"), which Actions have been filed by Nihal Srinath Ameresekere, a Shareholder of HDL (hereinafter referred to as "Mr. Ameresekere") as Derivative Actions in law.
- (6) A settlement has now been reached concerning the determination of the balance of monies due and payable to Mitsui and Taisei by HDL and the mode of payment thereof and the parties hereto have agreed to enter into this Agreement to record the terms of such settlement.
- (7) HDL upon the execution of THESE PRESENTS and the Settlement and Withdrawal of the aforesaid Action No. 3155/Spl., intends to make an immediate payment of Japanese Yen 2,000,000,000 to Mitsui and Taisei (hereinafter referred to as the "Lump-sum Payment").

NOW THIS AGREEMENT WITNESSETH that in furtherance of the Agreement referred to in Recital 6 hereinbefore, it is hereby agreed as follows:

1. Upon the issuance of the Promissory Notes referred to in Clause 5(a) hereinafter, Mitsui and Taisei shall and will
 - (a) write-off the Pre-July 1993 Interest, and
 - (b) reduce the Loan Balance by 30% to the sum of Japanese Yen 8,610,000,000, and
 - (c) reduce the Balance of Capital Costs by 30% to the sum of Japanese Yen 980,099,400.
2.
 - (a) From the aggregate of the sums referred to in Clauses 1(b) and 1(c) hereinbefore, being Japanese Yen 9,590,099,400, there shall be deducted the Interim Payment of Japanese Yen 312,573,134 resulting in a balance of Japanese Yen 9,277,526,266.
 - (b) To the balance of Japanese Yen 9,277,526,266 there shall be added an amount of Japanese Yen 556,651,575 representing interest at 3% per annum from 1st July 1993 to 30th June 1995 on the said sum of Japanese Yen 9,277,526,266.
 - (c) The total sum due to Mitsui and Taisei after the write-off, reductions, deduction of Interim Payment and addition of interest, referred to in Clauses 1, 2 (a) and 2 (b) hereinbefore shall be Japanese Yen 9,834,177,841, from which said sum Mitsui and Taisei shall and will deduct the Lump-sum Payment, which Payment being first applied by Mitsui and Taisei in payment of the sum of Japanese Yen 556,651,575 referred to in Clause 2(b) hereinabove and thereafter being applied towards the balance.

3. HDL shall and will make the Lump-sum Payment to Mitsui and Taisei to a bank and account number to be designated by Mitsui and Taisei within seven days after the date of the Court Order confirming the Settlement and Withdrawal of Action No. 3155/Spl and the discharge of any injunctions or other relief granted therein.
4. After the deduction referred to in Clause 2(c) hereinabove, the balance of monies finally then owing to Mitsui and Taisei, being the total sum of Japanese Yen 7,834,177,841 (hereinafter referred to as the "Rescheduled Balance") shall and will be repaid to Mitsui and Taisei in 15 equal annual installments together with interest thereon at the simple interest rate of 5.25% per annum, such interest to be paid annually together with each annual installment of the Rescheduled Balance and to be calculated on the reducing amount of the Rescheduled Balance with yearly rests in accordance with Annexure "A" hereto. The first installment of the Rescheduled Balance shall be due on 1st July 1996.
5.
 - (a) Without prejudice to the obligations of HDL under the Loan Agreements as varied by Clauses 1-4 (inclusive) hereinbefore referred to, and by way of additional security for the repayment of the Rescheduled Balance, HDL shall and will within seven days after the date of the Court Order confirming the settlement and withdrawal of Action No. 3155/Spl., issue to Mitsui and Taisei a series of 15 Promissory Notes in the form as per Annexure "B" attached hereto and corresponding both in due date and the amounts payable thereunder to the due date and amounts of each installment of the Rescheduled Balance and the interest payable thereon in accordance with Annexure "A" hereto.
 - (b) For the purpose of making payments to Mitsui and Taisei under the Loan Agreements, as varied by this Agreement or under the said Promissory Notes, HDL shall and will open a separate bank account in the name of the Secretary to the Treasury and HDL shall and will deposit in such bank account in Japanese Yen from time to time, but at least twice every year such sums of money as will enable it to meet its obligations under the Loan Agreements, as varied by this Agreement or under the said Promissory Notes as and when they fall due. HDL shall and will further on a monthly basis submit to Mitsui and Taisei such evidence as Mitsui and Taisei may reasonably require in order to satisfy themselves that HDL will be in a position to fulfill its obligations as aforesaid.
 - (c) If the balance in the aforementioned bank account as of the end of April in each year is insufficient for payment to Mitsui and Taisei of any installment of the Rescheduled Balance and interest thereon in accordance with Annexure "A" or under the terms of the relevant Promissory Note, the Government agrees that upon receipt from Mitsui and Taisei of notice detailing such shortfall, the Government shall and will transfer to such bank account in Japanese Yen, at least two weeks prior to the due date of payment of any installment of the Rescheduled Balance and interest thereon in accordance with Annexure "A" or under the terms of the relevant Promissory Note, sufficient monies to ensure that HDL will be able to meet its obligations as aforesaid. HDL shall and will in any event ensure that not less than ten days prior to the due date of payment of any installment of the Rescheduled Balance and interest thereon in accordance with Annexure "A" or under the terms of the relevant Promissory Note it submits to Mitsui and Taisei a report evidencing that it is in a position to make such payment as aforesaid, and that HDL shall and will submit with such report a bank statement and certificate from the relevant bank showing the balance then held in the account at that bank.

(D) UNTIL /4

- (d) Until HDL has paid to Mitsui and Taisei in full, all sums to be paid under the Loan Agreements, as varied by this Agreement or under the said Promissory Notes, the Government will not make any claim or demand against HDL to repay any sum or sums which the Government shall have paid to HDL pursuant to the terms of these Presents or to Mitsui and Taisei under the terms of the Guarantees. Any such sum or sums advanced by the Government shall be subordinate only to the repayment of monies to Mitsui and Taisei in accordance with the Loan Agreements as varied by this Agreement or under the said Promissory Notes. Provided however that, the Government may at any time after 1st July 1997 require HDL to convert the balance of any Loan account with the Government into additional Share Capital by the issue to the Government of an appropriate number of Ordinary Shares in HDL. The Government and Mitsui and Taisei hereby agree to waive the provision that Mitsui and Taisei hold a minimum of 25% Shareholding in HDL.
- (e) Subject to the provisions of Clause 5 (d) hereof, HDL shall and will repay to the Government from its available annual profits or otherwise, any such sum or sums which the Government shall have paid to HDL and/or Mitsui and Taisei, as aforesaid, together with simple interest at rates equivalent to one year's Treasury Bill rates applicable to the corresponding periods, per annum on the reducing balance thereof until such sum or sums are fully repaid by HDL to the Government.

(F) HDL .../5

SECRETARY, MINISTRY OF FINANCE PLANNING, ETHNIC AFFAIRS
& NATIONAL INTEGRATION AND SECRETARY TREASURY

DULY APPOINTED ATTORNEY OF MITSUI & CO., LTD.

DULY APPOINTED ATTORNEY OF TAISEI CORPORATION

DIRECTOR, HOTEL DEVELOPERS (LANKA) LTD.

DIRECTOR, HOTEL DEVELOPERS (LANKA) LTD.

- (f) HDL shall and will pay to Mitsui and Taisei on the same date as the Lump-sum Payment referred to in Clause 3 hereinabove the interest on the said Lump-sum Payment from 1st July 1995 to the date of making the said Lump-sum Payment at the simple interest rate of 5.25% per annum.
- (g) Mitsui and Taisei shall and will write-off 30% of the Insurance Premium of Japanese Yen 86,766,808 stated to be due from HDL as at 31st May 1995, on the Loan as per the Loan Agreement, varied by this Agreement or the said Promissory Notes, resulting in a balance of Japanese Yen 60,736,765, which said sum HDL shall and will pay Mitsui and Taisei without any interest thereon as follows;

On 1st July 1996 Japanese Yen 20,000,000
On 1st July 1997 Japanese Yen 20,000,000
On 1st July 1998 Japanese Yen 20,736,765

6. HDL shall and will not sell and/or mortgage and/or in any way encumber howsoever its fixed assets without the specific prior written approval of the Government so long as any monies are due and payable by HDL to the Government under Clause 5(e) hereof.
7. No dividends shall be declared by HDL for such time as it may be in default of any payment due under the Loan Agreements, as varied by this Agreement or under the said Promissory Notes.
8. In the context of the conditions precedent referred to in Clause 3 of Agreement No. 4 entered into on the same date as these Presents and referred to in Clause 14 hereinafter, Mitsui and Taisei acknowledge, that even after the full and final settlement of the Loan, the Guaranteed Indebtedness referred to in the aforesaid Investment Agreement, more particularly at Article 4 therein shall be deemed to remain in force and effect and the Government shall not be under any obligation whatsoever to retransfer any of its Shareholdings referred to therein and/or elsewhere.
9. Save as specifically varied by this Agreement and Agreement No. 4 as referred to in Clause 14 hereinafter, the terms of the Loan Agreements, the Investment Agreement, the Construction Agreement, the FF&E Supply Contract and the Guarantees shall remain in full force and effect, but for the avoidance of doubt;
- (a) If HDL or the Government as provided in Clause 5(c) hereinbefore fails to pay any one or more of the installments of the Rescheduled Balance and interest thereon referred to in Clause 4 hereinbefore, then the outstanding amount of the Rescheduled Balance together with interest due to the date of payment shall then become due and payable according to the Loan Agreement as varied by this Agreement or according to the terms of the Guarantees as the case may be.
- (b) The Government confirms that the terms and provisions of the Guarantees will extend to the obligations of HDL under the Loan Agreements, as varied by this Agreement, and in particular to any default by HDL in payment of any one or more of the said Promissory Notes to the extent that if HDL fails to perform any of its obligations under the Loan Agreements, as varied by this Agreement or under the said Promissory Notes, then Mitsui and Taisei shall have the right to call on and enforce the Guarantees and recover all monies due under Clauses 3, 5 (f), 5 (g) and 9 (a) above together with costs, charges, insurance premium and expense (including legal fees and costs of enforcement).
10. The Government shall and will grant HDL tax exemption on the interest on the Loan.
11. HDL may at any time, on giving not less than fourteen days notice in writing to Mitsui and Taisei repay in advance without penalty the entirety of the Rescheduled Balance then outstanding together with interest to the date of such pre-payment.

- In consideration of the matters agreed by these Presents, the Government shall and will simultaneously enter into a further Agreement intituled Agreement No. 2 with HDL upon the terms set out therein.
13. In consideration of the matters agreed by these Presents, the Government shall and will simultaneously enter into an Agreement intituled Agreement No. 3 with Mr. Ameresekere upon the terms set out therein.
 14. In consideration of the matters agreed by these Presents Mitsui and Taisei and HDL shall and will simultaneously enter into an Agreement intituled Agreement No. 4 with Mr. Ameresekere upon the terms set out therein.
 15. Mitsui and Taisei have obtained the concurrence of the Architects, Kanko Kikaku Sekkeisha Yozo Shibata & Associates, Architects & Designers, a professional body duly constituted under the laws of Japan and having its principal place of business at No. 17, Mori Building 1-26-5 Toranomon, Minato-ku, Tokyo 105, Japan, to the provisions of this Agreement and the said Agreement No. 4 as per the Annexure "C" hereto, it being agreed that no rebate on fees paid to the said Architects by HDL is being sought in this Agreement.
 16. The parties hereto shall and will honour the commitments in the aforesaid Agreement No. 4 entered into on the same date of these Presents, in so far as the terms and conditions therein relate to and/or concern and/or affect them.
 17. Stamp duties under the Stamps Act necessary for execution of this Agreement and the Promissory Notes referred to herein shall and will be borne by HDL.
 18. Mr. Ameresekere has agreed to settle and withdraw D.C. Colombo Action No. 3155/Spl., upon the fulfilment of the conditions precedent set out in Clause 3 of the said Agreement No. 4, and
 - (a). the Government shall and will not commit any act or omission by inactivity or otherwise, which shall or may in any manner whatsoever or howsoever impede the prompt fulfilment of the said conditions precedent, and
 - (b). Mitsui and Taisei shall and will not commit any act or omission by abstention or otherwise, which shall or may in any manner whatsoever or howsoever impede the fulfilment of the said conditions precedent.
 19. The operation of Clauses 1 - 5, 9 and 11 hereinbefore shall and will come into force and effect upon the settlement and withdrawal of D.C. Colombo Action No. 3155/Spl., provided that if D.C. Colombo Action No. 3155/Spl., has not been settled and withdrawn by 31st May 1996, Mitsui and Taisei may declare that the remaining Clauses of this Agreement shall not come into force and effect by giving the Government and HDL not less than 7 days' notice in writing of such declaration expiring at any time after 8th June 1996, whereupon the remaining Clauses of this Agreement shall be null and void and no party shall have any claim against the other parties in respect of the same.

AND FURTHERMORE the Government doth hereby binds itself and Mitsui and Taisei and HDL do hereby bind themselves and their respective successors and permitted assigns for the due performance, observance and fulfilment of the terms and conditions herein contained on the part of each one of them to be respectively observed and performed,

IN WITNESS WHEREOF AMARANANDA SOMASIRI JAYAWARDENA, Secretary, Ministry of Finance, Planning, Ethnic Affairs & National Integration and Secretary Treasury acting for and on behalf of the Government of the Democratic Socialist Republic of Sri Lanka THE PARTY OF THE FIRST PART, MR. MASAOKI MIYAKAGE, the duly appointed Attorney of Mitsui & Co., Ltd. THE PARTY OF THE SECOND PART, MR. TAKAMITSU NAKANO, the duly appointed Attorney of Taisei Corporation THE PARTY OF THE THIRD PART have set their respective hands and Hotel Developers (Lanka) Limited THE PARTY OF THE FOURTH PART has caused its Common

SEAL /7

Seal to be affixed hereunto and to three others of the same tenor and date as these Presents at the place and on the date at the beginning hereof written.

SECRETARY, MINISTRY OF }
FINANCE PLANNING, ETHNIC AFFAIRS }
& NATIONAL INTEGRATION AND }
SECRETARY TREASURY }
in the presence of }

Witnesses:

- 1.
2. *Lilamoni Anesekere.*

duly appointed Attorney of }
MITSUI & CO., LTD. in }
the presence of }

attorney for MITSUI & CO. LTD

Witnesses:

- 1.
2. *N. Mahapatra*

duly appointed Attorney of }
TAISEI CORPORATION in }
the presence of }

Attorney for TAISEI. Co.

Witnesses:

1. *අනුරාධ*
- 2.

The Common Seal of HOTEL }
DEVELOPERS (LANKA) LIMITED was }
placed in the presence of two }
of its Directors namely }

1. }
 2. }
- who attested the sealing }
thereof, in the presence of }

DIRECTOR, HOTEL DEVELOPERS (LANKA) LTD.

DIRECTOR, HOTEL DEVELOPERS (LANKA) LTD.

Witnesses:

- 1.
- 2.




ANNEXURE "A"

REFERRED TO AT CLAUSE 4 OF AGREEMENT NO. 1

REPAYMENT SCHEDULE

Unit: Japanese Yen

Year	Capital Due	Annual Capital Capital Repayment	Interest Rate 5.25% p.a.	Annual Interest (Year 1 - 15)	Total Annual Payment	Date of Payment
Year 0	7,834,177,841	0		0		
Year 1	7,834,177,841	522,278,522	5.25%	411,294,337	933,572,859	1st July 1996
Year 2	7,311,899,319	522,278,522	5.25%	383,874,714	906,153,236	1st July 1997
Year 3	6,789,620,797	522,278,522	5.25%	356,455,092	878,733,614	1st July 1998
Year 4	6,267,342,275	522,278,522	5.25%	329,035,469	851,313,991	1st July 1999
Year 5	5,745,063,753	522,278,522	5.25%	301,615,847	823,894,369	1st July 2000
Year 6	5,222,785,231	522,278,522	5.25%	274,196,225	796,474,747	1st July 2001
Year 7	4,700,506,709	522,278,522	5.25%	246,776,602	769,055,124	1st July 2002
Year 8	4,178,228,187	522,278,522	5.25%	219,356,980	741,635,502	1st July 2003
Year 9	3,655,949,665	522,278,522	5.25%	191,937,357	714,215,879	1st July 2004
Year 10	3,133,671,143	522,278,522	5.25%	164,517,735	686,796,257	1st July 2005
Year 11	2,611,392,621	522,278,522	5.25%	137,098,113	659,376,635	1st July 2006
Year 12	2,089,114,099	522,278,522	5.25%	109,678,490	631,957,012	1st July 2007
Year 13	1,566,835,577	522,278,522	5.25%	82,258,868	604,537,390	1st July 2008
Year 14	1,044,557,055	522,278,522	5.25%	54,839,245	577,117,767	1st July 2009
Year 15	522,278,533	522,278,533	5.25%	27,419,623	549,698,156	1st July 2010
Total		7,834,177,841		3,290,354,697	11,124,532,538	



 PM


REFERRED TO AT CLAUSE 5 (a) OF THE

AGREEMENT NO. 1

PROMISSORY NOTE

Date of Issue Place of Issue : Colombo, Sri Lanka

In consideration of the entry by Mitsui & Co., Ltd. and Taisei Corporation into an Agreement on 28th June '95 with Hotel Developers (Lanka) Limited and the Government of the Democratic Socialist Republic of Sri Lanka, Hotel Developers (Lanka) Limited promises to pay to Mitsui & Co., Ltd. as the representative of Mitsui & Co., Ltd. and Taisei Corporation or order on the sum of Japanese Yen the lawful money of Japan.

This Note is No. of a series of 15 Notes. Upon the default in the payment of any Note of this series, the remaining Notes shall at the option of the holder and without notice to the issuer become immediately due and payable as per the terms of the Agreement No. 1 dated 28th June '95. This Note is payable at the Head Office of the Citibank NA, 399 Park Avenue, New York. N.Y. 10043 U.S.A.

The full sum stated in this Note will be paid without any deductions, whatsoever.

Notice of dishonor, protest and notice of protest are hereby waived.

Any modification or extension to the above due date for payment of this Note shall only be by mutual consent.

In case the issuer exercises the option to prepay any of the remaining Promissory Notes on the due date hereof, interest portion in each value of the said Promissory Notes to be prepaid as per Annexure "A" to the said Agreement No. 1, shall be deducted and furthermore, there shall be no penalty for such prepayment.

The issuer and the guarantor hereby consent generally, in respect of any legal action or proceedings arising out of or in connection with this Note, to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order of judgement, which may be made or given in such action or proceedings and to the extent that the issuer and the guarantor may in any jurisdiction claim for itself, or any of its assets, immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or any other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the issuer and the guarantor hereby irrevocably and unconditionally undertake not to claim and hereby irrevocably and unconditionally waive such immunity to the fullest extent permitted by the laws of such jurisdiction.

This Note shall be enforceable in Sri Lanka at the holder's option and shall be construed in accordance with the laws of the Government of the Democratic Socialist Republic of Sri Lanka.

The Common Seal of HOTEL }
DEVELOPERS (LANKA) LIMITED was }
placed in the presence of two }
of its Directors namely }
1. }
2. }
who attested the sealing }
thereof, in the presence of }

In consideration of the performance evidenced by this Note hereof, the undersigned Guarantor, jointly and severally do hereby absolutely, irrevocably and unconditionally guarantee payment of this Note, without defalcation to the holder of this Note.

SECRETARY, MINISTRY OF }
FINANCE PLANNING, ETHNIC AFFAIRS }
& NATIONAL INTEGRATION AND }
SECRETARY TREASURY }
in the presence of }

ANNEXURE "C"

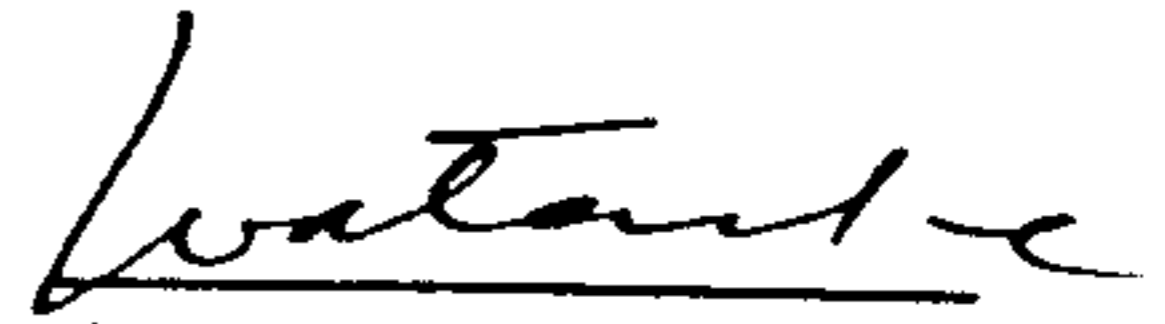
ANNEXURE "C" REFERRED TO AT CLAUSE 15 OF

AGREEMENT NO. 1

We Kanko Kikaku Sekkeisha Yozo Shibata & Associates, Architects & Designers, a professional body duly constituted under the Laws of Japan and having the Principal Place of business at No. 17, Mori Building 1-26-5, Toranomom, Minato-ku, Tokyo, Japan, hereby confirm, concur and expressly covenant and agree with the terms and conditions stipulated in Agreement No. 1 entered into by and between the Government of Sri Lanka and Mitsui & Co., Ltd., of Japan and Taisei Corporation, of Japan, and Hotel Developers (Lanka) Ltd., of Colombo, Sri Lanka on and we hereby further confirm, concur and expressly covenant and agree with the terms and conditions stipulated in the Agreement No. 4 entered into by and between Mitsui & Co. Ltd. of Japan and Taisei Corporation of Japan, Hotel Developers (Lanka) Ltd., of Colombo, Sri Lanka and Nihal Srinath Ameresekere of 167/4, Sri Vipulasena Mawatha, Colombo 10, Sri Lanka on to the extent such terms and conditions in the aforesaid two Agreements relate to and/or affect us and/or our position as the Architect of Hotel Developers (Lanka) Ltd and/or as the 3rd Defendant in the D.C. Colombo Action No. 3155/Sp1 and we do hereby hold ourselves our heirs, executors, administrators and assigns firmly bound thereto and further we do hereby agree to be a party to the Consent Motion to be filed in Court by the necessary parties thereto in the said. D.C. Colombo Action No. 3155/Sp1.

