

THE COMPANIES ACT 1985
PUBLIC COMPANY LIMITED BY SHARES
NEW ARTICLES OF ASSOCIATION

- of -

VACCINE RESEARCH INTERNATIONAL PUBLIC LIMITED COMPANY

PRELIMINARY

1. DEFINITIONS

1.1 In these Articles, unless the context otherwise requires, expressions defined in the Companies Act 1985 shall bear the meanings so defined and the words standing in the first column of the following table shall bear the meanings set opposite to them respectively in the second column:

"the Act" The Companies Act 1985 as amended from time to time

"these Articles" these Articles of Association as from time to time altered or added to by special resolution

"Board" a duly convened meeting of the directors of the Company at which a quorum is present

"the Company" Vaccine Research International Plc

"Deferred Ordinary Shares" each of the A, B, and C Deferred Ordinary Shares in the in the capital of the Company with a nominal value of 0.1p each, having the rights set out in these Articles

"the directors" the directors of the Company or their alternates

"Family Trust" **"Family Company"** and **"Family Member"** have the meanings in article 7

"Founder Member" the registered holder of a Founder Share who was also the original allottee of any Founder Share or a direct or indirect Permitted Transferee of that allottee

"Founder Share" any Share allotted before the POS Equity Finance or allotted pursuant to an option or warrant granted before the POS Equity Finance

"Further Finance" further finance required after the POS Equity Finance

"In writing" written or produced by any substitute for writing in a legible form and non-transitory form, including photocopies, printing or facsimile or other visual representation, or partly written and partly so produced

"Investment Exchange" means a Recognised Investment Exchange, a Recognised Overseas Investment Exchange or a Regulated Market all as defined in the Financial Services & Markets Act 2000 or in a regulation made under it or in connection with it

"Listing" means any Shares in the Company becoming listed or dealt on an Investment Exchange

"Member" the registered holder of a Share

"Month" calendar month

"the Office" the registered office for the time being of the Company

"0.1p Ordinary Share" an ordinary share in the capital of the Company with a nominal value of 0.1p having the rights set out in these Articles

"10p Ordinary Share" an ordinary share in the capital of the Company with a nominal value of 10p having the rights set out in these Articles

"Paid up" Paid up or credited as paid up

"Phase II Trial" studies in a limited number of patients with the relevant disease or disorder to assess safety and efficacy in connection with the Project

"POS Equity Finance" the first round public offer of Shares made by the Company in or about July 2002

"Project" the development of the vaccine technology against staphylococcal infections

"the Register" the register of Members of the Company

"Relevant Date" the earlier of the expiry of two years from the date of the prospectus for the Supplemental POS Equity Finance or the completion of the second round of financing for the Phase II Trial (the dates, in each case, as determined by the Board)

"Relevant Sale" the sale of all the Ordinary Shares (10p Ordinary Shares and 0.1p Ordinary Shares) in the Company (except, if relevant, those that the purchaser already owns) or of all or substantially all of the assets of the Company at an equivalent price

"the Seal" the common seal of the Company

"Second Relevant Date" means the date 8 years from the date of the prospectus for the Supplemental POS Equity Finance

"Share" an issued share in the capital of the Company

"Supplemental POS Equity Finance" the second public offer of Shares made by the Company in or about April 2004

"the United Kingdom" Great Britain and Northern Ireland

"year" calendar year

1.2 Interpretation

- (a) Words importing the singular only shall include the plural and vice versa; and
- (b) Words importing the masculine gender only shall include the feminine gender; and
- (c) Words importing persons shall include corporations, the expressions "debenture" and "debenture holder" shall include debenture stock and debenture stockholder, and the expression "secretary" shall include a temporary or assistant secretary and any person appointed by the directors to perform any of the duties of the secretary;
- (d) references in these Articles to the Act or any Provision of the Act shall, where the context so admits, be construed as a reference to the relevant provision as modified by any enactment for the time being in force.

1.3 Non-application of Table A

The regulations constituting Table A in the Companies (Tables A to F) Regulations 1985 shall not apply to the Company.