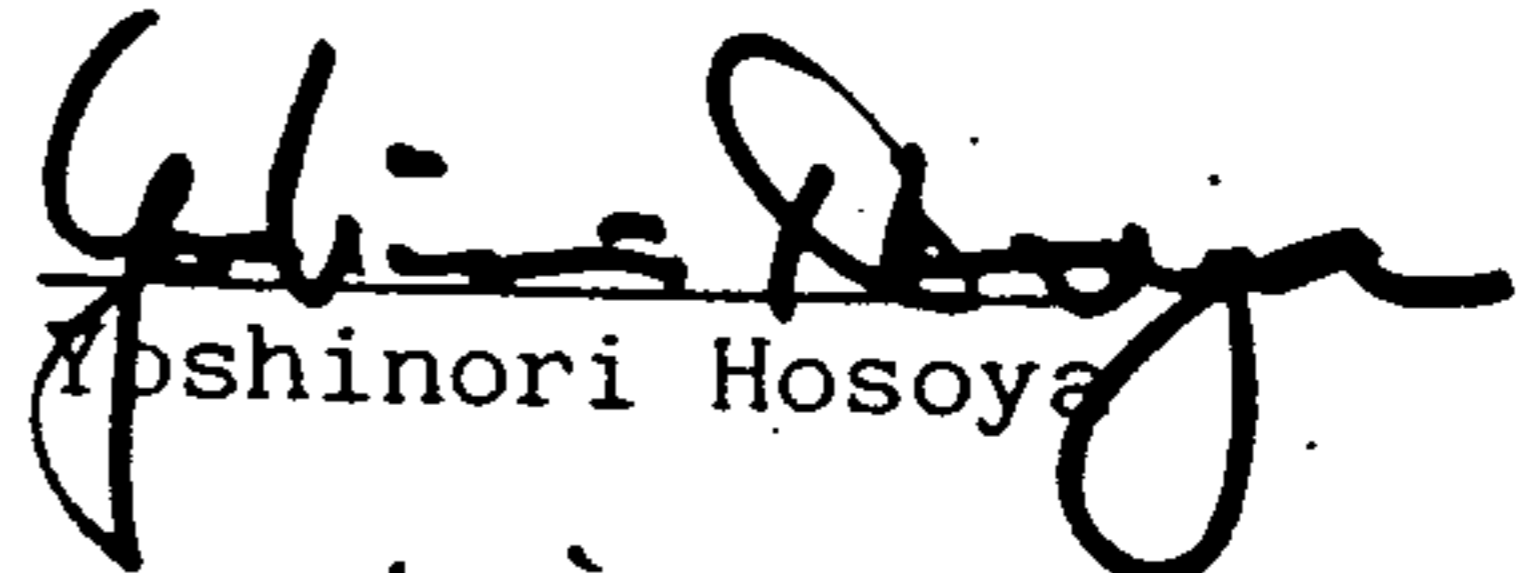
Kanko Kikaku Sekkeisha Yozo)
Shibata & Associates)

Senior Executive Director

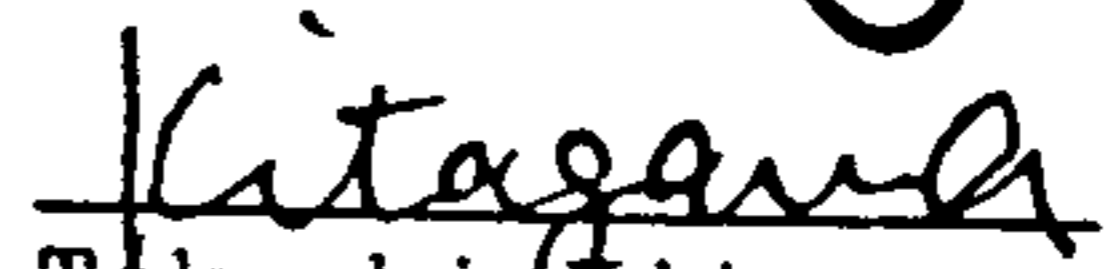

Kenzo Watanabe

Witnesses :

1. Konaka Toyama & Hosoya Attorney at Law


Yoshinori Hosoya

2. Kanko Kikaku Sekkeisha Assistant Manager
Yozo Shibata & Associates


Takashi Kitagawa

Place ..17..Mori..Bldg... 1-26-5 Toranomom, Minato-ku, Tokyo 105, JAPAN

Date ...June.22..1995.....

Countersigned by :

Mitsui & Co., Ltd. 

Taisei Corporation 

AGREEMENT NO: 2

THIS AGREEMENT made and entered into at Colombo in the Democratic Socialist Republic of Sri Lanka on this Twenty Eighth day of June One thousand Nine hundred and Ninety five

BY AND BETWEEN

AMARANANDA SOMASIRI JAYAWARDENA, SECRETARY, MINISTRY OF FINANCE, PLANNING, ETHNIC AFFAIRS & NATIONAL INTEGRATION AND SECRETARY TREASURY acting for and on behalf of THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (hereinafter referred to as the "GOVERNMENT")

OF THE FIRST PART
AND

HOTEL DEVELOPERS (LANKA) LIMITED (hereinafter referred to as "HDL") a Company registered under the Companies Act No. 17 of 1982, having its Registered Office at the Colombo Hilton Hotel, Echelon Square, Lotus Road, Colombo 1, for itself, its successors and permitted assigns

OF THE SECOND PART

WHEREAS Mitsui & Co., Ltd., 2-1, Ohtemachi 1-Chome, Chiyoda-ku, Tokyo, Japan and Taisei Corporation of 25-1, Nishi-Shinjuku 1-Chome, Shinjuku-ku, Tokyo, Japan (hereinafter jointly and/or severally referred to as "MITSUI AND TAISEI") together with the Government were also parties to an Agreement intituled "Agreement for the Investment in Hotel Developers (Lanka) Ltd., Colombo, Sri Lanka", executed on the 31st January 1984 (hereinafter referred to as the "INVESTMENT AGREEMENT") for the promotion and implementation of the Colombo Hilton Hotel (hereinafter referred to as the "Hotel"),

AND WHEREAS the Government under and in terms of the said Investment Agreement by Letters of Guarantee dated 17th February 1984 has guaranteed the repayment by HDL of the monies due to Mitsui and Taisei for the construction of and supplies made to the Hotel owned by HDL, also carried out under and in terms of the said Investment Agreement dated 31st January 1984,

AND WHEREAS Nihal Srinath Ameresekere of 167/4, Sri Vipulasena Mawatha, Colombo 10 (hereinafter referred to as "Mr. Ameresekere"), a Shareholder of HDL had instituted in the District Court of Colombo the following Actions as Derivative Actions in law, on behalf of HDL and in its right for its benefit and in its interest, and in one Action had sought and obtained Interim Injunctions preventing any payment of monies to Mitsui and Taisei by HDL or by the Government under the said Government Guarantees, and in the other Action had sought and enjoined the Annual Accounts of 31st March 1990 of HDL from being adopted by the Shareholders of HDL, the said Actions being;

- i. D.C. Colombo Action No. 3155/Spl., against Mitsui and Taisei, Kanko Kikaku Sekkeisha Yozo Shibata & Associates and HDL (hereinafter referred to as "Action No. 3155/Spl"), and
- ii. D.C. Colombo Action No. 3231/Spl., against HDL

AND WHEREAS the Government on this day, in agreement with Mr. Ameresekere subject to certain conditions, has entered into an Agreement No: 1 with Mitsui and Taisei and HDL, in relation to the balance monies now agreed as due and payable to Mitsui and Taisei by HDL, according to the terms of the said Agreement No. 1.

AND WHEREAS Mr. Ameresekere now has agreed to settle and withdraw Action No. 3155/Spl., upon the fulfilment of the conditions precedent referred to in Clause 18 of the said Agreement No. 1,

AND /2

AND WHEREAS Mitsui and Taisei have agreed to obtain the concurrence of the Architects, Kanko Kikaku Sekkeisha Yozo Shibata & Associates, Architects & Designers, a professional body duly constituted under the laws of Japan and having its principal place of business at No. 17, Mori Building 1-26-5 Toranomon, Minato-ku, Tokyo 105, Japan, Architects of the said Hotel, to the provisions of the said Agreement No. 1 in the form of Annexure "C" attached thereto, it having been agreed that no rebate on fees paid to the said Architects by HDL is being sought in the said Agreement No. 1,

AND WHEREAS in the aforesaid circumstances and upon and by the said Agreement No. 1, the balance sum of monies now agreed as due and payable to Mitsui and Taisei by HDL and the mode of payment thereof having been determined, the parties hereto have agreed to enter into this Agreement No. 2, inter-alia, in order to expressly record in a separate document, the creation of a collateral obligation on the part of HDL to the Government, to perform and observe the terms of the aforesaid Agreement No. 1.

NOW THIS AGREEMENT WITNESSETH that in fulfilment of the aforesaid Agreement No. 1, the parties hereto do hereby expressly covenant agree and declare and place on record that;

1. HDL hereby expressly agrees to;

(a) the balance sum of money, after the deductions of the write-offs and reductions stipulated in Clause 1 of the said Agreement No. 1 as set out hereinbelow, agreed to with Mitsui and Taisei by the Government, with the agreement of Mr. Ameresekere, as due and payable by HDL to Mitsui and Taisei, amounting to Japanese Yen 9,590,099,400;

- write-off fully all interest from the commencement of the Hotel Project upto July 1993, and

- reduce the Loan Balance by 30% to the sum of Japanese Yen 8,610,000,000, and

- reduce the balance of Construction and FF&E Costs by 30% to the sum of Japanese Yen 980,099,400.

(b) add to the aforesaid sum of Japanese Yen 9,590,099,400 after deducting therefrom the payment of US \$ 2,000,000 (equivalent at the then prevailing rates of exchange to Japanese Yen 312,573,134) made by HDL to Mitsui and Taisei on 29th March 1990, a reduced simple interest rate of 3% p.a. for the period 1st July 1993 to 30th June 1995 on the balance sum of Japanese Yen 9,277,526,266, amounting to a total interest sum of Japanese Yen 556,651,575 for the said period.

2. HDL shall and will upon the settlement and withdrawal of the aforesaid Action No. 3155/Spl., make a payment of Japanese Yen 2,000,000,000 to Mitsui and Taisei to a bank and account number and HDL agrees that this payment would first be applied in payment of the sum of Japanese Yen 556,651,575 referred to in Clause 1 (b) hereinabove and thereafter applied towards the balance sum referred to in the said Clause.

3. After the addition and deductions referred to in Clauses 1 and 2 hereinabove, the balance of monies finally then owing to Mitsui and Taisei, being the total sum of Japanese Yen 7,834,177,841 (hereinafter referred to as the "Rescheduled Balance") HDL shall and will pay to Mitsui and Taisei in 15 equal annual installments, together with interest thereon at the simple interest rate of 5.25% per annum. Such interest shall and will be paid annually together with each annual installment of the Rescheduled Balance calculated on the reducing amount of the Rescheduled Balance with yearly rests in accordance with Annexure "A" hereto. The first installment of the Rescheduled Balance will be due on 1st July 1996.

(A) WITHOUT /3

4. (a) Without prejudice to the obligations of HDL under the Loan Agreements as varied by the said Agreement No. 1, and by way of additional security for the repayment of the Rescheduled Balance, HDL shall and will within seven days after the date of the Court Order confirming the settlement and withdrawal of Action No. 3155/Spl., issue to Mitsui and Taisei a series of 15 Promissory Notes in the form as per Annexure "B" attached hereto and corresponding both in due date and the amounts payable thereunder to the due date and amounts of each installment of the Rescheduled Balance and the interest payable thereon in accordance with Annexure "A" hereto.
- (b) For the purpose of making payments to Mitsui and Taisei under the Loan Agreements, as varied by the said Agreement No. 1 or under the said Promissory Notes, HDL shall and will open a separate bank account in the name of the Secretary to the Treasury and HDL shall and will deposit in such bank account in Japanese Yen from time to time, but at least twice every year such sums of money as will enable it to meet its obligations under the Loan Agreements, as varied by the said Agreement No. 1 or under the said Promissory Notes as and when they fall due. HDL shall and will further on a monthly basis submit to Mitsui and Taisei such evidence as Mitsui and Taisei may reasonably require in order to satisfy themselves that HDL will be in a position to fulfill its obligations as aforesaid.
- (c) If the balance in the aforementioned bank account as of the end of April in each year is insufficient for payment to Mitsui and Taisei of any installment of the Rescheduled Balance and interest thereon in accordance with Annexure "A" or under the terms of the relevant Promissory Note, the Government agrees that upon receipt from Mitsui and Taisei of notice detailing such shortfall, the Government shall and will transfer to such bank account in Japanese Yen, at least two weeks prior to the due date of payment of any installment of the Rescheduled Balance and interest thereon in accordance with Annexure "A" or under the terms of the relevant Promissory Note, sufficient monies to ensure that HDL shall and will be able to meet its obligations as aforesaid. HDL shall and will in any event ensure that not less than ten days prior to the due date of payment of any installment of the Rescheduled Balance and interest thereon in accordance with Annexure "A" or under the terms of the relevant Promissory Note it submits to Mitsui and Taisei a report evidencing that it is in a position to make such payment as aforesaid, and that HDL will submit with such report a bank statement and certificate from the relevant bank showing the balance then held in the account at that bank.
- (d) Until HDL has paid to Mitsui and Taisei in full, all sums to be paid under the Loan Agreements, as varied by the said Agreement No. 1 or under the said Promissory Notes, the Government shall and will not make any claim or demand against HDL to repay any sum or sums which the Government shall have paid to HDL pursuant to the terms of these Presents or to Mitsui and Taisei under the terms of the Guarantees. Any such sum or sums advanced by the Government shall be subordinate only to the repayment of monies to Mitsui and Taisei in accordance with the Loan Agreements as varied by the said Agreement No. 1 or under the said Promissory Notes. Provided however that, the Government shall or may at any time after 1st July 1997 require HDL to convert the balance of any Loan account with the Government into additional Share Capital by the issue to the Government of an appropriate number of Ordinary Shares in HDL and in such event HDL shall and will promptly comply with such requirement.
- (e) Subject to the provisions of Clause 4 (d) hereof, HDL shall and will repay to the Government from its available annual profits or otherwise, any such sum or sums which the Government shall have paid to HDL and/or Mitsui and Taisei as aforesaid, together with simple interest at rates equivalent to one year's Treasury Bill rates applicable to the corresponding periods, per annum on the reducing balance thereof until such sum or sums are fully repaid by HDL to the Government.

- (f) HDL shall and will pay to Mitsui and Taisei the interest on the Lump-sum Payment from 1st July 1995 to the date of making the said Lump-sum Payment at the simple interest rate of 5.25% per annum.
- (g) Mitsui and Taisei have agreed to write-off 30% of the Insurance Premium of Japanese Yen 86,766,808 stated to be due from HDL as at 31st May 1995, on the Loan as per the Loan Agreement, varied by this Agreement or the said Promissory Notes, resulting in a balance of Japanese Yen 60,736,765, which said sum HDL shall and will pay Mitsui and Taisei without any interest thereon as follows;

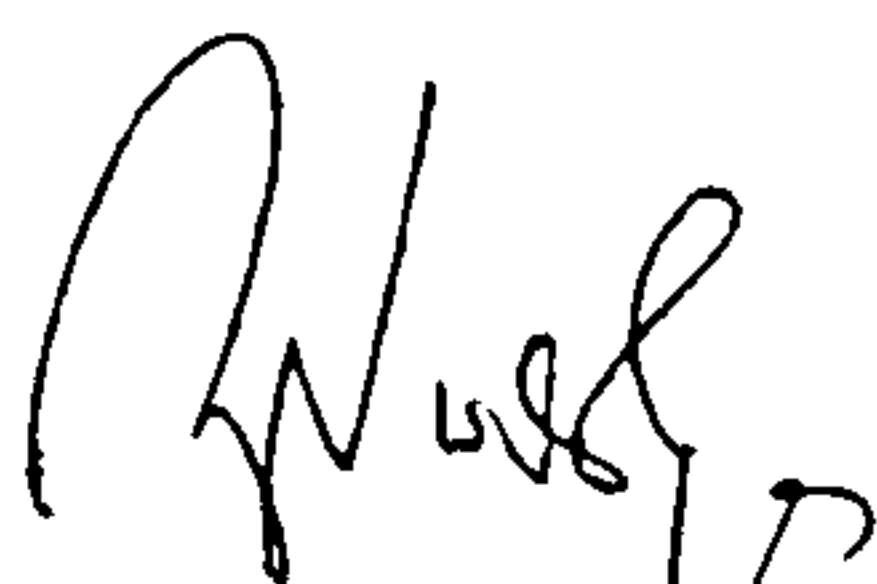
On 1st July 1996 Japanese Yen 20,000,000

On 1st July 1997 Japanese Yen 20,000,000


On 1st July 1998 Japanese Yen 20,736,765

5. HDL shall and will not sell and/or mortgage and/or in any way encumber howsoever its fixed assets without the specific prior written approval of the Government so long as any monies are due and payable by HDL to the Government under Clause 4(e) hereof.
6. No dividends shall and will be declared by HDL for such time as it may be in default of any payment due under the Loan Agreements, as varied by the said Agreement No. 1 or under the said Promissory Notes.
7. Save as specifically varied by the said Agreement No. 1 and Agreement No. 4 as referred to in Clause 18 hereinbelow, the terms of the Loan Agreements, the Investment Agreement, the Construction Agreement, the FF&E Supply Contract and the Guarantees shall remain in full force and effect, but for the avoidance of doubt;
- (a) If HDL or the Government as provided in Clause 4(c) hereinbefore fails to pay any one or more of the installments of the Rescheduled Balance and interest thereon referred to in Clause 3 hereinbefore, then the outstanding amount of the Rescheduled Balance together with interest due to the date of payment shall and will then become due and payable according to the Loan Agreement as varied by the said Agreement No. 1 or according to the terms of the Guarantees as the case may be.

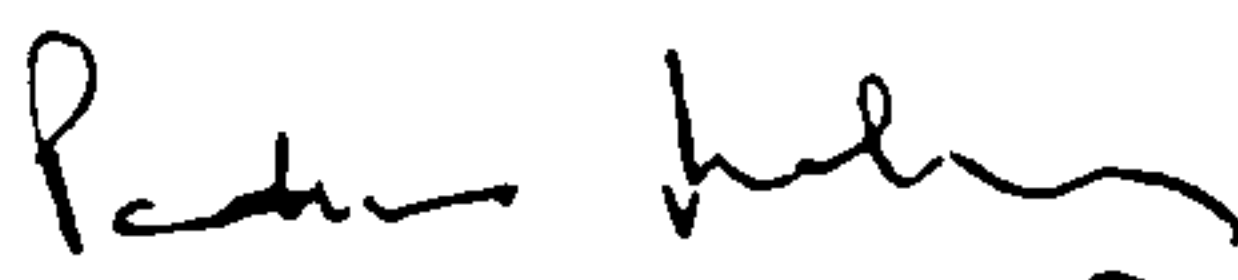
(B) THE GOVERNMENT .../5



SECRETARY, MINISTRY OF FINANCE, PLANNING, ETHNIC AFFAIRS
AND NATIONAL INTEGRATION AND SECRETARY TREASURY



DIRECTOR HOTEL DEVELOPERS (LANKA) LTD.



DIRECTOR HOTEL DEVELOPERS (LANKA) LTD.

- (b) The Government confirms that the terms and provisions of the Guarantees will extend to the obligations of HDL under the Loan Agreements, as varied by the said Agreement No. 1, and in particular to any default by HDL in payment of any one or more of the said Promissory Notes to the extent that if HDL fails to perform any of its obligations under the Loan Agreements, as varied by the said Agreement No. 1 or under the said Promissory Notes, then Mitsui and Taisei shall and will have the right to call on and enforce the Guarantees and recover all monies due under Clause 7(a) above together with costs, charges, insurance premium and expense (including legal fees and costs of enforcement).
8. The Government shall and will grant HDL tax exemption on the interest on the Loan, under the said Loan Agreement as varied by the said Agreement No. 1.
 9. HDL shall or may at any time, on giving not less than fourteen days notice in writing to Mitsui and Taisei, repay in advance without penalty the entirety of the Rescheduled Balance then outstanding, together with interest to the date of such pre-payment.
 10. Stamp duties under the Stamps Act necessary for execution of this Agreement and the Promissory Notes referred to herein shall and will be borne by HDL.
 11. HDL shall and will appoint a new Chairman and a separate Managing Director from its Board of Directors.
 12. HDL shall and will have its present Auditors removed and have another firm of Auditors appointed and have the Annual Accounts of March 1990 finalised in the context of the said Agreement No. 1 and the settlement and withdrawal of D.C. Colombo Action No. 3231/Spl.
 13. HDL shall and will promptly obtain for itself directly from the UDA, the leasehold rights to the Echelon Square Lands pertaining to the Hotel, including the balance portion of Land containing the Sports Complex/Recreation Area at present not underleased to HDL, for consideration to be settled by the allotment of Shares in HDL to the UDA.
 14. HDL shall and will explore the feasibility of building the 3rd Tower of Hotel Rooms at the Hotel and consider financing the cost of same, through a Rights and/or a new Issue of its Shares or otherwise, as considered feasible, to enhance HDL's profitability and debt service ability, to enable the repayment of the said Loans to Mitsui and Taisei and/or to the Government as aforesaid.
 15. HDL shall and will cause its profitability and cash flow projections required for the purpose of this Agreement and the said Agreement No. 1 to be formulated by Hilton International, the Managers of the Hotel and/or the Auditors of HDL.
 16. HDL shall and will cause the matters pertaining to the Reflections Casino Contract to be investigated, and shall and will accordingly take necessary actions expected of a public listed Company, including the use of its best endeavours to settle promptly the litigations connected with the said Reflections Casino Contract.
 17. HDL shall and will have the District Court of Colombo Action No. 15322/MR filed by HDL against Mr. Ameresekere withdrawn and settled pursuant to the separate Settlement Agreement entered into in connection with Mr. Ameresekere's Claim in Reconvention therein.
 18. In consideration of the matters agreed by these Presents and the said Agreement No. 1, HDL shall and will simultaneously enter into an Agreement intitled Agreement No. 4 with Mitsui and Taisei and Mr. Ameresekere upon the terms set out therein.

19. In consideration of the matters agreed by these Presents, and the said Agreements Numbered 1 and 4, the Government shall and will simultaneously enter into an Agreement intituled Agreement No. 3 with Mr. Ameresekere upon the terms set out therein.
20. The parties hereto shall and will honour the commitments in the aforesaid Agreements Numbered 1, 3 and 4 entered into on the same date of these Presents, in so far as the terms and conditions therein relate to and/or concern and/or affect them.
21. HDL shall and will promptly hold Directors' and Shareholders' Meetings, when requisitioned to pass Resolutions necessary for the due implementation and fulfilment of the terms and conditions on the part of HDL to be observed and performed under these Presents and under the terms and conditions of the said Agreements Numbered 1, 3 and 4.
22. Upon the due fulfilment of the conditions precedent as stated in Clause 4 of the said Agreement No. 3 and/or in Clause 3 of the said Agreement No. 4, Mr. Ameresekere, Mitsui and Taisei, KKS and HDL shall and will jointly apply to the District Court of Colombo for an Order in D.C. Colombo Action No. 3155/Spl on the Motion in the terms as stated in Annexure "A" to the said Agreement No. 4.
23. Upon the fulfilment of the conditions precedent aforesaid, and upon the joint Application being made to the District Court of Colombo in Action No. 3155/Spl as aforesaid, Mr. Ameresekere and HDL shall and will jointly apply to the District Court of Colombo for an Order in D.C. Colombo Action No. 3231/Spl on the Motion in the form as stated in annexure "B" to the said Agreement No. 4.
24. The operation of Clauses 1 - 4, 7 and 9 hereinbefore shall and will come into force and effect upon the settlement and withdrawal of D.C. Colombo Action No. 3155/Spl., provided that if D.C. Colombo Action No. 3155/Spl., has not been settled and withdrawn by 31st May 1996, Mitsui and Taisei may declare that the remaining Clauses of this Agreement shall not come into force and effect by giving the Government and HDL not less than 7 days' notice in writing of such declaration expiring at any time after 8th June 1996, whereupon the remaining Clauses of this Agreement shall be null and void and no party shall have any claim against the other parties in respect of the same.
25. The parties hereto jointly and/or severally shall and will hold Mr. Ameresekere his heirs executors and administrators freed from and/or indemnified against and/or saved harmless from any claims, demands, actions or consequences of whatsoever kind or nature arising from, or attributable to, Mr. Ameresekere instituting and/or settling the said District Court Colombo Actions numbered 3155/Spl and 3231/Spl, and/or acting or purporting to act in furtherance thereof and/or reaching Agreement as referred to herein and further the said Parties shall and will support and/or assist Mr. Ameresekere in any matter whatsoever connected therewith.

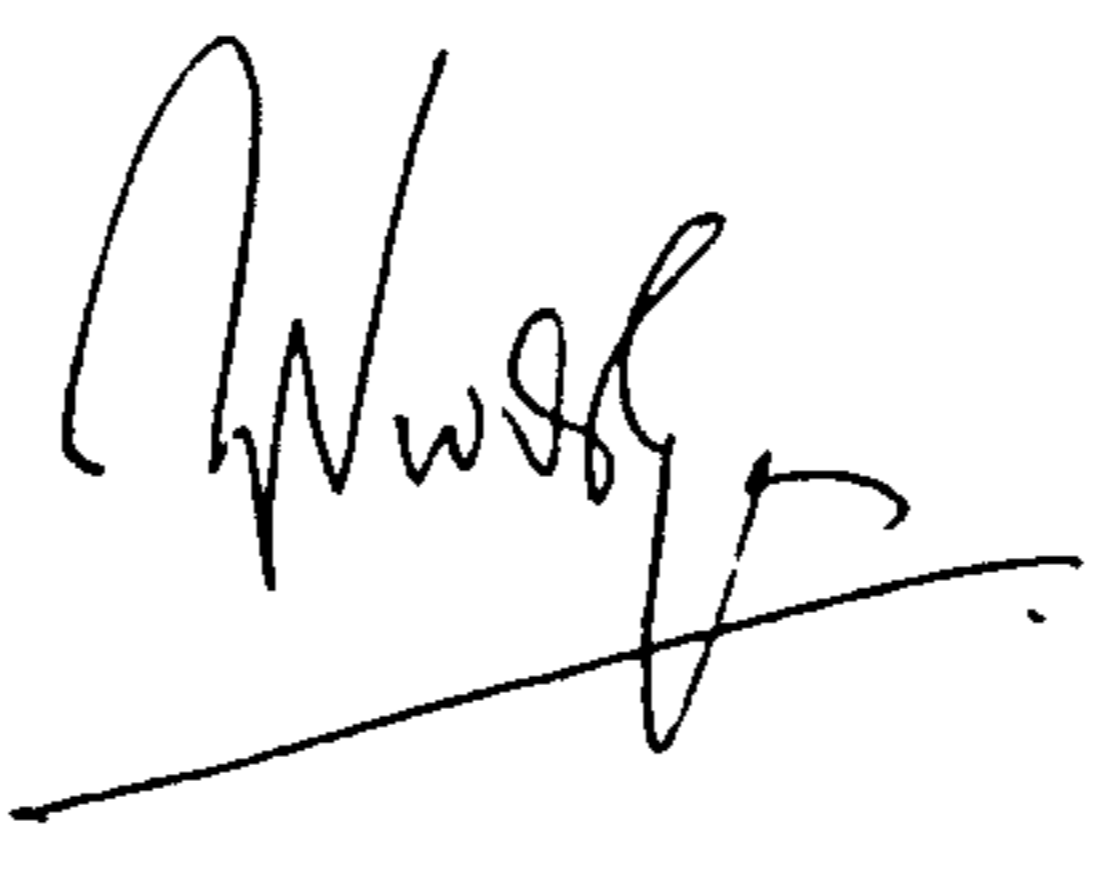
AND FURTHERMORE the Government doth hereby binds itself and HDL for itself, its successors and permitted assigns hereby binds itself for the due performance, observance and fulfilment of the terms and conditions herein contained on the part of each of them to be respectively observed and performed.

IN WITNESS WHEREOF Amarananda Somasiri Jayawardena, Secretary, Ministry of Finance, Planning, Ethnic Affairs & National Integration and Secretary Treasury acting for and on behalf of the Government of the Democratic Socialist Republic of Sri Lanka THE PARTY OF THE FIRST PART has set his hand and Hotel Developers Lanka Ltd., THE PARTY OF THE SECOND PART has caused its Common Seal to be affixed


HEREUNTO/7

hereunto and to another of the same tenor and date as these Presents at the place and on the date at the beginning hereof written.

SECRETARY, MINISTRY OF }
FINANCE, PLANNING, ETHNIC }
AFFAIRS AND NATIONAL INTEGRATION }
AND SECRETARY TREASURY }
in the presence of }




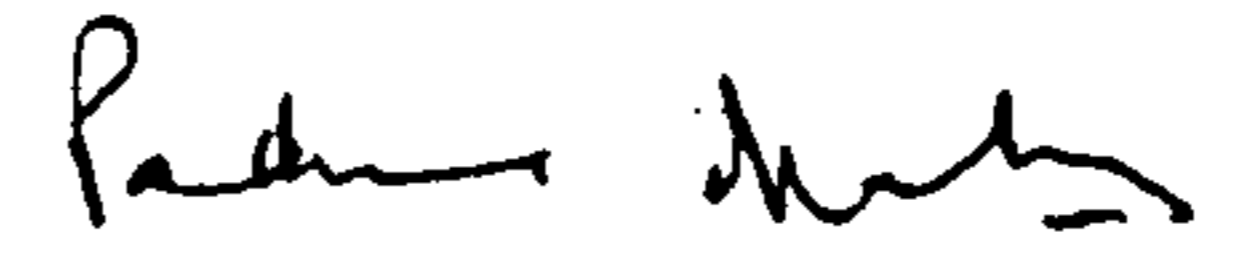
Witnesses:

1. 
2. *Lilawani Amuneha.*

The Common Seal of HOTEL }
DEVELOPERS (LANKA) LIMITED was }
placed in the presence of two }
of its Directors namely }

- 1.
- 2.

who attested the sealing }
thereof, in the presence of }


DIRECTOR HOTEL DEVELOPERS (LANKA) LTD.

DIRECTOR HOTEL DEVELOPERS (LANKA) LTD.

Witnesses:

- 1.
- 2.

ANNEXURE "A"

REFERRED TO AT CLAUSE 3 OF AGREEMENT NO. 2

REPAYMENT SCHEDULE

Unit: Japanese Yen

Year	Capital Due	Annual Capital Capital Repayment	Interest Rate 5.25% p.a.	Annual Interest (Year 1 - 15)	Total Annual Payment	Date of Payment
Year 0	7,834,177,841	0		0		
Year 1	7,834,177,841	522,278,522	5.25%	411,294,337	933,572,859	1st July 1996
Year 2	7,311,899,319	522,278,522	5.25%	383,874,714	906,153,236	1st July 1997
Year 3	6,789,620,797	522,278,522	5.25%	356,455,092	878,733,614	1st July 1998
Year 4	6,267,342,275	522,278,522	5.25%	329,035,469	851,313,991	1st July 1999
Year 5	5,745,063,753	522,278,522	5.25%	301,615,847	823,894,369	1st July 2000
Year 6	5,222,785,231	522,278,522	5.25%	274,196,225	796,474,747	1st July 2001
Year 7	4,700,506,709	522,278,522	5.25%	246,776,602	769,055,124	1st July 2002
Year 8	4,178,228,187	522,278,522	5.25%	219,356,980	741,635,502	1st July 2003
Year 9	3,655,949,665	522,278,522	5.25%	191,937,357	714,215,879	1st July 2004
Year 10	3,133,671,143	522,278,522	5.25%	164,517,735	686,796,257	1st July 2005
Year 11	2,611,392,621	522,278,522	5.25%	137,098,113	659,376,635	1st July 2006
Year 12	2,089,114,099	522,278,522	5.25%	109,678,490	631,957,012	1st July 2007
Year 13	1,566,835,577	522,278,522	5.25%	82,258,868	604,537,390	1st July 2008
Year 14	1,044,557,055	522,278,522	5.25%	54,839,245	577,117,767	1st July 2009
Year 15	522,278,533	522,278,533	5.25%	27,419,623	549,698,156	1st July 2010
Total		7,834,177,841		3,290,354,697	11,124,532,538	

PM


PROMISSORY NOTE

Date of Issue Place of Issue : Colombo, Sri Lanka

In consideration of the entry by Mitsui & Co., Ltd. and Taisei Corporation into an Agreement on 28th June '95 with Hotel Developers (Lanka) Limited and the Government of the Democratic Socialist Republic of Sri Lanka, Hotel Developers (Lanka) Limited promises to pay to Mitsui & Co., Ltd., as the representative of Mitsui & Co., Ltd. and Taisei Corporation or order on the sum of Japanese Yen the lawful money of Japan.

This Note is No. of a series of 15 Notes. Upon the default in the payment of any Note of this series, the remaining Notes shall at the option of the holder and without notice to the issuer become immediately due and payable as per the terms of the Agreement No. 1 dated 28th June '95 This Note is payable at the Head Office of the Citibank NA, 399 Park Avenue, New York. N.Y. 10043 U.S.A.

The full sum stated in this Note will be paid without any deductions, whatsoever.

Notice of dishonor, protest and notice of protest are hereby waived.

Any modification or extension to the above due date for payment of this Note shall only be by mutual consent.

In case the issuer exercises the option to prepay any of the remaining Promissory Notes on the due date hereof, interest portion in each value of the said Promissory Notes to be prepaid as per Annexure "A" to the said Agreement No. 1, shall be deducted and furthermore, there shall be no penalty for such prepayment.

The issuer and the guarantor hereby consent generally, in respect of any legal action or proceedings arising out of or in connection with this Note, to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order of judgement, which may be made or given in such action or proceedings and to the extent that the issuer and the guarantor may in any jurisdiction claim for itself, or any of its assets, immunity from suit, execution, attachment (whether in aid of execution, before judgement or otherwise) or any other legal process and to the extent that in any such jurisdiction there may be attributed to itself or its assets such immunity (whether or not claimed), the issuer and the guarantor hereby irrevocably and unconditionally undertake not to claim and hereby irrevocably and unconditionally waive such immunity to the fullest extent permitted by the laws of such jurisdiction.

This Note shall be enforceable in Sri Lanka at the holder's option and shall be construed in accordance with the laws of the Government of the Democratic Socialist Republic of Sri Lanka.

The Common Seal of HOTEL DEVELOPERS (LANKA) LIMITED was placed in the presence of two of its Directors namely 1. 2. who attested the sealing thereof, in the presence of

In consideration of the performance evidenced by this Note hereof, the undersigned Guarantor, jointly and severally do hereby absolutely, irrevocably and unconditionally guarantee payment of this Note, without defalcation to the holder of this Note.

SECRETARY, MINISTRY OF FINANCE PLANNING, ETHNIC AFFAIRS & NATIONAL INTEGRATION AND SECRETARY TREASURY in the presence of

Handwritten initials and signature.

AGREEMENT NO: 3

THIS AGREEMENT made and entered into at Colombo in the Democratic Socialist Republic of Sri Lanka on this Twenty Eighth day of June One thousand Nine hundred and Ninety five

BY AND BETWEEN

AMARANANDA SOMASIRI JAYAWARDENA, SECRETARY MINISTRY OF FINANCE, PLANNING, ETHNIC AFFAIRS & NATIONAL INTEGRATION AND SECRETARY TREASURY, acting for and on behalf of THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA (hereinafter referred to as the "GOVERNMENT")

OF THE FIRST PART
AND

NIHAL SRINATH AMERESEKERE for himself and his heirs executors and administrators (hereinafter referred to as "Mr. Ameresekere") of 167/4, Sri Vipulasena Mawatha, Colombo 10, a Shareholder of Hotel Developers (Lanka) Ltd., a Company registered under the Companies Act No. 17 of 1982 (hereinafter referred to as "HDL")

OF THE SECOND PART

WHEREAS Mitsui & Co., Ltd., 2-1, Ohtemachi 1-Chome, Chiyoda-ku, Tokyo, Japan and Taisei Corporation of 25-1, Nishi-Shinjuku 1-Chome, Shinjuku-ku, Tokyo, Japan (hereinafter jointly and/or severally referred to as "MITSUI AND TAISEI") together with the Government were also parties to an Agreement intituled "Agreement for the Investment in Hotel Developers (Lanka) Ltd., Colombo, Sri Lanka", executed on the 31st January 1984 (hereinafter referred to as the "INVESTMENT AGREEMENT") for the promotion and implementation of the Colombo Hilton Hotel (hereinafter referred to as the "Hotel"),

AND WHEREAS the Government under and in terms of the said Investment Agreement by Letters of Guarantee dated 17th February 1984 has guaranteed the repayment by HDL of the monies due to Mitsui and Taisei for the construction of and supplies made to the Hotel owned by HDL, also carried out under and in terms of the said Investment Agreement dated 31st January 1984,

WHEREAS Actions have been instituted by Mr. Ameresekere in the District Court of Colombo numbered 3155/Spl against Mitsui and Taisei, Kanko Kikaku Sekkeisha Yozo Shibata & Associates, Architects of the said Hotel and HDL and 3231/Spl against HDL, in the nature and style of Derivative Actions in law, for and on behalf of HDL and in its right and interest; and the said Actions have been instituted by Mr. Ameresekere in good faith in the interest of HDL and its Shareholders, including the Government, the Government also being the Guarantor of the Loans, stated to have been made by Mitsui and Taisei; all reliefs claimed in the aforesaid Actions have been for the benefit and interest of HDL, and the Government as aforesaid and the public, whilst no reliefs, whatsoever, have been claimed by Mr. Ameresekere for his personal benefit and interest,

AND WHEREAS with a view to reaching a settlement, discussions were initiated with Mr. Ameresekere by the then Secretary, Ministry of Finance & Planning and Secretary Treasury, acting for and on behalf of the Government of the Democratic Socialist Republic of Sri Lanka, being the Guarantor and the majority Shareholder of HDL, at the instance of Mitsui and Taisei, and accordingly several discussions were had by Mr. Ameresekere and his Counsel with the Hon. Attorney General and his Officials, together with the then Secretary, Ministry of Finance & Planning and Secretary Treasury and his Officials, and subsequent discussions were had by the then President D.B.Wijetunga and the then Attorney General with Mr. Ameresekere, but however a settlement could not be concluded,

AND /2

AND WHEREAS in October 1994 the Board of Directors of HDL was re-structured by the Hon. Minister of Finance, Planning, Ethnic Affairs & National Integration, with the appointment of Mr. Ameresekere as a Government Nominee Director of HDL amongst others, and thereafter, the Secretary Ministry of Finance, Planning, Ethnic Affairs & National Integration, Mr. Amarananda Somasiri Jayawardena requested the Attorney General and the newly appointed Government Nominee Directors of HDL to have discussions with representatives of Mitsui and Taisei with a view to reaching a settlement, which settlement has now been concluded,

AND WHEREAS in furtherance of the aforesaid settlement, the Government, Mitsui and Taisei and HDL have this day entered into an Agreement No. 1 in relation to the balance monies now agreed as due and payable to Mitsui and Taisei by HDL, according to the terms of the said Agreement No. 1,

AND WHEREAS in consideration of and consequent to the matters agreed upon as contained in the said Agreement No. 1, the Government has also this day simultaneously entered into an Agreement No. 2 with HDL, inter-alia, agreeing upon the terms and conditions contained in the said Agreement No. 1, insofar as such terms and conditions relate to and/or concern and/or affect HDL,

AND WHEREAS Mitsui and Taisei, HDL and Mr. Ameresekere have also this day simultaneously entered into an Agreement No. 4, inter-alia, agreeing upon the terms and conditions contained in the said Agreement No. 1,

AND WHEREAS in consideration of and consequent to the matters agreed upon and contained in the aforesaid Agreements numbered 1, 2 and 4, it has now become necessary for the Government to simultaneously enter into this Agreement No. 3 with Mr. Ameresekere, to agree upon the terms and conditions hereinafter contained, with a view to accordingly arriving at a settlement of the said District Court Colombo Actions numbered 3155/Spl and 3231/Spl, by jointly filing of consent in Court, amongst the necessary parties thereto, Motions annexed to the said Agreement No. 4,

NOW THIS AGREEMENT WITNESSETH that in fulfilment of such necessity and in consideration of the terms and conditions contained in the aforesaid Agreements numbered 1, 2 and 4, the parties hereto expressly covenant agree and declare and place on record that:

1. The Government shall and will,

- (a). assist the UDA in taking steps to have the Echelon Square Land Leases pertaining to the Colombo Hilton Hotel, cancelled and/or terminated and given directly to HDL, including the balance portion of Land, containing the Sports Complex/Recreation Area, at present not underleased to HDL, for consideration to be settled by the allotment of Shares in HDL to the UDA,
- (b). inter-alia, in view of the payments to HDL referred to in the said Agreement No 1 and also more particularly in view of the write-offs agreed to by Mitsui and Taisei as stipulated in the said Agreement No 1, take steps to ensure that its present Shareholdings in HDL are absolutely vested in the Government and the Share Transfer Agreement entered into between the Government and Cornel & Co. Ltd., dated 24th February 1984 is cancelled and/or nullified by Agreement and/or otherwise to ensure that there would never be a retransfer of any Shares, whatsoever, referred to in the said Share Transfer Agreement dated 24th February 1984 and/or elsewhere, and in the event of any breach hereof, Mr. Ameresekere reserves the right to claim and recover by way of damages a sum equal to the value of such shares as may be so transferred.