2. SHARE CAPITAL

- 2.1 The present share capital of the Company is £751,650 divided into 7,500,000 Ordinary Shares of 10p each, 500,000 Ordinary Shares of 0.1p each, 500,000 A Deferred Ordinary Shares of 0.1p each, 125,000 B Deferred Ordinary Shares of 0.1p each, 25,000 C Deferred Ordinary Shares of 0.1p each and 500,000 D Deferred Ordinary Shares of 0.1p each. Save as mentioned in these Articles, each of the Shares shall have equal rights in all respects.
- 2.2 The Company may, pursuant to Section 97 of the Act, pay commission for the sale of Ordinary Shares at a rate not exceeding 10% of the price at which the Shares are issued.
- 2.3 Except as authorised or required by law or by these Articles, no person shall be recognised by the Company as holding any Share on any trust, and the Company shall not be bound by or recognise (even when having notice of it) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or (except only as provided by these Articles or by law) any other rights in respect of any Share except an absolute right to the entirety of the share in the registered holder.
- 2.4 Subject to the provisions of the Act and without prejudice to any rights attached to any existing Shares, any Share may be issued with such rights or restrictions as the Company may by ordinary resolution determine.
- 2.5 Subject to the provisions of the Act, Shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the holder on such terms and in such manner as may be provided by the Articles.
- 2.6 If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may, subject to the provisions of Section 125 of the Act and whether or not the

Company is being wound up, be varied or abrogated with the consent in writing of the holders of three-fourths of the issued Shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the Shares of the class. To every such separate general meeting the provisions of these Articles relating to general meetings shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy one-third of the issued shares of the class (but so that if at any adjourned meeting of such holders a quorum is not present, the holders present shall form a quorum), and any holder of Shares of the class present in person or by proxy may demand a poll.

- 2.7 The rights attached to any class of Shares shall not (unless otherwise provided by the terms of issue of such Shares) be deemed to be varied by the creation or issue of further Shares ranking in any respect *pari passu* with that class.
- 2.8 Every person whose name is entered as a Member in the register shall be entitled without payment, to one certificate for all his Shares of each class, but in the case of Shares held jointly by several persons the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all.
- 2.9 A Member who has transferred part of the shares registered in his name shall be entitled to a certificate for the balance without charge.
- 2.10 If a share certificate is worn out, defaced, lost or destroyed a new certificate may be issued on surrender of the existing certificate (if the same is available), and on such other terms, if any, as to evidence and indemnity as the directors think fit.
- 2.11 Subject to the provisions of the Act, the Company may purchase its own shares (including any redeemable shares), but shall not, except as authorised in accordance with the Act, give any financial assistance for the purpose of an acquisition of its shares, or of reducing or discharging a liability incurred for that purpose.

3. **Deferred Ordinary Shares**

- 3.1 Deferred Ordinary Shares shall have no rights attaching to them whatsoever except as set out in this article 3.
- 3.2 Holders of Deferred Ordinary Shares shall have the option to convert each of their Deferred Ordinary Shares into one 10p Ordinary Share at the following conversion prices (less any sum already paid up on the Shares):

Class of Deferred Ordinary Shares	Conversion Price
A	£1
B	£1.40
C	10p
D	10p or such higher price as Directors determine

Conversion may take place of any or all Deferred Ordinary Shares held by a Member in respect of any of the following events, and may also take place at the election of a Member at any of the following events, and may also take place at the election of a Member at any other time or times before the Second Relevant Date so long as no notice of repurchase in respect of the relevant Shares has then been given by the Company under article 3.3.

- (a) on a Listing on or before the Second Relevant Date; or
- (b) on a Relevant Sale on or before the Second Relevant Date, conditional on completion of such Relevant Sale and such new 10p Ordinary Shares shall be included in such Relevant Sale; or
- (c) if there is no Listing or Relevant Sale before the Second Relevant Date, on the Second Relevant Date

(each of (a), (b) and (c) being a "**Conversion Event**").

3.3 The Company shall give prior notice to all holders of Deferred Ordinary Shares of a Conversion Event as soon as it is reasonably able to do so in the event of a Relevant Sale or Listing, and no less than 30 days before the Second Relevant Date, and within 10 days of receipt of such notice, the holders of Deferred Ordinary Shares shall notify the Company in writing of whether they wish to elect, conditional upon completion of a proposed Relevant Sale or Listing if appropriate, to convert some or all of their Deferred Ordinary Shares into 10p Ordinary Shares. If a holder of Deferred Ordinary Shares does so elect, he shall remit to the Company the relevant share certificates for the Deferred Ordinary Shares together with the conversion purchase price. Any failure to notify the Company in accordance with this article 3.3 shall, in the absence of manifest error, be deemed to be an election not to convert and the Company shall have the right by written notice to purchase all Deferred Ordinary Shares that do not, or are deemed not to, convert for the nominal value of such Deferred Ordinary Shares after the Relevant Date.

3.4 The difference between the nominal value of the Deferred Ordinary Shares and the applicable conversion price of the Ordinary Shares into which they shall convert (the "**Capital Difference**"), shall be accounted for as follows:

- (a) On a Sale, the price payable by the Buyer for the Ordinary Shares into which the Deferred Ordinary Shares have converted shall be reduced by the Capital Difference, and the amount of that reduction shall be paid by the Buyer to the Company by way of subscription money on the Shares concerned;
- (b) On a Listing, the Company shall be authorised to sell on the relevant Investment Exchange such amount of the Ordinary Shares into which the Deferred Ordinary Shares have converted as is required to raise the Capital Difference and shall use such proceeds to pay up the Capital Difference, unless the financial advisor to the Company shall advise the Company that the Ordinary Shares into which the Deferred Ordinary Shares shall convert must be fully paid up before such a Listing, in which case the registered holder of the Deferred Ordinary Shares shall remit to the Company on account of the Capital Difference in respect of the Shares concerned the sum of 9.9 pence per Deferred Ordinary Share he elects to convert (such amount to be rounded up in the event of a fraction and to be adjusted, as certified by the auditors of the Company, in the event of a subdivision or consolidation of Shares prior to such Conversion Event);

- (c) If the registered holder of Deferred Ordinary Shares elects to convert such shares pursuant to article 3.2 (c), or otherwise in the absence of a Listing or Relevant Sale, such member shall remit to the Company the amount of the Capital Difference per Deferred Ordinary Share he elects to convert (such amount to be rounded up in the event of a fraction and to be adjusted, as certified by the auditors of the Company, in the event of a subdivision or consolidation of Shares prior to such Conversion Event).

3.5 Upon a conversion in accordance with article 3.2 (a "**Conversion**")

- (a) The shareholder shall remit the conversion price to the Company;
- (b) the Conversion shall be approved by the Board;
- (c) the holders of the relevant Deferred Ordinary Shares shall be required to return the Deferred Ordinary Shares to the Company for cancellation;
- (d) the Company Secretary shall make the necessary entries in its register of Members and shall issue new share certificates to the holders of the relevant Shares as appropriate; and
- (e) the Company Secretary shall be instructed to file all Companies House forms in connection with the Conversion.

4. **ISSUE OF SHARES**

4.1 For the purposes of section 80 of the Act the directors are hereby authorised to allot relevant securities at any time or times during the period of five years from the date of adoption of these Articles up to the amount of the authorised share capital of the Company remaining unissued at the time of that adoption. The Company may make any offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after this authority has expired, and the directors may allot relevant securities in pursuance of any such offer or agreement.

4.2 Sections 89(1) and 90(1) to 90(6) inclusive of the Act shall not apply to the Company.

4.3 Subject to article 4.4 below, before any agreement or offer is made by the Company to allot Shares or to grant an option allowing someone to call for Shares to be allotted to him, the directors shall offer the Shares or rights concerned to the Members holding Ordinary Shares in accordance with the following procedure.