2. The Government shall and will requisition and hold Meetings of the Board of Directors of HDL and/or Shareholders of HDL and pass requisite Resolutions to,

- (a). have the Articles of Association of HDL amended to abolish the right of Cornel & Co. Ltd., to nominate Directors to the Board of Directors of HDL, by deleting Article 101 (1) (a) of the Articles of Association of HDL, with any other necessary and consequential amendments thereto required,

- (b). have Articles 79, 127 and 129 of the Articles of Association of HDL amended as set out in Annexure "X" hereto,
 - (c). have the Board of Directors of HDL restructured, to exclude those who have been, Directors of HDL as at 2nd December 1992 and thereafter upto 30th September 1994 and/or have been Defendants in the D.C. Colombo Action No. 3155/Spl., other than however, the present nominee Directors of Mitsui and Taisei,
 - (d). and/or by acting under Article 101(i)(b) of the Articles of Association of HDL, provide representation to Mr. Amersekere and his nominees on the aforesaid restructured Board of Directors of HDL, inter-alia, as set out in the Letter dated 28th June 1995 from the Secretary Ministry of Finance, Planning, Ethnic Affairs and National Integration to Mr. Amersekere and initialled by the parties hereto,
 - (e). cause the appointment of a new Chairman and a separate Managing Director to the Board of Directors of HDL,
 - (f). have the present Auditors of HDL removed and have another firm of Auditors appointed and have the Annual Accounts of March 1990 finalised in the context of this Agreement and the settlement and withdrawal of D.C. Colombo Action No. 3231/Spl.,
 - (g). cause investigations into the matters pertaining to the Reflections Casino Contract and take necessary actions expected of a public listed Company, including the use of HDL's best endeavours to settle the litigations connected with the said Reflections Casino Contract,
 - (h). to take on lease directly the Echelon Square Land pertaining to the Colombo Hilton Hotel, including the entirety of the portion of Land, containing the Sports Complex/Recreation Area, for consideration to be settled by the allotment of Shares in HDL to the UDA,
 - (i). have the District Court of Colombo Action No. 15322/MR filed by HDL against Mr. Amersekere withdrawn and settled pursuant to the separate Settlement Agreement entered into in connection with Mr. Amersekere's Claim in Reconvention therein.
3. The Government, having previously reimbursed all costs incurred by Mr. Amersekere, shall and will,
- a). also compensate him for his professional time and efforts, incurred on behalf of and in the interest of HDL and its Shareholders, including the Government as the major Shareholder and Guarantor of HDL, as set out in the Letter dated 28th June 1995 from the Secretary Ministry of Finance, Planning, Ethnic Affairs and National Integration to Mr. Amersekere, and initialled by the parties hereto and fulfil the conditions set out in the said Letter. The reimbursement of costs referred to in line 1 of Clause 3 hereinabove shall and will be borne equally by the Government (1/3), Mitsui and Taisei (1/3) and HDL (1/3),
 - b). in the context of the settlement initiated by the Government and the write-offs, reductions and rescheduling referred to in the said Agreement No. 1, the Government, as the major Shareholder and Guarantor, being a beneficiary thereof, and further, in the context of the conditions stipulated in Clause 9 in the said Agreement No. 4, assist Mr. Amersekere in settling the litigations referred to in Annexure "Y" hereto and have him released and/or held harmless and/or indemnified therefrom.

4. IN/4

4. In consideration of the matters agreed upon as set out in these Presents and in the aforesaid three Agreements numbered 1,2 and 4 and after the due fulfilment, execution and performance of the undertakings as set out hereinbelow, Mr. Ameresekere shall and will settle and withdraw the District Court of Colombo Actions numbered 3155/Spl. and 3231/Spl. by jointly filing, of consent amongst the necessary parties thereto, Motions annexed to the said Agreement No. 4; the said undertakings being,

(i) The Government, having previously reimbursed all costs incurred by Mr. Ameresekere, shall and will,

a). also compensate him for his professional time and efforts, incurred on behalf of and in the interest of HDL and its Shareholders, including the Government as the major Shareholder and Guarantor of HDL, as set out in the Letter dated 28th June 1995 from the Secretary Ministry of Finance, Planning, Ethnic Affairs and National Integration to Mr. Ameresekere, and initialled by the parties hereto and fulfil the conditions set out in the said Letter. The reimbursement of costs referred to in line 1 of Clause 4 (i) hereinabove shall and will be borne equally by the Government (1/3), Mitsui and Taisei (1/3) and HDL (1/3),

b). in the context of the settlement initiated by the Government and the write-offs, reductions and rescheduling referred to in the said Agreement No. 1, the Government, as the major Shareholder and Guarantor, being a beneficiary thereof, and further, in the context of the conditions stipulated in Clause 9 in the said Agreement No. 4, assist Mr. Ameresekere in settling the litigations referred to in Annexure "Y" hereto and have him released and/or held harmless and/or indemnified therefrom.

(II) THE/5


SECRETARY, MINISTRY OF FINANCE


NIHAL SRINATH AMERESKERE

- (ii) The Government shall and will requisition and hold Meetings of the Board of Directors of HDL and/or the Shareholders of HDL, as the case may be, and move and pass requisite Resolutions to,
- (a). have the Articles of Association of HDL amended to abolish the right of Cornel & Co. Ltd., to nominate Directors to the Board of Directors of HDL, by deleting Article 101 (i) (a) of the Articles of Association of HDL, with any other necessary and consequential amendments thereto required,
 - (b). have Articles 79, 127 and 129 of the Articles of Association of HDL amended as set out in Annexure "X" hereto,
 - (c). have the Board of Directors of HDL restructured, to exclude those who have been, Directors of HDL as at 2nd December 1992 and thereafter upto 30th September 1994 and/or have been Defendants in the D.C. Colombo Action No. 3155/Spl., other than however, the present nominee Directors of Mitsui and Taisei,
 - (d). and/or by acting under Article 101(i)(b) of the Articles of Association of HDL, provide representation to Mr. Ameresekere and his nominees on the aforesaid restructured Board of Directors of HDL, inter-alia, as set out in the Letter dated 28th June 1995 from the Secretary Ministry of Finance, Planning, Ethnic Affairs and National Integration to Mr. Ameresekere and initialled by the parties hereto,
 - (e). cause the appointment of a new Chairman and a separate Managing Director to the Board of Directors of HDL,
 - (f). have the present Auditors of HDL removed and have another firm of Auditors appointed to have the Annual Accounts of March 1990 finalised in the context of this Agreement and the settlement and withdrawal of D.C. Colombo Action No. 3231/Spl.,
 - (g). cause investigations into the matters pertaining to the Reflections Casino Contract and take necessary actions expected of a public listed Company, including the use of HDL's best endeavours to settle the litigations connected with the said Reflections Casino Contract,
 - (h). to take on lease directly the Echelon Square Land pertaining to the Colombo Hilton Hotel, including the entirety of the portion of Land, containing the Sports Complex/Recreation Area, subject to proviso in 4 (iii) hereinbelow,
 - (i). have the District Court of Colombo Action No. 15322/MR filed by HDL against Mr. Ameresekere withdrawn and settled pursuant to the separate Settlement Agreement entered into in connection with Mr. Ameresekere's Claim in Reconvension therein.

(iii) The Government shall and will,

- (a). assist the UDA in taking steps to have the Echelon Square Land Leases pertaining to the Colombo Hilton Hotel, cancelled and/or terminated and given directly to HDL, including the balance portion of Land, containing the Sports Complex/Recreation Area, at present not underleased to HDL, subject to the Proviso herein,
- (b). inter-alia, in view of the payments to HDL referred to in the said Agreement No 1 and also more particularly in view of the write-offs agreed to by Mitsui and Taisei as stipulated in the said Agreement No 1, take steps to ensure that its present Shareholdings in HDL are absolutely vested in the Government and the Share Transfer Agreement entered into between the Government and Cornel & Co. Ltd., dated 24th February 1984 is cancelled and/or nullified by Agreement and/or otherwise to ensure that there would never be a retransfer of any Shares, whatsoever, referred to in the said Share Transfer Agreement dated 24th February 1984 and/or elsewhere, subject to the Proviso herein.

*Proviso to Clauses 4 (iii) (a), 4 (iii) (b) and 4 (ii) (h);
If the conditions precedent contained in Clauses 4 (iii) (a),
4 (iii) (b) and 4 (ii) (h) hereinbefore have not been
fulfilled within a period of Twelve weeks from the date of
these Presents, then the said three conditions precedent shall
cease to be conditions precedent to the making of the
Application to Court referred to in Clause 2 hereinbefore,
provided however that the obligations of all parties contained
in the aforesaid Clauses 4 (iii) (a), 4 (iii) (b) and 4 (ii)
(h) shall remain in full force and effect to be diligently and
expeditiously pursued and implemented.*

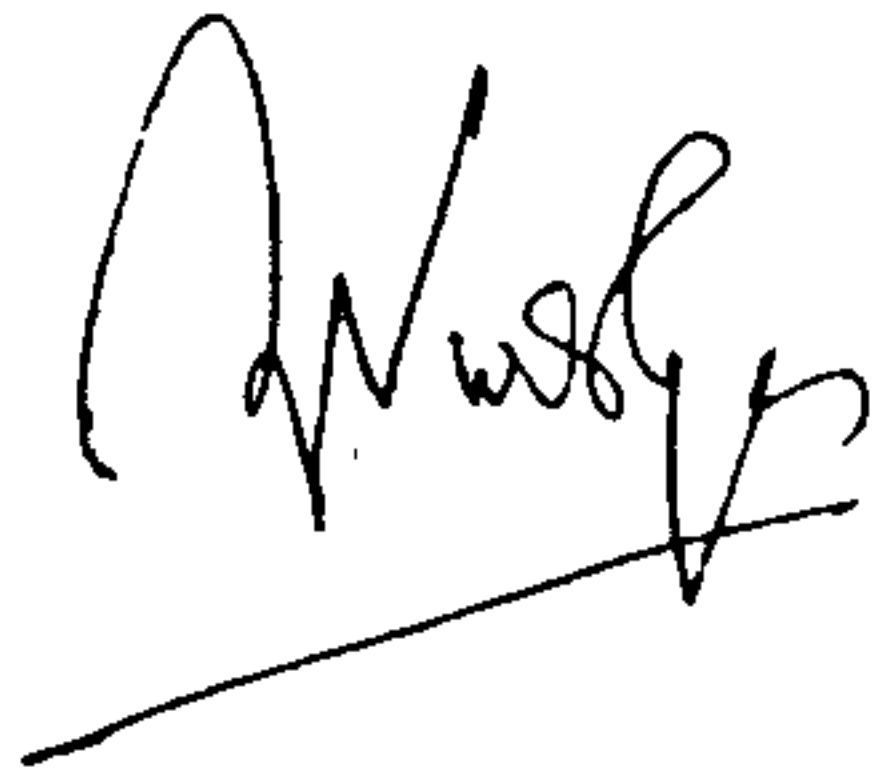
5. The Government shall and will take appropriate independent actions on the conduct and actions of the Securities and Exchange Commission of Sri Lanka and/or Members of its Commission and the Colombo Stock Exchange and/or of its Directors, in relation to the representations made by Mr. Ameresekere to the said institutions on matters pertaining to HDL, which matters Mr. Ameresekere also reserves the right to pursue.
6. The Government shall and will hold Mr. Ameresekere, his heirs, executors and administrators freed from and/or indemnified against and/or saved harmless from any claims, demands, actions or consequences of whatsoever kind or nature arising from or attributable to Mr. Ameresekere instituting and/or settling the said District Court Colombo Actions numbered 3155/Spl and 3231/Spl, and/or acting or purporting to act in furtherance thereof and/or reaching Agreement as referred to herein and further the Government shall and will support and/or assist Mr. Ameresekere in any matter whatsoever connected therewith.

AND FURTHERMORE the Government doth hereby binds itself and Mr. Ameresekere doth hereby binds himself, his heirs executors and administrators for the due performance, observance and fulfilment of the terms and conditions herein contained on the part of each of them to be respectively observed and performed and the terms and conditions contained in the said Agreements 1, 2, and 4 in so far as such terms and conditions relate to and/or concern and/or affect the Government and/or Mr. Ameresekere,


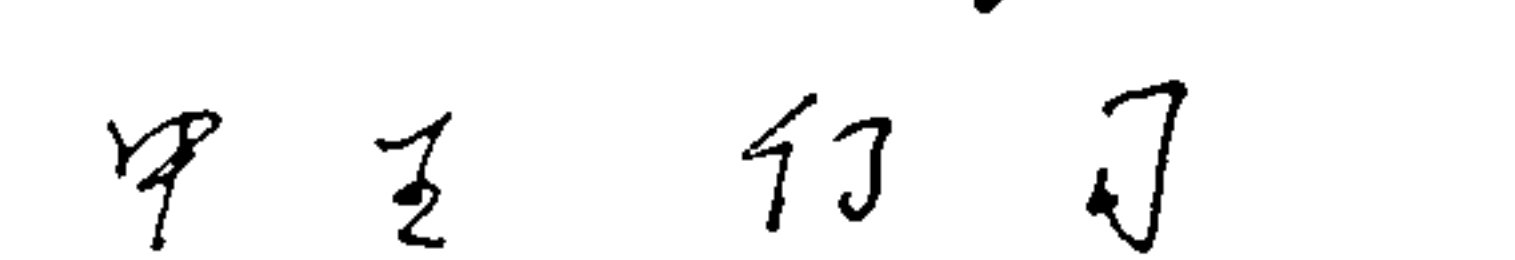
IN WITNESS WHEREOF Amarananda Somasiri Jayawardena, Secretary, Ministry of Finance, Planning, Ethnic Affairs & National Integration and Secretary Treasury acting for and on behalf of the Government of the Democratic Socialist Republic of Sri Lanka THE PARTY OF THE FIRST PART and Nihal Srinath Ameresekere, THE PARTY OF THE SECOND PART have set their respective hands hereunto and to another of the same tenor and date as these Presents at the place and on the date at the beginning hereof written.

SECRETARY, MINISTRY OF
FINANCE, PLANNING, ETHNIC
AFFAIRS AND NATIONAL
INTEGRATION & SECRETARY TREASURY
in the presence of

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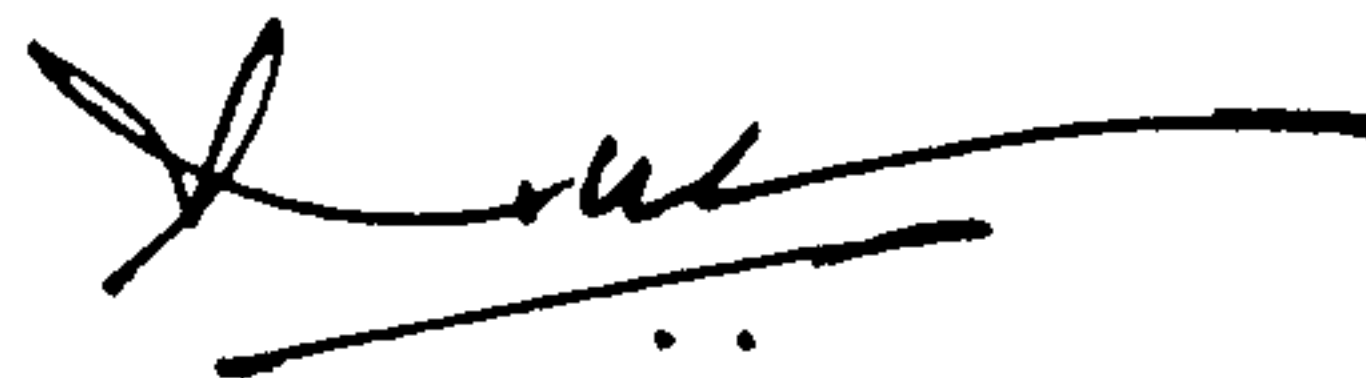


Witnesses:

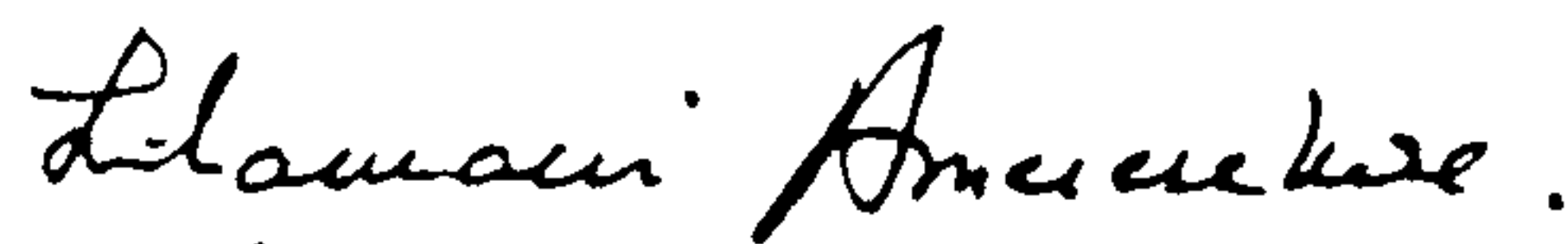
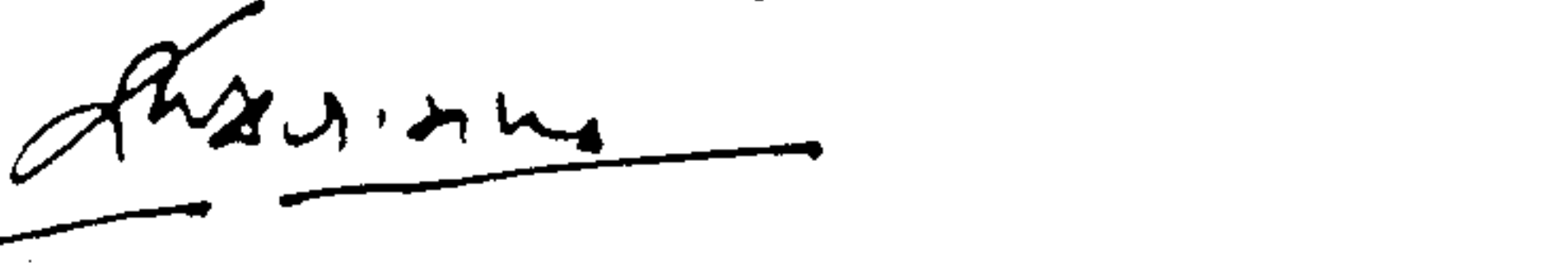
1. 
2. 

NIHAL SRINATH AMERESEKERE
in the presence of

}
}



Witnesses:

1. 
2. 

ANNEXURE "X"

REFERRED TO AT CLAUSES 2 (b) and 4 (ii) (b) OF THE
AGREEMENT NO. 3

PROCEEDINGS OF GENERAL MEETINGS

Quorum

79. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. Save as herein otherwise provided three members present in person, or by proxy or attorney or in the case of a corporation by an authorised representative shall be a quorum for all purposes.

DIRECTORS' MEETINGS

Quorum

127. The quorum necessary for the transaction of the business of the Directors shall be six Directors personally present or their Alternates at the Meeting.

Majority
decision
to prevail

129. Questions arising at any Meeting shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.

Provided however that no resolution affecting the repayment of the Loan due to the Foreign Collaborators shall be deemed to be passed by the Directors unless a Director appointed by the Foreign Collaborators shall have voted in favour of such resolution.

Provided further that the above proviso shall cease to have effect upon the Loan being repaid by the Company.