4.4 The provisions of Articles 4.5 - 4.13 shall not apply:

- (a) to Shares allotted pursuant to the Supplemental POS Equity Finance;
- (b) to the allotment of the following Deferred Ordinary Shares to Charles Street Securities, Inc:

Class of Deferred Ordinary Shares	Number
A	500,000
B	107,143

- (c) to the grant of warrants or options over up to 250,000 10p Ordinary Shares at the price of 10p per Share at the discretion of the Board, and to any allotment of Shares pursuant to such warrants or options;
 - (d) to any allotment of, and/or grant of options or warrants over, up to 2,000,000 10p Ordinary Shares (in addition to the Shares referred to in (a), (b) and (c) above) on one or more than one occasion for the purposes of Further Finance at a price per share equal to or great than the price applicable under the POS Equity Finance;
 - (e) to any allotment of D Deferred Ordinary Shares to a financial adviser or underwriter in connection with an allotment to which (d) above applies.
- 4.5 Every offer to Members under this article 4, not being an offer to which article 4.4. applies (an "Offer") shall comprise of Shares of each class in proportion to the number in issue at the offer date.
- 4.6 All Offers shall be in writing to the Members concerned and shall specify:
- (a) The number and class of shares being offered;
 - (b) The price per share (which shall be a sterling price);
 - (c) The person who is to be allotted any Shares not taken up by the Offer; the proposed beneficial owner of the Shares if different, and the person(s) controlling the proposed allottee of a body corporate;
 - (d) Such other information as the directors consider will reasonably assist the Members in evaluating the Offer.
- 4.7 All Offers shall specify the period (being not less than 30 days) for which they remain open (the "**Offer Period**"). They shall be irrevocable. Acceptances shall be in writing to the Office, shall specify a maximum and minimum number of Shares applied for, and must be received before 5.30pm London time on the last day of the Offer Period.
- 4.8 Acceptances shall be irrevocable. Offers shall specify the same terms for Shares irrespective of class.
- 4.9 Members shall be allotted the maximum number of Shares requested, unless there are insufficient Shares of any class in the Offer, in which case the Shares of that class shall be allotted between holders of Shares of that class pro rata to the Shares of that class they each hold, subject to any specified maximum or minimum, and subject thereto shall be allocated to existing holders of Shares of other classes pro rata to the Shares so held. Shares so allocated to holders of Shares of a different class shall be converted to that different class.
- 4.10 Allotments pursuant to the process in this article 3 shall be completed at the Office 2 business days after the last day of the Offer Period when allottees will pay the allotment price (or relevant instalment) in full, which shall be a debt due to the Company. Time is of the essence in respect of this obligation.

- 4.11 Some or all Shares remaining after the procedure in articles 4.5 to 4.10 may within 60 days of the end of the Offer Period be issued to the person named in the Offer on terms no more favourable than any terms contained in the Offer for the Shares save that the price may be adjusted for any difference in dividend participation rights resulting from the different allotment date, failing which this article 4 shall again apply to any subsequent allotment.
- 4.12 Holders of options to be allotted Shares may be granted by the Board the right to participate in Offers, in which case this article 4 shall apply as if references to Shares held by Offerees included unallotted shares to which the options apply.

5. **LIEN**

- 5.1 The Company shall have a first and paramount lien on every share (not being a fully paid share) for all sums (whether currently payable or not) called or payable at a fixed time in respect of that share, and the Company shall also have a lien on all shares (other than fully-paid shares) standing registered in the name of a single person for all sums payable by him or his estate to the Company; but the directors may at any time declare any share to be wholly or in part exempt from the provisions of this regulation. The Company's lien, if any, on a share shall extend to all distributions attributable to that share.
- 5.2 The Company may sell in such manner as the directors think fit any shares on which the Company has a lien, but no sale shall be made unless some sum in respect of which the lien exists is payable, or until the expiration of 14 clear days after a notice in writing, stating and demanding payment of the sum payable, has been given to the registered holder for the time being of the share, or the person entitled to the share by reason of his death or bankruptcy.
- 5.3 To give effect to a sale the directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The title of the transferee to the shares shall not be affected by any irregularity in or invalidity of the proceedings in reference to the sale.
- 5.4 The net proceeds of the sale shall be applied in payment of so much of the sum for which the lien exists as is payable, and any residue shall be held (subject to a like lien for sums not currently payable as existed upon the shares prior to the sale) by the Company on behalf of the person entitled to the shares at the date of the sale, but subject to surrender to the Company for cancellation of the certificate for the shares sold.