ANNEXURE "Y"

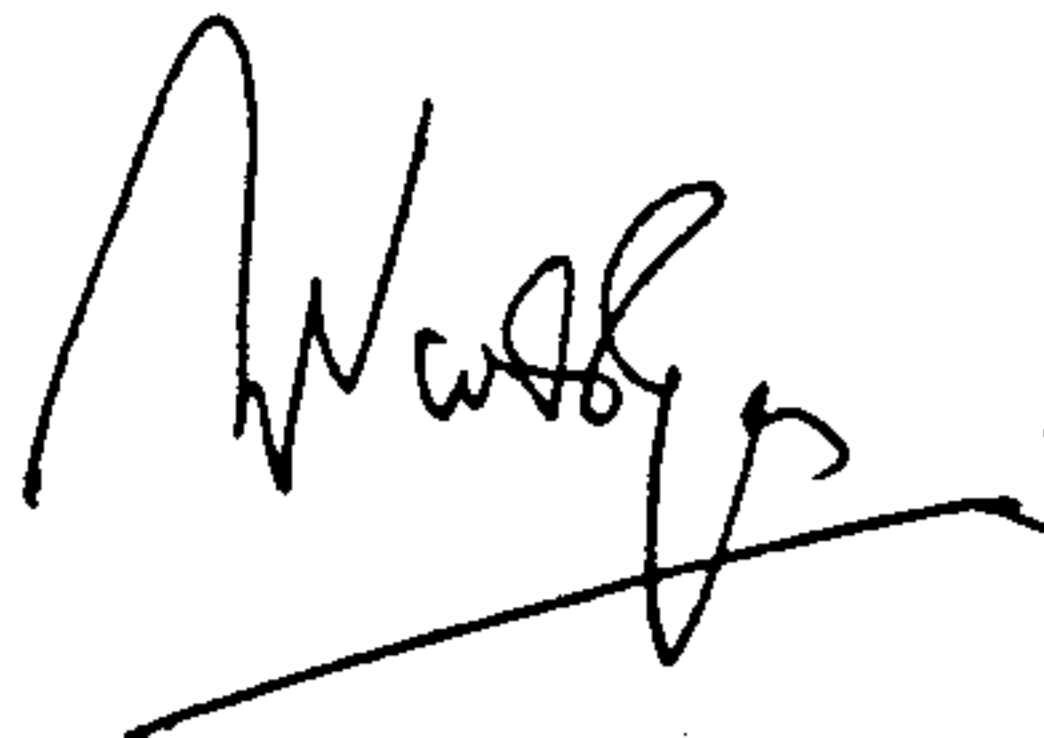
REFERRED TO AT CLAUSES 3 (b) and 4 (1) (b) OF THE

AGREEMENT NO: 3

Whereas in the context of the promotion of the Colombo Hilton Hotel and/or Hotel Developers (Lanka) Ltd., Nihal Srinath Ameresekere (hereinafter referred to as "Mr. Ameresekere") of 167/4, Sri Vipulasena Mawatha, Colombo 10, having been induced by the main promoters thereof to get involved and/or concerned in the affairs of Sun-Cornel Textiles Ltd., and the Colombo Apothecaries Co. Ltd., and in consideration of the settlement initiated by the Government and the write-offs, reductions and rescheduling referred to in Agreement No: 1, the Government, as the major Shareholder and Guarantor, being a beneficiary thereof and further in the context of the conditions stipulated in Clause 9 in the Agreement No. 4, shall and will assist Mr. Ameresekere in settling D.C. Colombo Actions Numbered 334/M, 335/M and 99607/M instituted by the Peoples Bank and M.C. Negombo Actions Numbered E 19198 and E 27746 and have him released and/or held harmless and/or indemnified therefrom and from any other proceedings and/or Actions presently instituted and/or to be instituted in the future by the Commissioner of Labour and/or others, in connection with Sun-Cornel Textiles Ltd., and/or the Colombo Apothecaries Co. Ltd., and whereas in some of the said Actions, Mr. Ameresekere had been added and/or had been moved to be added as a party and/or an accused, only after the institution of the litigations referred to in the aforesaid Agreement No. 3, to which this Annexure "Y" relates.

SECRETARY, MINISTRY OF
FINANCE, PLANNING, ETHNIC
AFFAIRS AND NATIONAL
INTEGRATION & SECRETARY TREASURY
in the presence of

}
}
}
}
}



Witnesses:

1. *Lilawani Ameresekere*
2. *[Handwritten signature]*



LETTER REFERRED TO AT CLAUSE 3 (a) AND CLAUSE 4 (i) (a)

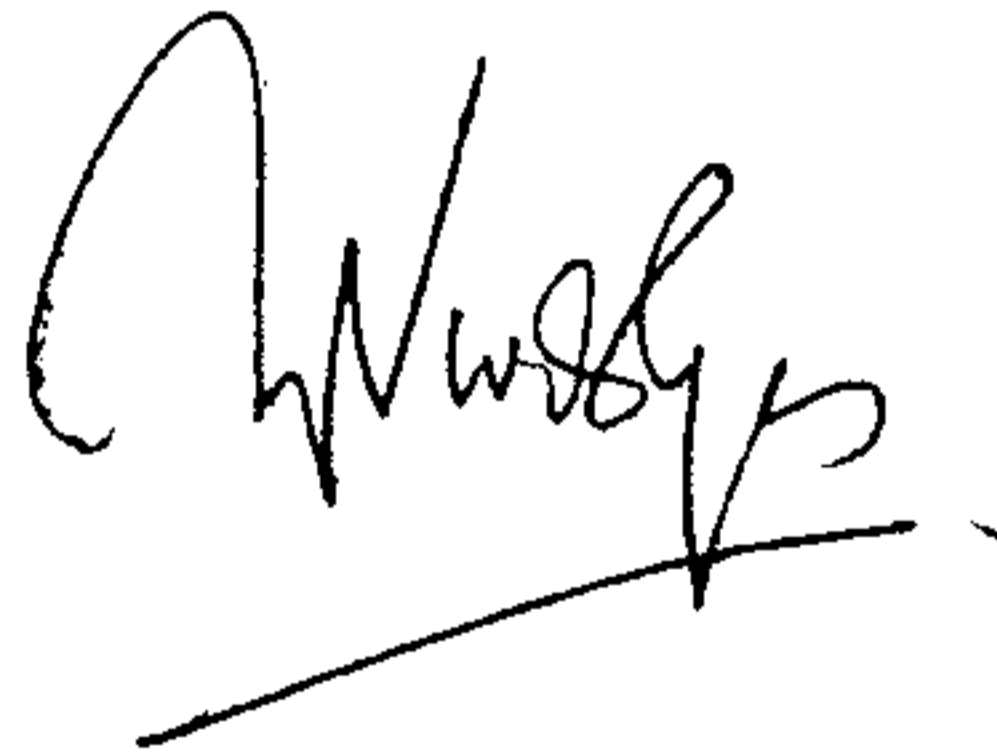
OF AGREEMENT NO. 3

Whereas in the context of the Agreements Numbered 1, 2, 3 and 4 dated 28th June '95 entered into by and between the relevant parties to settle and withdraw the Actions Numbered 3155/Spl. and 3231/Spl., of the District Court of Colombo, instituted by Mr. Amersekere, as a Shareholder of Hotel Developers (Lanka) Ltd., on its behalf and in its right for its benefit and interest and that of its Shareholders, including the Government, as the major Shareholder and Guarantor of Hotel Developers (Lanka) Ltd., I do hereby confirm as follows:

- i. The Board of Directors of Hotel Developers (Lanka) Ltd., will be reconstituted to, include Mr. Amersekere, Mr. K. Kanag-Isvaran, P.C. and Mr. M. Radhakrishnan, Attorney-at-Law, as Directors, whereas Mr. Amersekere and Mr. K. Kanag-Isvaran having already been so appointed .
- ii. The Government having previously reimbursed all costs amounting to Rs. 6,983,839/= incurred by Mr. Amersekere in connection with the above litigations, will as determined by an independent financial/merchant banking institution/s, also compensate Mr. Amersekere for his professional time and efforts, incurred on behalf of and in the interest of Hotel Developers (Lanka) Ltd., for its benefit and interest and that of its Shareholders, including the Government as the major Shareholder and Guarantor of the Loans of Hotel Developers (Lanka) Ltd., resulting in the write-offs, reductions and rescheduling, referred to in the said Agreement No. 1.

This 28th day of June 1995.

SECRETARY, MINISTRY OF
FINANCE PLANNING, ETHNIC
AFFAIRS AND NATIONAL
INTEGRATION & SECRETARY TREASURY]



Witnesses

1. *Nihal Srinath Amersekere*
2. *[Handwritten signature]*

To: Mr. Nihal Srinath Amersekere,
167/4, Sri Vipulasena Mawatha,
Colombo 10.



AGREEMENT NO. 4

THIS AGREEMENT made and entered into at Colombo in the Democratic Socialist Republic of Sri Lanka on this 28th day of June one thousand nine hundred and ninety-five

BY AND BETWEEN

NIHAL SRINATH AMERESKERE, for himself and his heirs executors and administrators of 167/4, Sri Vipulasena Mawatha, Colombo 10 Sri Lanka (hereinafter referred to as "Mr. Ameresekere") of the first part,

MITSUI & CO., LTD. a company organised and existing under the laws of Japan, having its principal place of business at 2-1 Otemachi 1-chome, Chiyoda-ku, Tokyo of the second part for itself its successors and permitted assigns,

TAISEI CORPORATION, a company organised and existing under the laws of Japan, having its principal place of business at 25-1 Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan of the third part for itself its successors and permitted assigns.

(The parties of the second and third parts being hereinafter jointly and/or severally referred to as "Mitsui and Taisei") and

HOTEL DEVELOPERS (LANKA) LIMITED, a company organised and existing under the laws of Sri Lanka and registered under the Companies Act No. 17 of 1982, having its registered office at the Colombo Hilton, Echelon Square, Lotus Road, Colombo 1, Sri Lanka (hereinafter referred to as "HDL") of the fourth part for itself its successors and permitted assigns,

WHEREAS

- (1) Mr. Ameresekere is the Plaintiff and Mitsui and Taisei are the first and second defendants and Kanko Kikaku Sekkeisha Yozo Shibata & Associates (hereinafter referred to as "KKS") are the 3rd Defendant and HDL is the 4th Defendant, respectively, in the Action No. 3155/Spl of the District Court of Colombo. Mr. Ameresekere is also the Plaintiff in Action No. 3231/Spl., of the said District Court, wherein HDL is the Defendant.
- (2) The subject matters of the said Actions, respectively, relate to HDL and its main asset, the Colombo Hilton Hotel, Echelon Square, Lotus Road, Colombo 1, Sri Lanka and its Annual Accounts of March 1990.
- (3) Mitsui and Taisei have entered into an Agreement with the Government of the Democratic Socialist Republic of Sri Lanka (hereinafter referred to as the "Government") and HDL, as to the reduction and rescheduling of
 - (i) Balance Construction costs and the balance costs of Furnishings, Fixtures & Equipment stated to be Japanese Yen 1,400,142,000, and
 - (ii) a Loan stated to be in a sum of Japanese Yen 12,300,000,000 made by Mitsui and Taisei to HDL,

and Mr. Ameresekere is satisfied with that Agreement, the terms of which are embodied in an Agreement No. 1 between the Government, Mitsui and Taisei and HDL (hereinafter referred to as the "Agreement No. 1") entered into on the same date as these Presents.

- (4) Consequently to the said Agreement No. 1 the Government and HDL have entered into a separate Agreement No. 2 between themselves also on the same date as these Presents.

NOW THIS AGREEMENT WITNESSETH as follows:

1. Upon the execution by the Government, Mitsui and Taisei and HDL of the said Agreement No. 1, and upon the execution by the Government and HDL of the said Agreement No. 2, Mr. Ameresekere will forthwith enter into a further Agreement No. 3 with the Government (hereinafter referred to as the "Agreement No. 3").

Upon the due fulfilment of the conditions precedent by the Government as stated in Clause 4 of the said Agreement No. 3, Mr. Ameresekere, Mitsui and Taisei, KKS and HDL shall and will jointly apply to the District Court of Colombo for an Order in D.C. Colombo Action No. 3155/Spl on the Motion in the terms as stated in Annexure "A" hereto.

3. The said conditions precedent referred to at Clause 2 hereinabove are set out as follows:

(i). The Government, having previously reimbursed all costs incurred by Mr. Ameresekere, shall and will,

a). also compensate him for his professional time and efforts, incurred on behalf of and in the interest of HDL and its Shareholders, including the Government as the major Shareholder and Guarantor of HDL, as set out in the Letter dated 28th June 1995 from the Secretary Ministry of Finance, Planning, Ethnic Affairs and National Integration to Mr. Ameresekere, and initialled by the parties hereto and fulfil the conditions set out in the said Letter. The reimbursement of costs referred to in line 1 of Clause 3 (i) hereinabove shall and will be borne equally by the Government (1/3), Mitsui and Taisei (1/3) and HDL (1/3),

b). in the context of the settlement initiated by the Government and the write-offs, reductions and rescheduling referred to in the said Agreement No. 1, the Government, as the major Shareholder and Guarantor, being a beneficiary thereof, and further, in the context of the conditions stipulated in Clause 9 in the said Agreement No. 4, assist Mr. Ameresekere in settling the litigations referred to in Annexure "Y" hereto and have him released and/or held harmless and/or indemnified therefrom.

(ii) The Government shall and will requisition and hold Meetings of the Board of Directors of HDL and/or the Shareholders of HDL, as the case may be, and move and pass requisite Resolutions to,

(a). have the Articles of Association of HDL amended to abolish the right of Cornel & Co. Ltd., to nominate Directors to the Board of Directors of HDL, by deleting Article 101 (i) (a) of the Articles of Association of HDL, with any other necessary and consequential amendments thereto required,

(b). have Articles 79, 127 and 129 of the Articles of Association of HDL amended as set out in Annexure "X" hereto,

(c). have the Board of Directors of HDL restructured, to exclude those who have been, Directors of HDL as at 2nd December 1992 and thereafter upto 30th September 1994 and/or have been Defendants in the D.C. Colombo Action No. 3155/Spl., other than however, the present nominee Directors of Mitsui and Taisei,

(d). and/or by acting under Article 101(i)(b) of the Articles of Association of HDL, provide representation to Mr. Ameresekere and his nominees on the aforesaid restructured Board of Directors of HDL, inter-alia, as set out in the Letter dated 28th June 1995 from the Secretary Ministry of Finance, Planning, Ethnic Affairs and National Integration to Mr. Ameresekere and initialled by the parties hereto,

(e). cause the appointment of a new Chairman and a separate Managing Director to the Board of Directors of HDL,

(F) HAVE .../3

- (f). have the present Auditors of HDL removed and have another firm of Auditors appointed to have the Annual Accounts of March 1990 finalised in the context of this Agreement and the settlement and withdrawal of D.C. Colombo Action No. 3231/Spl.,
- (g). cause investigations into the matters pertaining to the Reflections Casino Contract and take necessary actions expected of a public listed Company, including the use of HDL's best endeavours to settle the litigations connected with the said Reflections Casino Contract,
- (h). to take on lease directly the Echelon Square Land pertaining to the Colombo Hilton Hotel, including the entirety of the portion of Land, containing the Sports Complex/Recreation Area, subject to proviso in 3 (iii) hereinbelow,
- (i). have the District Court of Colombo Action No. 15322/MR filed by HDL against Mr. Ameresekere withdrawn and settled pursuant to the separate Settlement Agreement entered into in connection with Mr. Ameresekere's Claim in Reconvention therein.

(iii) The Government shall and will,

- (a). assist the UDA in taking steps to have the Echelon Square Land Leases pertaining to the Colombo Hilton Hotel, cancelled and/or terminated and given directly to HDL, including the balance portion of Land, containing the Sports Complex/Recreation Area, at present not underleased to HDL, subject to the Proviso herein,
- (b). inter-alia, in view of the payments to HDL referred to in the said Agreement No 1 and also more particularly in view of the write-offs agreed to by Mitsui and Taisei as stipulated in the said Agreement No 1, take steps to ensure that its present Shareholdings in HDL are absolutely vested in the Government and the Share Transfer Agreement entered into between the Government and Cornel & Co. Ltd., dated 24th February 1984 is cancelled and/or nullified by Agreement and/or otherwise to ensure that there would never be a retransfer of any Shares, whatsoever, referred to in the said Share Transfer Agreement dated 24th February 1984 and/or elsewhere, subject to the Proviso herein.

Proviso to Clauses 3 (iii) (a), 3 (iii) (b) and 3 (ii) (h);

If the conditions precedent contained in Clauses 3 (iii) (a), 3 (iii) (b) and 3 (ii) (h) hereinbefore have not been fulfilled within a period of Twelve weeks from the date of these Presents, then the said three conditions precedent shall cease to be conditions precedent to the making of the Application to Court referred to in Clause 2 hereinbefore, provided however that the obligations of all parties contained in the aforesaid Clauses 3 (iii) (a), 3 (iii) (b) and 3 (ii) (h) shall remain in full force and effect to be diligently and expeditiously pursued and implemented.

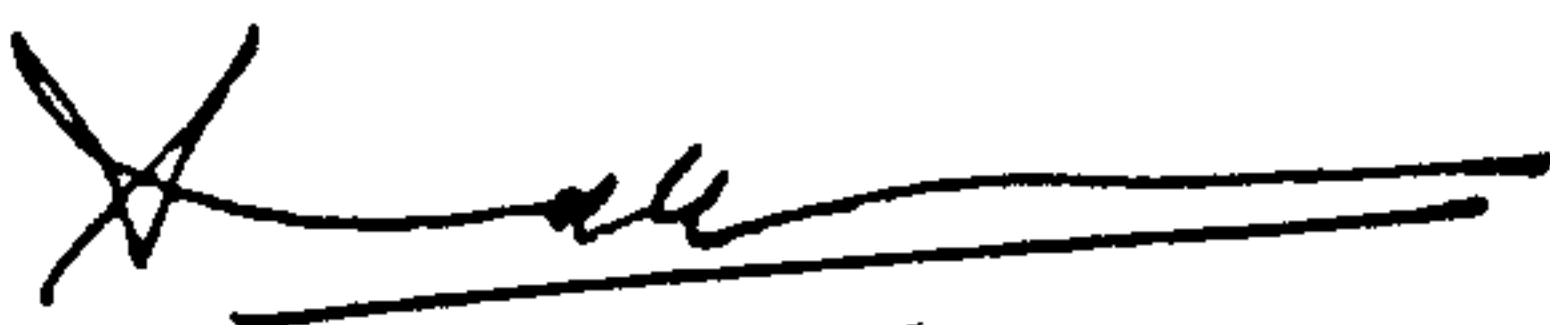
- 4. Mitsui and Taisei shall and will not commit any act or omission by abstention or otherwise, which shall or may in any manner whatsoever or howsoever impede the fulfilment of the aforesaid conditions precedent.
- 5. Mr. Ameresekere shall and will inform Mitsui and Taisei in writing as soon as any or all of the foregoing conditions precedent have been fulfilled by the Government.

6. UPON /4

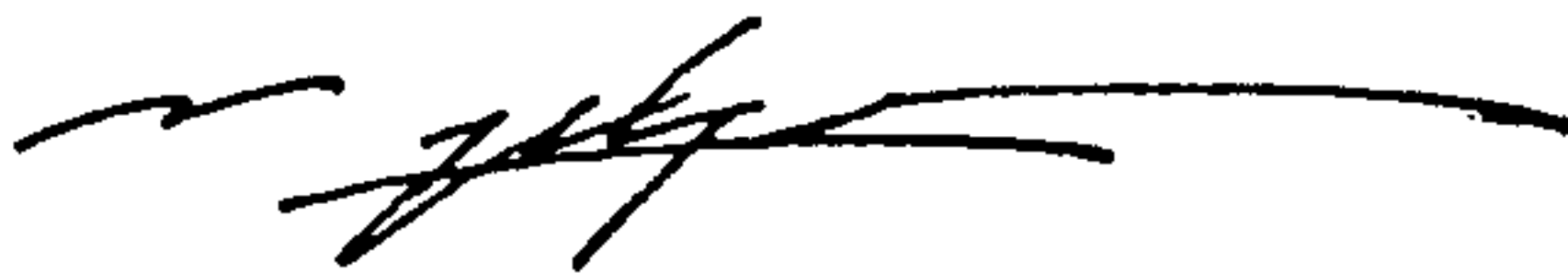
6. Upon the fulfilment of the conditions precedent aforesaid, and upon the joint Application being made to the District Court of Colombo in Action No. 3155/Spl as per Clause 2 hereinabove, Mr. Ameresekere and HDL shall and will jointly apply to the District Court of Colombo for an Order in D.C. Colombo Action No. 3231/Spl on the Motion in the form as stated in annexure "B" hereto.

7. Mr. Ameresekere hereby represents and warrants that the conditions precedent stated at Clause 3 hereinabove are equivalent in their contents to the conditions precedent which are stated in Clause 4 in the Agreement No. 3 and further that the said conditions precedent stated in Agreement No.3 shall not be amended in any respect whatsoever. It is understood by the parties hereto that should there be any difference between the conditions precedent stated in Clause 3 hereinabove and those stated in Clause 4 of the said Agreement No. 3, then those stated in Clause 3 hereinabove shall be deemed to be the actual conditions precedent to the coming into effect of this Agreement.