6. **CALLS ON SHARES**

- 6.1 Subject to the terms of allotment, the directors may from time to time make calls upon the Members in respect of any sums unpaid on their shares, and each Member shall (subject to receiving at least 14 clear days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on his shares. A call shall be deemed to have been made at the time when the resolution of the directors making the call was passed.
- 6.2 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect of it.

- 6.3 If a call is not paid before or on the day appointed for payment, the person from whom the sum is due shall pay interest upon the amount unpaid at the rate of 15 per cent per annum from the day appointed for the payment to the time of the actual payment, but the directors shall be at liberty to waive payment of such interest wholly or in part.
- 6.4 The provisions of these Articles as to payment of interest shall apply in the case of nonpayment of any sum which by the terms of issue of a Share becomes payable at a fixed time whether on account of the amount of the share, or by way of premium, as if it had become payable by virtue of a call duly made and notified.
- 6.5 Subject to the terms of allotment, the directors may make arrangements on the issue of shares for a difference between the holders in the amounts and times of payment of calls on their shares.

7. **TRANSFER AND TRANSMISSION OF SHARES**

7.1 Subject to the provisions contained in this article Shares shall be transferable by written instrument in any common form signed by or on behalf of the transferor and (unless the Share is fully paid) the transferee and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of Members as the holder of that share.

7.2 No transfer, sale or other grant or disposal of any interest in any Share in the Company by any Member shall be made except as permitted by the provisions of these Articles.

7.3 In this article 7:

"Permitted Transferee" means in relation to any Member, each of the following:

- (a) The spouse or former spouse of that Member, and any child, grandchild or remote descendent or stepchild or foster child of the Member or of such a spouse or former spouse ("**Family Member**");
- (b) A trustee of any trust under the laws of any territory (a "**Family Trust**") which is a trust under which no beneficial interest in the shares in question is or is capable of being vested in anyone other than the Member concerned or a Family Member, or a charity; and
- (c) A body corporate (established in any jurisdiction) (a "**Family Company**") all the ordinary shares of which are controlled by the Member concerned or a Family Member or Family Trust.

7.4 Any Shares may be transferred:

- (a) To a Permitted Transferee of the Member concerned;
- (b) From such a Permitted Transferee to another person who is a Permitted Transferee of the Member who was the transferor in the first of any series of consecutive transfers to Permitted Transferees (the "**Original Member**").

7.5 If a person holding Shares pursuant to one or a series of transfers to Permitted Transferees of the Original Member ceases to be a Permitted Transferee in respect of that Original

Member, he shall promptly notify the Board in writing of the event referring to this article 7.5, and be deemed to have given a forced Transfer Notice in respect of all Shares held by him on such date as the Board may specify by written notice to him, being a date on or after the date on which that event occurred. The Transfer Price under the forced Transfer Notice shall be the Market Value determined in accordance with article 10 unless it is agreed between the relevant Member and the Board before the expiry of 7 days from the date of the written notice from the Board. The right of the Board to give such a notice will lapse if not exercised within 90 days of the notice from the Member concerned.

7.6

- (a) The directors may decline to register any transfer of a Share which is not fully paid without assigning any reason, and may also decline to register any transfer of any Share on which the Company has a lien. The directors may suspend the registration of transfers for such periods (not exceeding 30 days in any year) as they may determine. The directors may decline to recognise any instrument of transfer unless:
 - (i) The instrument of transfer is duly stamped and accompanied by the certificate of the shares to which it relates, and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer;
 - (ii) It relates only to one class of Shares; and
 - (iii) It is in favour of less than five transferees.
- (b) The directors may decline to register any transfer of a Share provided that the discretion in this Article 7.6(b) is not exercised unreasonably and shall decline to register any transfer:
 - (i) Registration of which would increase the number of members beyond any prescribed limit;
 - (ii) Which relates to Shares on which the Company has a lien;
 - (iii) Which is to a bankrupt, a person of unsound mind or a competitor who has not been approved in accordance with Articles 7.12;
 - (iv) In the event that the buyer has not complied with the provisions of Article 7.13;
- (c) If the directors refuse to register a transfer of any Shares they shall within seven days after the date on which the transfer was lodged with the Company send to the transferee notice of the refusal, and in the case of a refusal under Article 6.6(b) the notice will be accompanied by details of the reasons for the refusal.