8. MR. AMERESEKERE /5



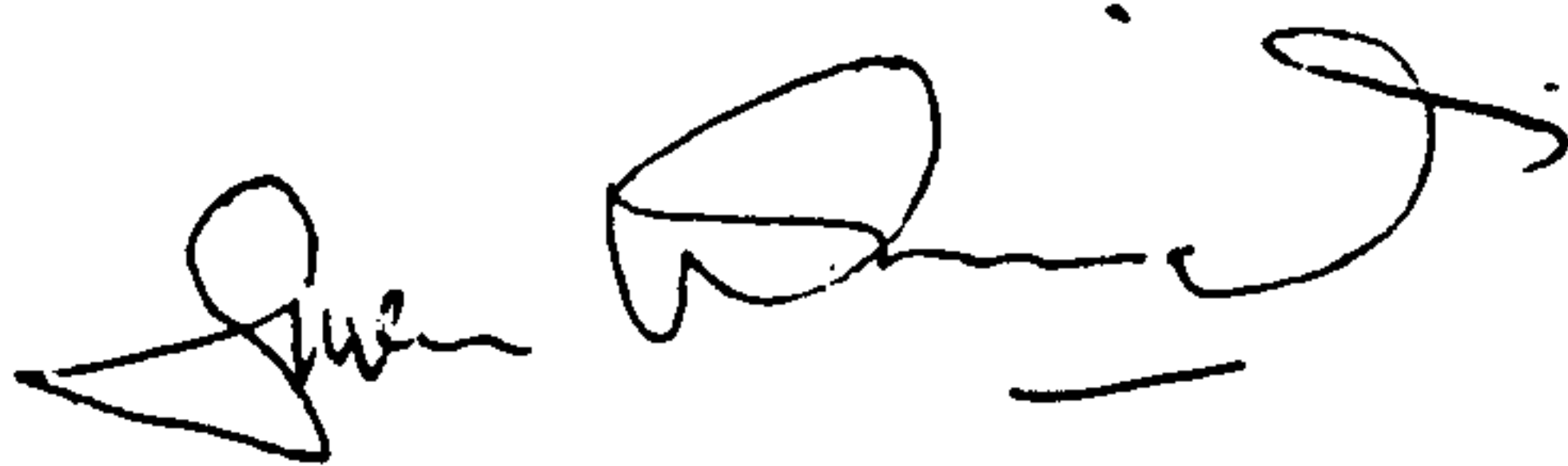
NIHAL SRI AMERESEKERE



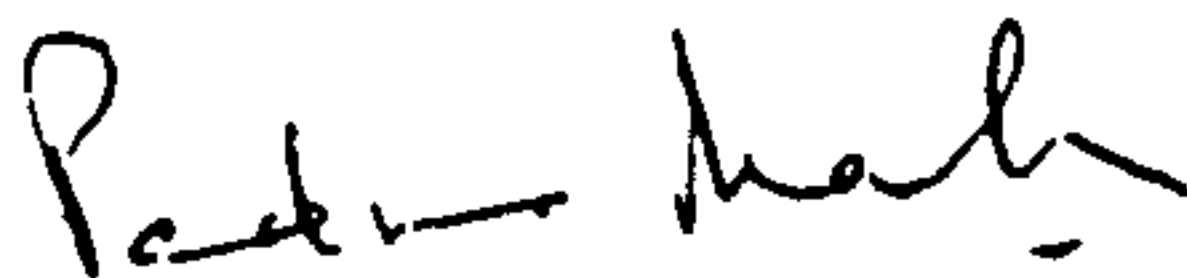
DULY APPOINTED ATTORNEY OF MITSUI & CO., LTD.



DULY APPOINTED ATTORNEY OF TAISEI CORPORATION



DIRECTOR, HOTEL DEVELOPERS (LANKA) LTD.



DIRECTOR, HOTEL DEVELOPERS (LANKA) LTD.

8. Mr. Ameresekere agrees that upon the issue of the Orders in the said Actions Numbered D.C. Colombo 3155/Spl., and 3231/Spl., on the Motions in the terms attached hereto he shall have no further claim against Mitsui and Taisei or their directors servants employees and agents whether as director or shareholder of HDL or in any other capacity in respect of,
- (a) The entry by HDL and the Government into the said Agreement No. 1 and/or any or all of the documents mentioned in the said Agreement No. 1, and
 - (b) Any other circumstances surrounding the construction, commissioning, fitting out and financing of the Colombo Hilton Hotel, Echelon Square, Lotus Road, Colombo, Sri Lanka.
- 9(i). Mitsui and Taisei and/or KKS shall and will refrain from ever filing suit against Mr. Ameresekere in connection with the District Court of Colombo Action numbers 3155/Spl and 3231/Spl and also in connection with any other matters whatsoever regarding the Colombb Hilton Hotel Project.
- (ii). Mr. Ameresekere shall and will refrain from ever filing suit against Mitsui and Taisei and/or KKS in connection with the District Court of Colombo Actions numbered 3155/Spl and 3231/Spl and also in connection with any other matters whatsoever regarding the Colombo Hilton Hotel Project.
- (iii) Mr. Ameresekere shall and will refrain from ever filing suit against Mitsui and Taisei or any of their respective Employees or other Officers in respect of any litigation involving Sun-Cornel Textiles Ltd., and/or The Colombo Apothecaries Co. Ltd.
- (iv). Clause 9 (i), 9 (ii) and 9 (iii) shall come into force and effect upon the issue of Orders on the Motions in D.C. Colombo Actions Nos. 3155/Spl and 3231/Spl in the terms as stated in Annexure "A" and Annexure "B" attached hereto.
10. The Parties hereto shall and will honour the commitments in the aforesaid Agreement No. 1, in so far as the terms and conditions therein relate to and/or concern and/or affect them.
11. Any one or more of the conditions precedent referred to in Clause 3 hereinbefore shall be deemed to have been fulfilled, if the matters referred to therein are performed or satisfied by the Government or by a person or corporation other than the Government.
12. If an Order in D.C. Colombo Action No. 3155/Spl., on the Motion in the terms as stated in Annexure "A" hereto has not been issued by 31st May 1996, Mitsui and Taisei may declare that such of the Clauses of these Presents as have not been implemented as at such date shall not come into force and effect by giving to Mr. Ameresekere and HDL not less than Seven Days' Notice in writing of such declaration expiring at any time after 8th June 1996, whereupon such Clauses shall be null and void and no party shall have any claim against the other parties in respect of the same.

AND FURTHERMORE Mr. Ameresekere doth hereby binds himself his heirs executors and administrators and Mitsui and Taisei and HDL do hereby binds themselves and their respective successors and permitted assigns for the due performance, observance and fulfilment of the terms and conditions herein contained on the part of each one of them to be respectively observed and performed,

IN WITNESS /6

... NIHAL SRINATH AMERESEKERE the Party of the First Part,
... MIYAKAGE, the duly appointed Attorney of Mitsui & Co., Ltd. the Party of
the Second Part and TAKAMITSU NAKANO the duly appointed Attorney of Taisei
Corporation the Party of the Third Part have set their respective hands and Hotel
Developers (Lanka) Ltd the Party of the Fourth Part has caused its common seal
to be affixed hereunto and to three others of the same tenor and date as these
Presents at the place and on the date at the beginning hereof written.

NIHAL SRINATH AMERESEKERE

[Handwritten signature]

Witnesses:

1. *Lilawani Ameresekere*
2. *[Handwritten signature]*

DULY APPOINTED ATTORNEY OF
MITSUI & CO., LTD. in
presence of

[Handwritten signature]

an attorney for MITSUI & CO. LTD.

Witnesses:

1. *[Handwritten signature]*
2. *[Handwritten signature]*

DULY APPOINTED ATTORNEY OF
TAISEI CORPORATION in
the presence of

[Handwritten signature]
Attorney for TAISEI CO.

Witnesses:

1. *[Handwritten signature]*
2. *[Handwritten signature]*

The Common Seal of HOTEL
DEVELOPERS (LANKA) LIMITED was
placed in the presence of two
of its Directors namely

[Handwritten signature]

DIRECTOR, HOTEL DEVELOPERS (LANKA) LTD.

[Handwritten signature]

DIRECTOR, HOTEL DEVELOPERS (LANKA) LTD.

- 1.
- 2.

who attested the sealing
thereof, in the presence of

Witnesses:

- 1.
- 2.

ANNEXURE "A"

REFERRED TO AT CLAUSE 2 OF THE

AGREEMENT NO. 4

IN THE DISTRICT COURT OF COLOMBO

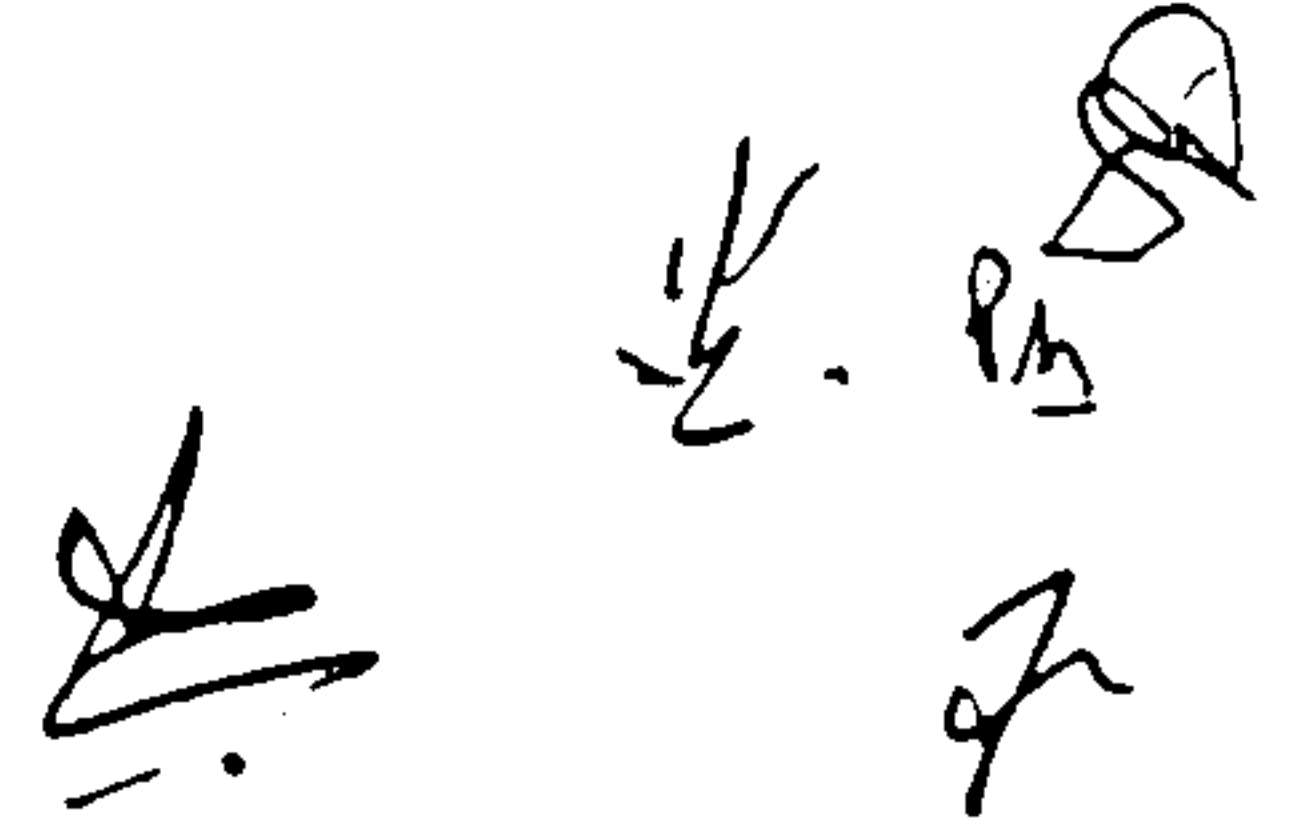
NIHAL SRINATH AMERESEKERE of
No.167/4, Sri Vipulasena Mawatha,
Colombo 10.

PLAINTIFF

CASE NO. 3155/Spl.

- VS -

1. MITSUI & CO., LTD. a Company organized and existing under the Laws of Japan and having the Principal Place of business at 2-1, Ohtemachi 1-Chome, Chiyoda-Ku, Tokyo, Japan and having a Liaison office and/or a Place of business in Sri Lanka at No.315, Vauxhall Street, Colombo 02.
2. TAISEI CORPORATION, a Company organized and existing under the Laws of Japan and having the Principal place of business at 25-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan and having a Liaison Office and/or Place of business in Sri Lanka at No.65, High Level Road, Maharagama and presently of Colombo Hilton Hotel, Echelon Square, Colombo 1.
3. KANKO KIKAKU SEKKEISHA YOZO SHIBATA & ASSOCIATES, Architects & Designers, a corporation duly organized under the Laws of Japan and having the Principal place of business at No.9, Mori Building, 1-2-2, Atago, Minato-ku, Tokyo, Japan.
4. HOTEL DEVELOPERS (LANKA) LIMITED, formerly known as LANKA JAPAN HOTELS LIMITED, and of No.16, Alfred Place, Colombo 03, with an Operational Office at 1000, Echelon Square, Colombo 1.
5. CORNEL LIONEL PERERA, Chairman/Managing Director, Hotel Developers (Lanka) Limited, of 16, Alfred Place, Colombo 03.
6. FREDERICK GERMAIN NOEL MENDIS, Director, Hotel Developers (Lanka) Limited, and of No.51/3, Dharmapala Mawatha, Colombo 03.
7. KAIRSHASP NARIMAN CHOKSY, Director, Hotel Developers (Lanka) Limited, of 23/2, Sir Ernest de Silva Mawatha, Colombo 07.
8. DON PETER SEVERINUS PERERA, Director, Hotel Developers (Lanka) Limited, of No.696/2, Havelock Road, Colombo 06.



9. KAZUTAKA KOBOI, Director of Hotel Developers (Lanka) Limited, and of 6-38, Fujimicho, Chigasaki, Kasagawa, Japan.
10. KANAPATHIPILLAI SHANMUGALINGAM, Director, Hotel Developers (Lanka) Limited, and of No.4, Ramakrishna Avenue, Colombo 06 and presently of 75 1/1, Isipatana Mawatha, Colombo 5.
11. KOJI ITO, Director of Hotel Developers (Lanka) Limited, and presently of No.315, Vauxhall Street, Colombo 02.

DEFENDANTS

WHEREAS the Plaintiff abovenamed instituted the above-styled Derivative Action in law, praying for reliefs against the 1st, 2nd, 3rd and 4th Defendants and sought and obtained Interim Injunctions against the said Defendants as prayed for in the Plaint

AND WHEREAS Their Lordships of the Supreme Court on 2nd December 1992 by Judgment in Supreme Court Appeal Nos. 33/92 and 34/92 affirmed and upheld the Order of the Learned District Judge granting the said Interim Injunctions

WHEREAS the Plaintiff, 1st, 2nd, 3rd and 4th Defendants and the Government of the Democratic Socialist Republic of Sri Lanka have entered into Agreements settling the several issues, including costs, in this Action

AND WHEREFORE, in the circumstances aforesaid, we, the Plaintiff, 1st, 2nd, 3rd and 4th Defendants do hereby jointly and severally move and consent to the withdrawal and dismissal of this Action with the dissolution of the said Interim Injunctions

We also move that this Case be called in open Court on to enable Counsel to support this Motion.

This day of 1995

Attorneys-at-Law
for the Plaintiff

^W
Attorneys-at-Law
for the 1st & 2nd Defendants

Attorneys-at-Law
for the 3rd Defendant

Attorneys-at-Law
for the 4th Defendant

ANNEXURE "B"

REFERRED TO AT CLAUSE 6 OF THE
AGREEMENT NO. 4

IN THE DISTRICT COURT OF COLOMBO

NIHAL SRI AMERESEKERE
No. 167/4, Sri Vipulasena Mawatha
Colombo 10.

PLAINTIFF

CASE NO. 3231/Spl.

- VS -

HOTEL DEVELOPERS (LANKA) LTD.,
formerly known as Lanka Japan Hotel Co.,
No. 16, Alfred Place, Colombo 3.

DEFENDANT

WHEREAS the Plaintiff abovenamed instituted the above-styled Derivative Action in law, praying for reliefs against the Defendant and sought and obtained an Enjoining Order against the said Defendant as prayed for in the Plaint.

AND WHEREAS the Plaintiff, the Defendant, other necessary parties and the Government of the Democratic Socialist Republic of Sri Lanka have entered into Agreements settling the several issues, including costs, pertaining to this Action and the Defendant has appointed another firm of Chartered Accountants to have the Annual Accounts of March 1990 finalised in the context of the said Agreements and the subject matter of this Action.

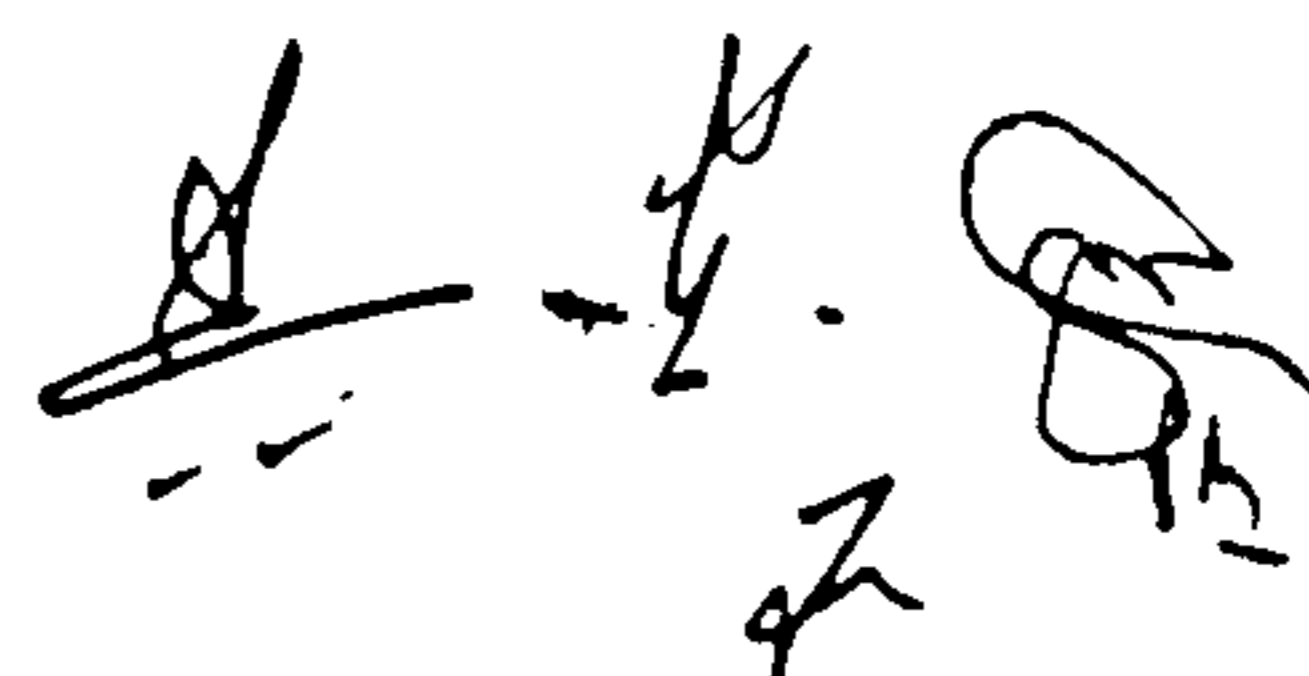
AND WHEREFORE, in the circumstances aforesaid, we, the Plaintiff, and the Defendant do hereby jointly and severally move and consent to the withdrawal and dismissal of this Action.

We also move that this Case be called in open Court on to enable Counsel to support this Motion.

This day of 1995

Attorneys-at-Law
for the Plaintiff

Attorneys-at-Law
for the Defendant



ANNEXURE "X"

REFERRED TO AT CLAUSE 3 (ii) (b) OF THE
AGREEMENT NO. 4

PROCEEDINGS OF GENERAL MEETINGS

Quorum

79. No business shall be transacted at any General Meeting unless a quorum is present when the meeting proceeds to business. Save as herein otherwise provided three members present in person, or by proxy or attorney or in the case of a corporation by an authorised representative shall be a quorum for all purposes.

DIRECTORS' MEETINGS

Quorum

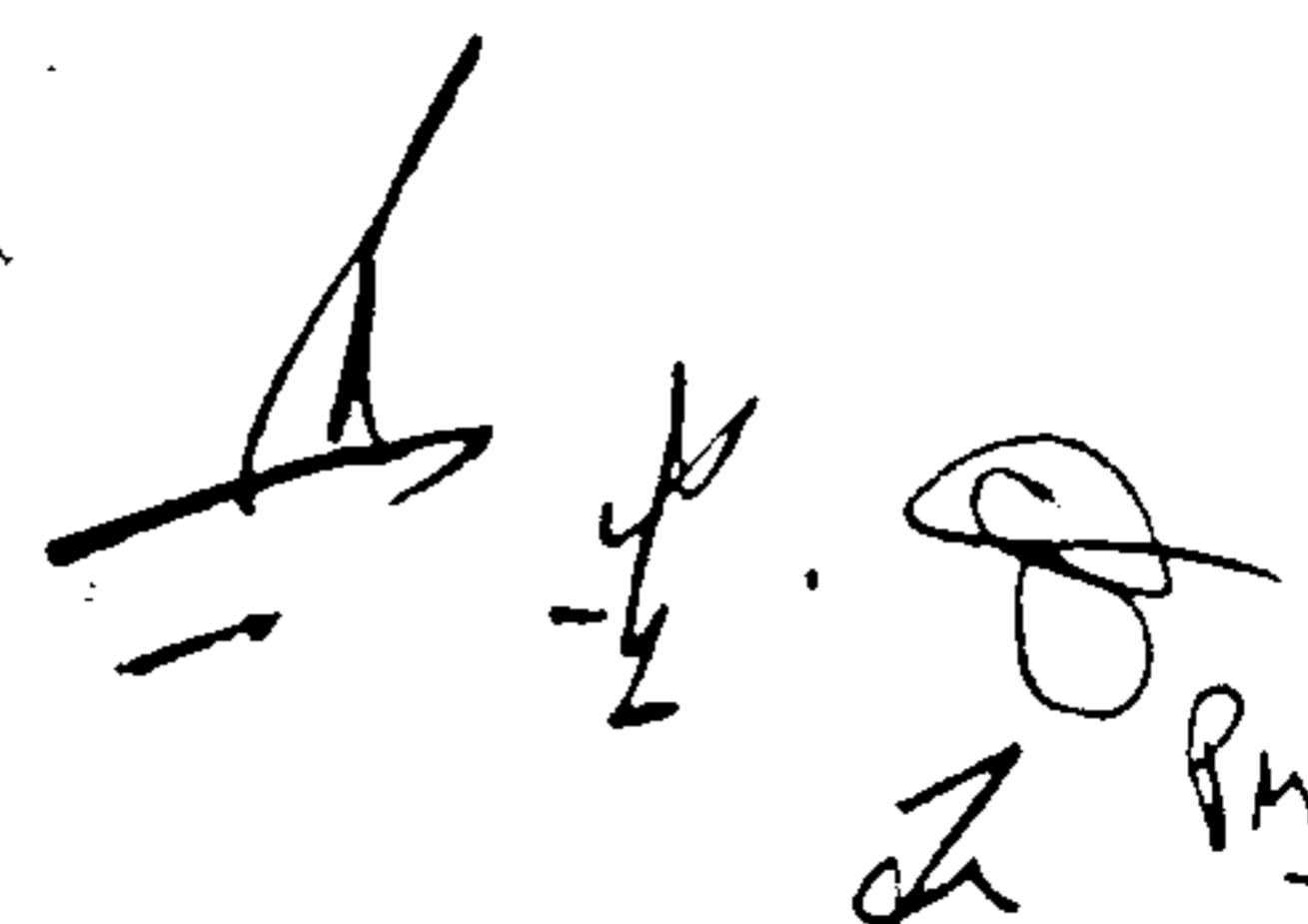
127. The quorum necessary for the transaction of the business of the Directors shall be six Directors personally present or their Alternates at the Meeting.

Majority
decision
to prevail

129. Questions arising at any Meeting shall be decided by a majority of votes, and in case of an equality of votes the Chairman shall have a second or casting vote.

Provided however that no resolution affecting the repayment of the Loan due to the Foreign Collaborators shall be deemed to be passed by the Directors unless a Director appointed by the Foreign Collaborators shall have voted in favour of such resolution.

Provided further that the above proviso shall cease to have effect upon the Loan being repaid by the Company.



ANNEXURE "Y"

REFERRED TO AT CLAUSE 3 (1) (b) OF THE

AGREEMENT NO: 4

Whereas in the context of the promotion of the Colombo Hilton Hotel and/or Hotel Developers (Lanka) Ltd., Nihal Srinath Ameresekere (hereinafter referred to as "Mr. Ameresekere") of 167/4, Sri Vipulasena Mawatha, Colombo 10, having been induced by the main promoters thereof to get involved and/or concerned in the affairs of Sun-Cornel Textiles Ltd., and the Colombo Apothecaries Co. Ltd., and in consideration of the settlement initiated by the Government and the write-offs, reductions and rescheduling referred to in Agreement No. 1, the Government, as the major Shareholder and Guarantor, being a beneficiary thereof and further in the context of the conditions stipulated in Clause 9 in the Agreement No. 4, shall and will assist Mr. Ameresekere in settling D.C. Colombo Actions Numbered 334/M, 335/M and 99607/M instituted by the Peoples Bank and M.C. Negombo Actions Numbered E 19198 and E 27746 and have him released and/or held harmless and/or indemnified therefrom and from any other proceedings and/or Actions presently instituted and/or to be instituted in the future by the Commissioner of Labour and/or others, in connection with Sun-Cornel Textiles Ltd., and/or the Colombo Apothecaries Co. Ltd., and whereas in some of the said Actions, Mr. Ameresekere had been added and/or had been moved to be added as a party and/or an accused, only after the institution of the litigations referred to in the aforesaid Agreement No. 3, to which this Annexure "Y" relates.

SECRETARY, MINISTRY OF }
FINANCE, PLANNING, ETHNIC }
AFFAIRS AND NATIONAL }
INTEGRATION & SECRETARY TREASURY }
in the presence of }

Witnesses:

1.

2.

[Handwritten signatures and initials]

ADDENDUM

TO AGREEMENTS DATED 28TH JUNE 1995

THIS AGREEMENT is made and entered into at Tokyo, Japan and Colombo, Sri Lanka respectively, on the respective dates hereinbelow given,

BY AND BETWEEN

Secretary, Ministry of Finance & Planning and Secretary to the Treasury, (hereinafter referred to as the "Secretary to the Treasury") duly authorised on behalf of **THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA** (hereinafter referred to as the "Government") of the first part,

MITSUI & CO., LTD. a Company organised and existing under the laws of Japan, having its principal place of business at 2-1, Ohtemachi 1-Chome, Chiyoda-ku, Tokyo, Japan, of the second part for itself its successors and permitted assigns, (hereinafter referred to as "Mitsui") of the second part,

TAISEI CORPORATION, a Company organised and existing under the laws of Japan, having its principal place of business at 25-1, Nishi-Shinjuku 1-Chome, Shinjuku-ku, Tokyo, Japan, of the third part for itself its successors and permitted assigns, (hereinafter referred to as "Taisei") of the third part,

NIHAL SRINATH AMERESEKERE of 167/4, Sri Vipulasena Mawatha, Colombo 10, a Shareholder of Hotel Developers (Lanka) Ltd. (hereinafter referred to as "HDL") for himself and his heirs executors and administrators (hereinafter referred to as "Mr. Ameresekere") of the fourth part,

WHEREAS on the 28th day of June 1995 the Party of the First Part for and on behalf of the Government entered into, a) Agreement No. 1 with Mitsui, Taisei and HDL, b) Agreement No. 2 with HDL, and c) Agreement No. 3 with Mr. Ameresekere, for the purpose of settlement of the matters set out in the said Agreements,

AND WHEREAS Mr. Ameresekere accordingly also on the said 28th day of June 1995 entered into Agreement No. 4 with Mitsui, Taisei and HDL

AND WHEREAS due to circumstances beyond the control of the aforesaid parties, inter-alia, due to the institution of Actions numbered 4392/Spl, 4447/Spl, 4414/Spl and 4413/Spl in the District Court of Colombo, the said Agreements more particularly the conditions stipulated therein could not be implemented as committed

AND WHEREAS two of the said Actions numbered 4392/Spl and 4447/Spl have been subsequently dismissed by the said District Court,

AND WHEREAS the implementation of the said Agreements required the fulfilment of certain conditions stipulated in Agreement Nos. 3 and 4 referred to hereinbefore

AND WHEREAS Clause 4 of the said Agreement No. 4 further stipulated that Mitsui and Taisei shall and will not commit any act or omission by abstention or otherwise, which shall or may in any manner whatsoever or howsoever impede the fulfilment of the aforesaid conditions precedent.

AND WHEREAS the Government wishes to continue to maintain without any impediment the cordial relationships with Japan and the Government has been concerned about the delay in the implementation of the aforesaid Agreements

AND WHEREAS in these premises the Government, with the consent and concurrence of Mr. Ameresekere, has now agreed to proceed with the implementation of the said Agreements No. 1 and 2 without the fulfilment of the conditions stipulated in Agreements No. 3 and 4 except as herein specifically provided. It is understood by and between the parties that the Government will take administrative action, as permitted under applicable law, to give effect to the contents of Agreements No. 3 and 4.

NOW THIS AGREEMENT WITNESSETH:


1. Mitsui and Taisei shall and will separately authorise and empower the Government upon and by two respective irrevocable Powers of Attorney, attached hereto, and/or such other valid Instruments in writing inclusive of Proxies executed in favour of the Secretary to the Treasury in such manner, as shall or may be legally required for the Secretary to the Treasury, and/or his representative duly authorised by him in writing in that behalf to exercise voting rights, in respect of 15% Shareholding in HDL out of the Shareholdings held by Mitsui and Taisei in HDL, 7.5% of such Shareholding being from the Shares held by Mitsui and the balance 7.5% of such Shareholding being from the Shares held by Taisei, to make all requisite decisions and vote for the passing of any or all resolutions at Shareholders' Meetings of HDL that may be required to be passed for the fulfilment of the conditions stipulated in the said Agreement No. 4 at Sub-clauses 3(ii)(a), (b), (c), (e, part not yet fulfilled), (g), (h) and 3(iii)(a)(b), which said Powers of Attorney and such other said Instruments shall be deemed and construed to be part and parcel hereof

2. Mitsui and Taisei shall not exercise any rights conferred on them under Articles 79, 127 and 129 of the Articles of Association of HDL except to the extent and effect agreed under and in terms of Annexure "X" to the said Agreement No. 4 referred to at Sub-clause 3(ii)(b) therein until the fulfilment of the aforesaid condition stipulated at the said Sub-clause 3(ii)(b) in the said Agreement No. 4
3. Upon the fulfilment of all and singular the said conditions precedent set forth in Clause 1 hereof, the said Powers of Attorney and/or such other said Instruments granted in favour of the Secretary to the Treasury shall cease to have any force or effect and shall be returned to Mitsui and Taisei by the Secretary to the Treasury
4. The contents of Agreements No. 3 and 4 shall not operate as conditions for the implementation of Agreements No. 1 and 2 and a joint application shall be made to the District Court of Colombo as provided in Clauses 2 and 6 of Agreement No. 4."
5. Clause No. 19 of the aforesaid Agreement No. 1 and Clause No. 5 of the aforesaid Agreement No. 3 and Clause No. 12 of the aforesaid Agreement No. 4 are hereby excluded therefrom.

IN WITNESS WHEREOF the Parties of the First and Fourth Parts have set their respective hands hereunto and to three others of the same tenor and date as these presents at Colombo, Sri Lanka on ^{21st October 1996} and the Parties of the Second and Third Parts have caused the due execution hereof and three others of the same tenor and date as these presents at Tokyo, Japan on ^{18th September 1996}

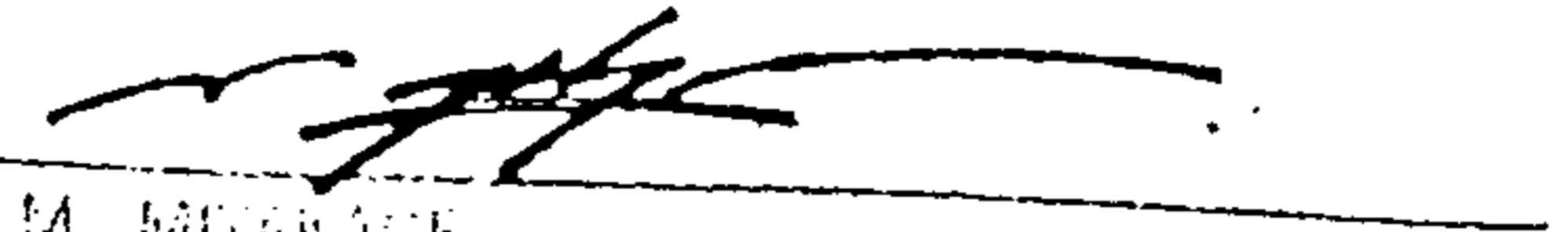
THE PARTY OF THE FIRST PART:

1. [Signature]
2. [Signature]



 B. C. PERERA
 Secretary
 Ministry of Finance and Ministry of Plantations,
 and National Integration
 21. 10. 96

- 2 -

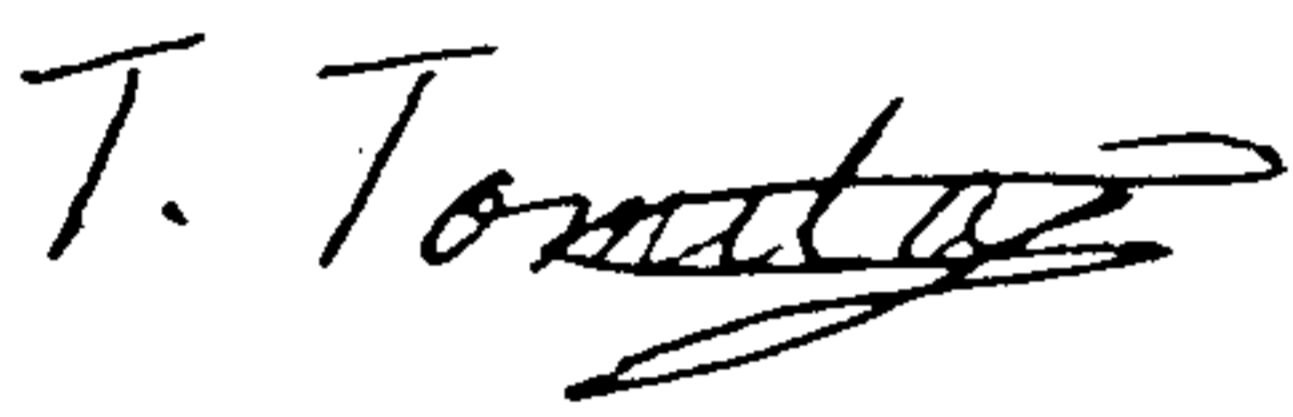

M. MIYAHARA
GENERAL MANAGER,
INTERNATIONAL DEVELOPMENT &.....
CONSTRUCTION DIVISION

THE PARTY OF THE SECOND PART:

1. 


2. 

THE PARTY OF THE THIRD PART:

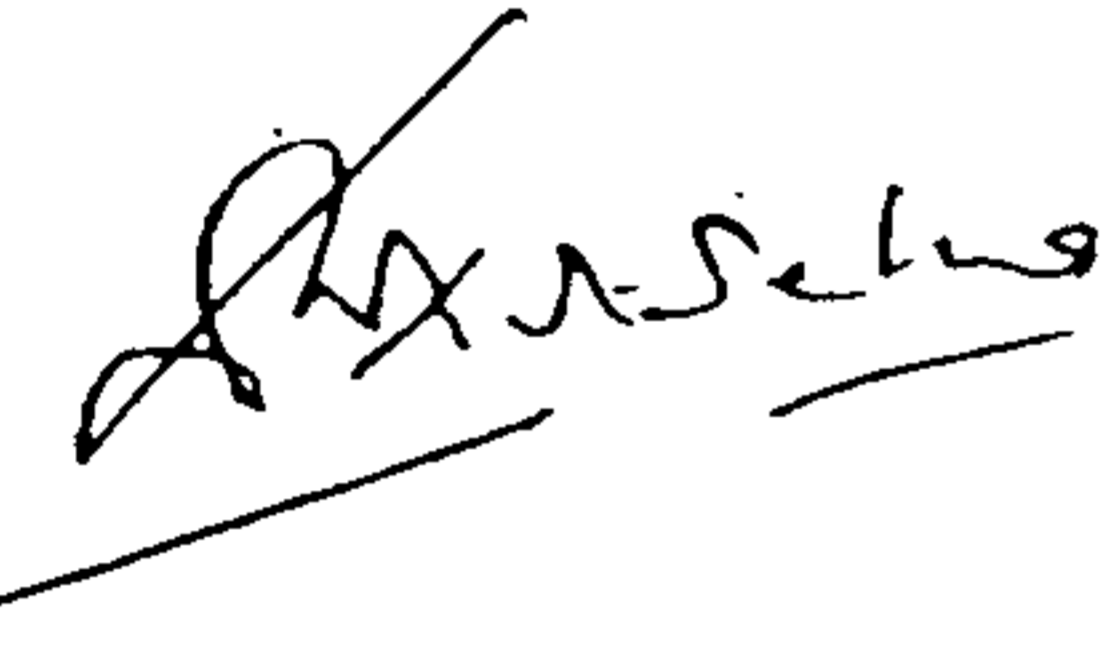
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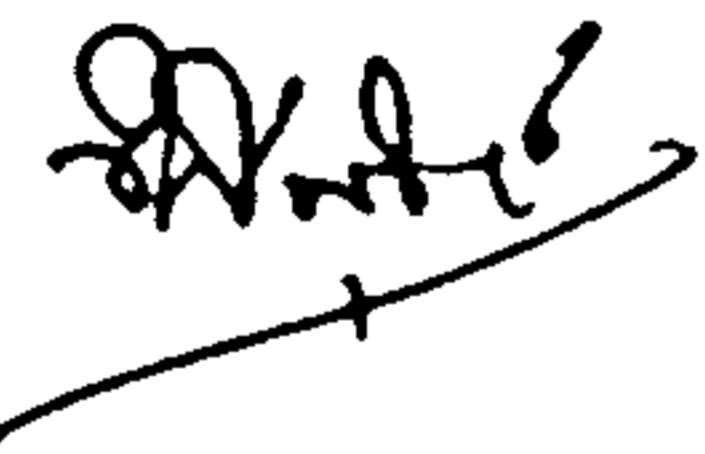
2. 池本 茂


TAISEI CORPORATION


.....
Takamitsu Nakano
General Manager,
Administration Department
International Division

THE PARTY OF THE FOURTH PART:

1. 

2. 


.....
20/10/96



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS THAT WE, MITSUI & CO., LTD., a Company organised and existing under the laws of Japan, having its principal place of business at 2-1, Ohtemachi 1-Chome, Chiyoda-ku, Tokyo, Japan, for itself its successors and permitted assigns,

as required in terms of the ADDENDUM to the Agreements dated 28th June 1995 entered into by and between the Secretary, Ministry of Finance & Planning and Secretary to the Treasury for and on behalf of the Government of the Democratic Socialist Republic of Sri Lanka, Nihal Srinath Amereskere, Taisei Corporation, and ourselves, DO HEREBY NOMINATE CONSTITUTE AND APPOINT BRANDIGAMPOLAGE CHANDRADASA PERERA, THE SECRETARY, MINISTRY OF FINANCE & PLANNING AND SECRETARY TO THE TREASURY of Sri Lanka for the time being and his successor or successors in such office, duly authorised for and on behalf of the Government of the Democratic Socialist Republic of Sri Lanka, TO BE OUR TRUE AND LAWFUL ATTORNEY, to act for us and on our behalf and in our name, hereby giving granting unto him and vesting in him good right, full power, lawful and absolute authority, AS OUR ACT AND DEED to exercise voting rights in respect of a 7.5% (Seven point five percent) Shareholding in HOTEL DEVELOPERS (LANKA) LTD., held by us AND to make all requisite decisions and to vote for the passing of any or all resolutions that may be required for the fulfilment of all and singular the conditions precedent as conditions subsequent, as stipulated and referred to in Clause 1 of the aforesaid ADDENDUM

AND for more perfectly and effectually executing and performing the several matters and things aforesaid, we do hereby give and grant unto our said Attorney and vest in him good right, full power and lawful and absolute authority to appoint and authorise in writing, from time to time, a representative to do execute and perform any or all of the aforesaid matters and things

AND GENERALLY to do execute and perform all such further and other acts deeds matters and things whatsoever required to be done executed and performed in and about or concerning its obligations and duties expressly set forth hereinabove and in the said ADDENDUM and the other Agreements referred to in the 1st and 2nd paragraphs of the recitals of the said ADDENDUM as fully and effectually to all intents and purposes of the said Agreements as we ourselves could or might do execute and perform if personally present and did the same in our proper persons; it being our intent and desire that all matters and things respecting the same shall be under the full management control and direction of our said Attorney

AND whatsoever our said Attorney and/or his representative duly authorised by him in writing in that behalf shall or may lawfully do in such regard by virtue hereof we do hereby promise and agree to ratify and confirm

AND we do hereby further declare and affirm that these Presents shall stand irrevocable until the due fulfilment by by us of the covenants and agreements on our part to be observed and performed under and in terms of the aforesaid ADDENDUM and the other Agreements referred to therein and that these Presents shall be deemed and construed as part and parcel thereof

IN WITNESS WHEREOF, we have caused this Power of Attorney to be executed in our name by our MASAAKI MIYAKAGE in Tokyo, Japan on this 18th day of September One Thousand Nine Hundred and Ninety Six.

MITSUI & CO., LTD.



M. MIYAKAGE
GENERAL MANAGER,
INTERNATIONAL DEVELOPMENT &
CONSTRUCTION DIVISION

WITNESSES



POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS THAT WE, TAISEI CORPORATION, a Company organised and existing under the laws of Japan, having its principal place of business at 25-1, Nishi-Shinjuku 1-Chome, Shinjuku-ku, Tokyo, Japan, for itself its successors and permitted assigns,

as required in terms of the ADDENDUM to the Agreements dated 28th June 1995 entered into by and between the Secretary, Ministry of Finance & Planning and Secretary to the Treasury for and on behalf of the Government of the Democratic Socialist Republic of Sri Lanka, Nihal Srinath Amereskere, Mitsui & Co., Ltd., and ourselves, DO HEREBY NOMINATE CONSTITUTE AND APPOINT BRANDIGAMPOLAGE CHANDRADASA PERERA, THE SECRETARY, MINISTRY OF FINANCE & PLANNING AND SECRETARY TO THE TREASURY of Sri Lanka for the time being and his successor or successors in such office, duly authorised for and on behalf of the Government of the Democratic Socialist Republic of Sri Lanka, TO BE OUR TRUE AND LAWFUL ATTORNEY, to act for us and on our behalf and in our name, hereby giving granting unto him and vesting in him good right, full power, lawful and absolute authority, AS OUR ACT AND DEED to exercise voting rights in respect of a 7.5% (Seven point five percent) Shareholding in HOTEL DEVELOPERS (LANKA) LTD., held by us AND to make all requisite decisions and to vote for the passing of any or all resolutions that may be required for the fulfilment of all and singular the conditions precedent as conditions subsequent, as stipulated and referred to in Clause 1 of the aforesaid ADDENDUM

AND for more perfectly and effectually executing and performing the several matters and things aforesaid, we do hereby give and grant unto our said Attorney and vest in him good right, full power and lawful and absolute authority to appoint and authorise in writing, from time to time, a representative to do execute and perform any or all of the aforesaid matters and things

AND GENERALLY to do execute and perform all such further and other acts deeds matters and things whatsoever required to be done executed and performed in and about or concerning its obligations and duties expressly set forth hereinabove and in the said ADDENDUM and the other Agreements referred to in the 1st and 2nd paragraphs of the recitals of the said ADDENDUM as fully and effectually to all intents and purposes of the said Agreements as we ourselves could or might do execute and perform if personally present and did the same in our proper persons; it being our intent and desire that all matters and things respecting the same shall be under the full management control and direction of our said Attorney

AND whatsoever our said Attorney and/or his representative duly authorised by him in writing in that behalf shall or may lawfully do in such regard by virtue hereof we do hereby promise and agree to ratify and confirm

AND we do hereby further declare and affirm that these Presents shall stand irrevocable until the due fulfilment by by us of the covenants and agreements on our part to be observed and performed under and in terms of the aforesaid ADDENDUM and the other Agreements referred to therein and that these Presents shall be deemed and construed as part and parcel thereof

IN WITNESS WHEREOF, we have caused this Power of Attorney to be executed in our name by ourTakamitsu Nakano..... in Tokyo, Japan on this 18th day of September One Thousand Nine Hundred and Ninety Six.

TAISEI CORPORATION



Takamitsu Nakano
General Manager,
Administration Department
International Division

WITNESSES



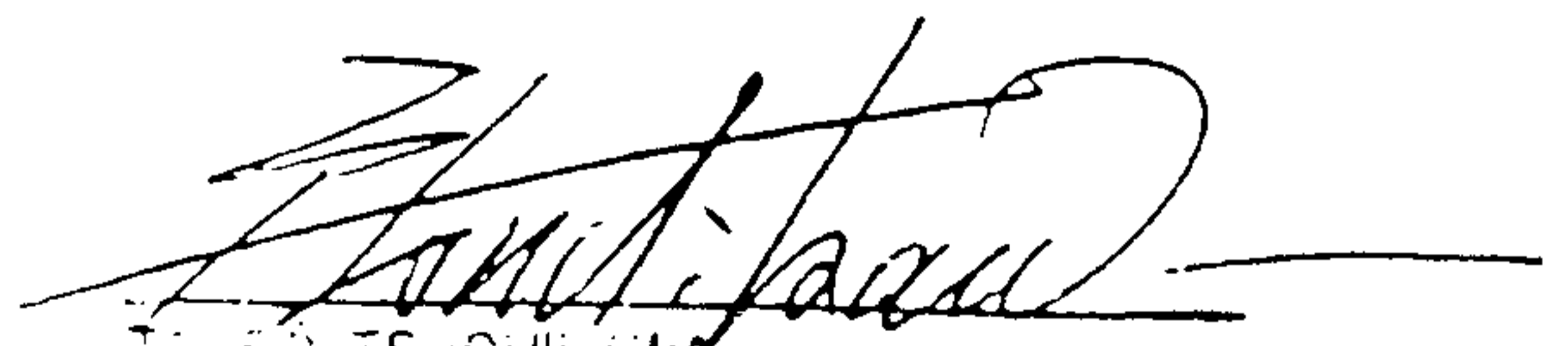
FORM OF PROXY

HOTEL DEVELOPERS (LANKA) LIMITED

We, MITSUI & CO., Ltd., a Company organized and existing under the laws of Japan, being a member of Hotel Developers (Lanka) Limited, do hereby appoint BRANDIGAMPOLAGE CHANDRADASA PERERA, THE SECRETARY, MINISTRY OF FINANCE & PLANNING AND SECRETARY TO THE TREASURY of the Government of the Democratic Socialist Republic of Sri Lanka or the successor or successors for the time being in the said office of the Secretary to the said Ministry and/or the Secretary to the Treasury or any other Officer of the said Ministry and/or the Treasury appointed by the holder at the given time of the said office of the Secretary to the said Ministry and/or the Secretary to the Treasury, as OUR PROXY to speak and vote for us and on our behalf at the Extraordinary General Meeting of the Company to be held on the 12th day of December 1996 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

We hereby authorise that the Proxy may vote as he thinks fit or abstain from voting.

As witness we set our hand this twenty-fifth (25th) day of November, One Thousand Nine Hundred and Ninety Six (1996).


TOSHIRO TSUCHINAWA
EXECUTIVE VICE PRESIDENT
MITSUBISHI & CO., LTD.

FORM OF PROXY

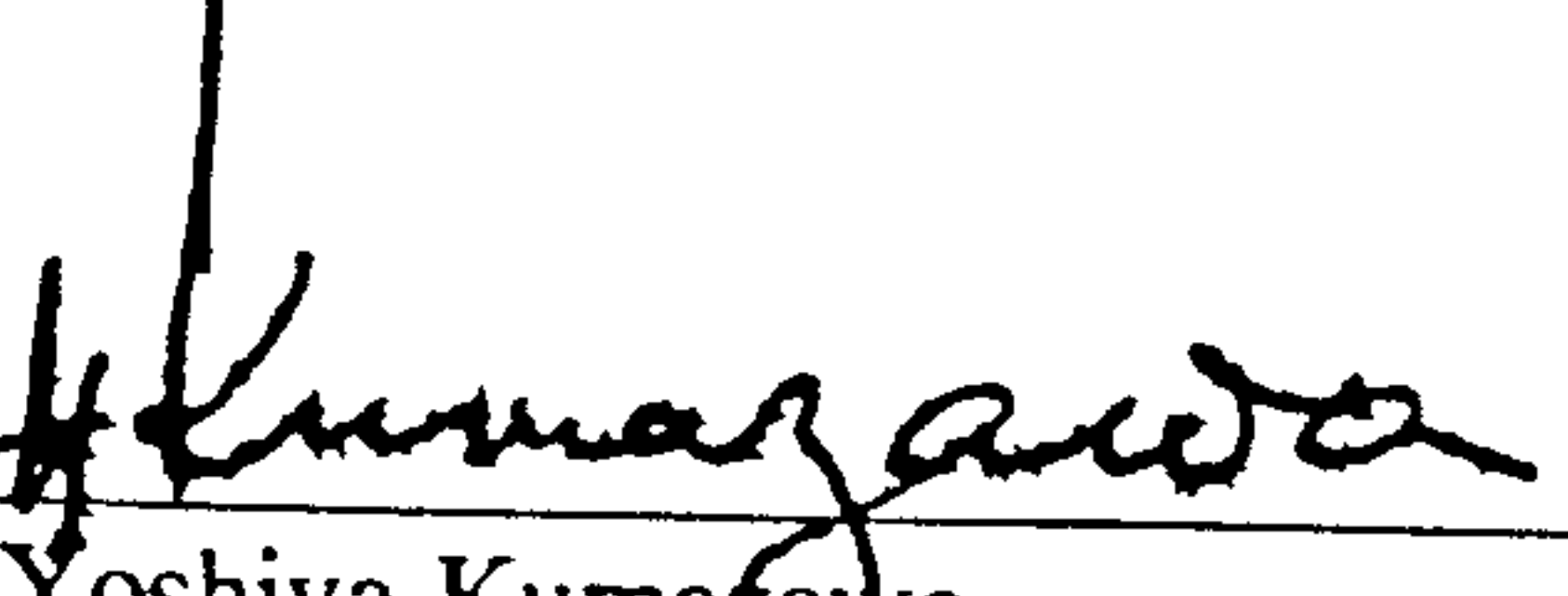
HOTEL DEVELOPERS (LANKA) LIMITED

We, TAISEI CORPORATION, a Company organized and existing under the laws of Japan, being a member of Hotel Developers (Lanka) Limited, do hereby appoint BRANDIGAMPOLAGE CHANDRADASA PERERA, THE SECRETARY, MINISTRY OF FINANCE & PLANNING AND SECRETARY TO THE TREASURY of the Government of the Democratic Socialist Republic of Sri Lanka or the successor or successors for the time being in the said office of the Secretary to the said Ministry and/or the Secretary to the Treasury or any other Officer of the said Ministry and/or the Treasury appointed by the holder at the given time of the said office of the Secretary to the said Ministry and/or the Secretary to the Treasury, as OUR PROXY to speak and vote for us and on our behalf at the Extraordinary General Meeting of the Company to be held on the 12th day of December 1996 and at any adjournment thereof and at every poll which may be taken in consequence thereof.

We hereby authorise that the Proxy may vote as he thinks fit or abstain from voting.

As witness we set our hand this 25th day of November One Thousand Nine Hundred and Ninety Six (1996).

TAISEI CORPORATION


Yoshiya Kumasawa
Executive Director,
General Manager of
International Division

DECREE

**IN THE HIGH COURT OF THE
WESTERN PROVINCE
[SITTING IN COLOMBO]
EXERCISING CIVIL JURISDICTION**

NIHAL SRI AMERESEKERE of
No.167/4, Sri Vipulasena Mawatha,
Colombo 10.

PLAINTIFF

Case No. H.C. (Civil)116/96 (1)
[D.C. Colombo Case No. 3155/Sp1.]

- VS -

1. MITSUI AND COMPANY LIMITED, a Company organized and existing under the Laws of Japan and having the Principal Place of business at 2-1, Ohtemachi 1-Chome, Chiyoda-Ku, Tokyo, Japan and having a Liaison office and/or a Place of business in Sri Lanka at No.315, Vauxhall Street, Colombo 02.
2. TAISEI CORPORATION, a Company organized and existing under the Laws of Japan and having the Principal place of business at 25-1, Nishi-Shinjuku 1-chome, Shinjuku-ku, Tokyo, Japan and having a Liaison Office and/or Place of business in Sri Lanka at No.65, High Level Road, Maharagama and presently of Colombo Hilton Hotel, Echelon Square, Colombo 1.
3. KANKO KIKAKU SEKKFISHA YOZO SHIBATA & ASSOCIATES, Architects & Designers, a corporation duly organized under the laws of Japan and having the Principal place of business at No.9, Mori Building, 1-2-2, Atago, Minato-ku, Tokyo, Japan.
4. HOTEL DEVELOPERS (LANKA) LIMITED, formerly known as LANKA JAPAN HOTELS LIMITED, and of No.16, Alfred Place, Colombo 03, with an Operational Office at 1000, Echelon Square, Colombo 1.
5. CORNEL LIONEL PERERA, Chairman/Managing Director, Hotel Developers (Lanka) Limited, of 16, Alfred Place, Colombo 03.
6. FREDERICK GERMAIN NOEL MENDIS, Director, Hotel Developers (Lanka) Limited, and of No.51/3, Dharmapala Mawatha, Colombo 03.
7. KAIRSHASP NARIMAN CHOKSY, Director, Hotel Developers (Lanka) Limited, of 23/2, Sir Ernest de Silva Mawatha, Colombo 07.
8. DON PETER SEVERINUS PERERA, Director, Hotel Developers (Lanka) Limited, of No.696/2, Havelock Road, Colombo 06.
9. KAZUTAKA KOBOI, Director of Hotel Developers (Lanka) Limited, and of 6-38, Fujimicho, Chigasaki, Kasagawa, Japan.



10. KANAPATHIPILLAI SHANMUGALINGAM, Director, Hotel Developers (Lanka) Limited, and of No.4, Ramakrishna Avenue, Colombo 06 and presently of 75 1/1, Isipatana Mawatha, Colombo 5.
11. KOJI ITO, Director of Hotel Developers (Lanka) Limited, and presently of No.315, Vauxhall Street, Colombo 02.

DEFENDANTS

THIS ACTION COMING ON FOR FINAL DISPOSAL before P. Wijayarathne, Esquire, Judge of the High Court of the Western Province sitting in Colombo exercising Civil Jurisdiction on the 23rd day of October 1996 in the presence of Mr. K.Kanag-Isvaran President's Counsel with Mr. Harsha Cabral, Attorney-at-Law, instructed by Messers De Silva & Perera, Attorneys-at-Law on the part of the Plaintiff, Mr.R. Abdeen, Attorney-at-law, on the part of 1st and 2nd Defendants, Mr. D. Yogendra, Attorney-at-Law on the part of the 3rd Defendant and Mr. A.S.M. Perera, President's Counsel and Additional Solicitor General with Mr. Uditha Egodahewa, State Counsel instructed by Ms. Priyani Peiris, State Attorney on the part of the 4th Defendant and having considered the joint Consent Motion dated 22nd October 1996 and filed on behalf of the Plaintiff and the 1st to 4th Defendants and filed of record,

OF CONSENT IT IS ORDERED AND DECREED:-

- (a) that the Plaintiff instituted the above-styled Derivative Action in law in the District Court of Colombo, praying for reliefs against the 1st, 2nd, 3rd and 4th Defendants and sought and obtained Interim Injunctions against the said Defendants as prayed for in the Plaint
- (b) that Their Lordships of the Supreme Court on 2nd December 1992 by Judgment in Supreme Court Appeal Nos. 33/92 and 34/92 affirmed and upheld the Order of the Learned District Judge granting the said Interim Injunctions
- (c) that the Plaintiff, 1st, 2nd, 3rd and 4th Defendants and the Government of the Democratic Socialist Republic of Sri Lanka have entered into Agreements settling the several issues, including costs, in this Action
- (d) that the 5th to 11th Defendants were named as parties to this Action only in their capacity as the then Directors of the 4th Defendant and no reliefs were claimed against any of them

IT IS FURTHER ORDERED AND DECREED OF CONSENT that the aforementioned Interim Injunctions are hereby dissolved and this Action is hereby dismissed without costs

HIGH COURT JUDGE

Prepared by us:-

Attorneys-at-Law for Plaintiff

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DECREE

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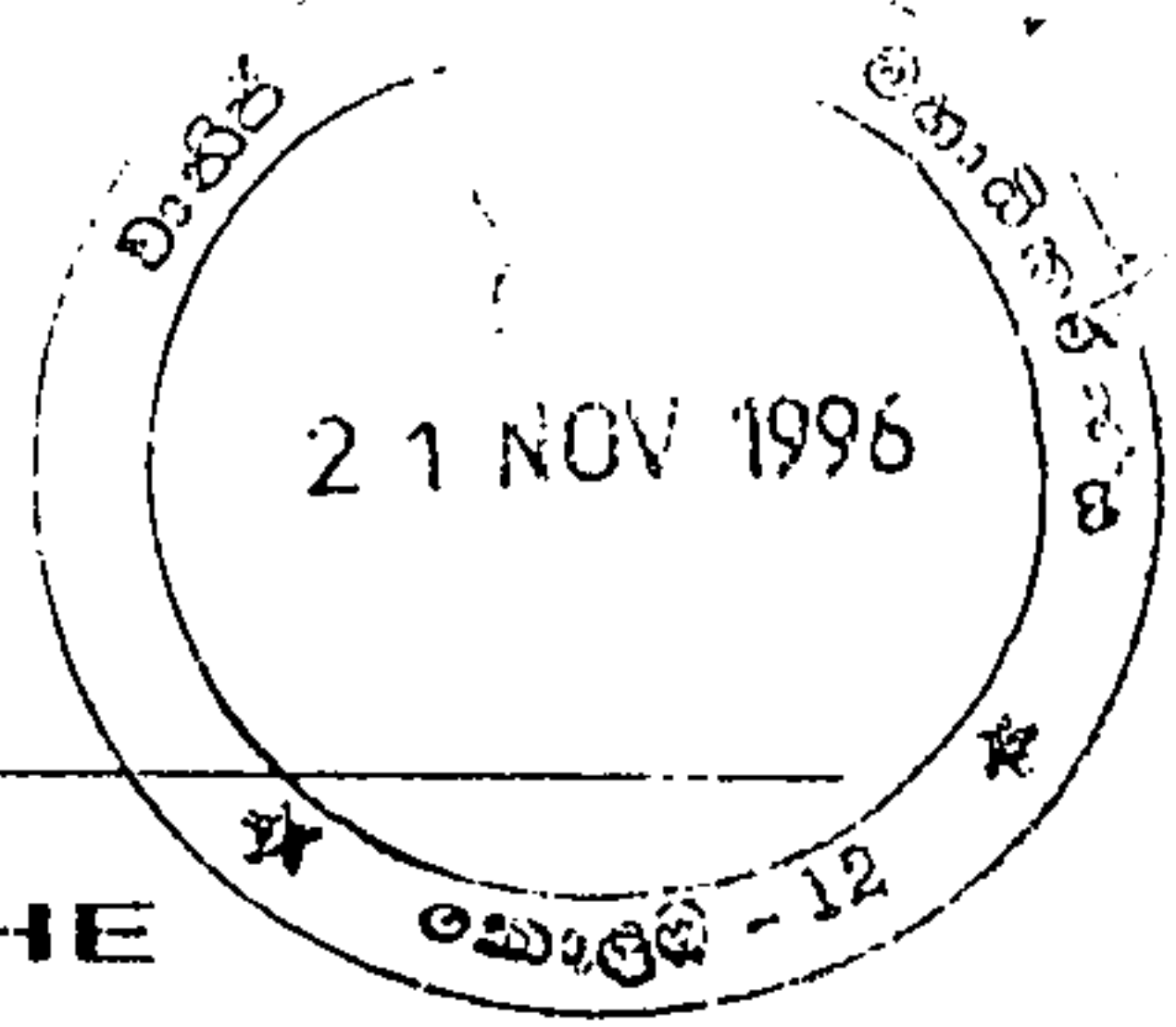
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DECREE



IN THE HIGH COURT OF THE
WESTERN PROVINCE
[SITTING IN COLOMBO]
EXERCISING CIVIL JURISDICTION

NIHAL SRI AMERESEKERE
No. 167/4, Sri Vipulasena Mawatha
Colombo 10.

PLAINTIFF

Case No. H.C. (Civil) 134/96 (1)
(D.C. Colombo Case N: 3231/Sp.)

- VS -

HOTEL DEVELOPERS (LANKA) LTD.,
formerly known as Lanka Japan Hotel Co.,
No. 16, Alfred Place, Colombo 3.

DEFENDANT

THIS ACTION COMING ON FOR FINAL DISPOSAL before P. Wijayarathne, Esquire, Judge of the High Court of the Western Province sitting in Colombo exercising Civil Jurisdiction on the 23rd day of October 1996 in the presence of Mr. K. Kanag-Isvaran, President's Counsel with Mr. Harsha Cabral, Attorney-at-Law, instructed by Messers De Silva & Perera, Attorneys-at-Law on the part of the Plaintiff and Mr. A.S.M. Perera, President Counsel and Additional Solicitor General with Mr. Uditha Egodaheewa, State Counsel, instructed by Ms. Priyani Peiris, State Attorney on the part of the Defendant and having considered the joint Consent Motion dated 22nd October 1996 and filed on behalf of the Plaintiff and the Defendant and filed of record

OF CONSENT IT IS ORDERED, AND DECREED:-

- (a) that the Plaintiff abovenamed instituted the above-styled Derivative Action in law, praying for reliefs against the Defendant and sought and obtained an Enjoining Order against the Defendant as prayed for in the Plaint
- (b) that the Plaintiff, the Defendant, other necessary parties and the Government of the Democratic Socialist Republic of Sri Lanka have entered into Agreements settling the several issues, including costs, pertaining to this Action
- (c) that the Defendant do appoint another firm of Chartered Accountants as the Auditors of the Defendant to have the Annual Accounts of March 1990 finalised and certified in the context of the aforesaid Agreements and the subject matter of this Action

IT IS FURTHER ORDERED AND DECREED OF CONSENT that the aforementioned Enjoining Order is hereby dissolved and this Action is hereby dismissed without costs

HIGH COURT JUDGE

Prepared by us:-

Attorneys-at-Law for Plaintiff

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15/11/96

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