7.7 Any Shares allotted pursuant to the POS Equity Finance may be transferred by the Member for the time being in respect of that Share to any person.

7.8 The personal representatives of a deceased sole holder of a Share shall be the only persons recognised by the Company as having any title to the share. In the case of a Share

registered in the names of two or more holders, the survivors or survivor, or the personal representatives of a deceased last survivor, shall be the only persons recognised by the Company as having any title to the share.

- 7.9 A person becoming entitled to a Share in consequence of the death or bankruptcy of a Member shall, upon such evidence being produced as may from time to time be required by the directors, have the right, either to be registered as a Member in respect of the share, or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt Member could have made; but the directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt before the death or bankruptcy.
- 7.10 A person becoming entitled to a Share by reason of the death or bankruptcy of the holder shall be entitled to the rights to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as the holder of the share, be entitled in respect of it to attend or vote at meetings of the Company or of any class of its Members.
- 7.11 Any Shares allotted to a Founder Member may be transferred to any person, but only after the Relevant Date.
- 7.12 Transfers may only be made to competitors of the Company with the prior written approval of the Board. The classification of any person as a competitor shall be at the sole discretion of the Board, save that this Article 7.12 shall not prevent a Sale of Shares under Articles 8.3 or 8.4.
- 7.13 In the event that a buyer buys any interest under an option or a warrant to be allotted shares the seller and the buyer shall enter into such novation provisions in respect of that warrant or options as the Board (acting reasonably) requires.

8. DRAG AND TAG RIGHTS

- 8.1 All notices under this Article 8 shall be irrevocable unless otherwise specified in these Articles.
- 8.2 The provisions of Article 8.3 and 8.4 shall not apply to the Deferred Ordinary Shares (which are subject to Article 3.3).
- 8.3 Subject to the preceding provisions of this Article 8, in the event that a Member or Members holding 75% or more in nominal value of the Shares, either alone or acting in concert with another party (within the meaning set out in the City Code on Take-overs and Mergers) (the "**Vendors**") propose to sell that percentage or more of the Shares in the Company (the "**Sale**"), the following shall apply:
- (a) Vendors shall have the right (the "**Drag Along Right**") to require all other Shareholders (the "**Called Shareholders**") to accept in full the offer made to them provided that such offer is at a price per Share equal to the highest price paid or payable by the proposed purchaser to the Vendors and is a bona fide arm's length cash offer. This Article 8.3 is without prejudice to the pre-emption provisions of these Articles in respect of the Sale, but any of the Shares proposed to be sold in respect of which those pre-emption rights are exercised shall continue to be included in calculating the 75% referred to above;

- (b) The Drag Along Right may be exercised by the Vendors serving notice to that effect (the "**Drag Along Notice**") on the Called Shareholders at any time and shall specify
- (i) the number and class of Shares which the Vendors propose to sell;
 - (ii) the third party to whom the Vendors wish to sell their Shares and the identity of any person owning or controlling that third party;
 - (iii) the consideration (the "**Offer Price**") per Share (which must be the same for all Shares in the same class and be a sterling price);
 - (iv) unpaid dividends to be retained by the Vendors; and
 - (v) the date on which the sale and purchase of Shares will be completed which will not be less than 30 days after but not including the date of the Drag Along Notice. The Drag Along Notice shall constitute an Offer to all Shareholders on which it is served to sell their Shares (excluding the Deferred Shareholders who are subject to 3.3 above) on the terms set out therein.
- (c) A Drag Along Notice once given shall be irrevocable but shall lapse (and the obligations thereunder shall lapse) in the event that for any reason the Vendors do not transfer their Shares in the Company which are the subject of the relevant transaction in question to the person making the offer (the "**Offeror**") or the Offeror's nominee not later than the date specified as the date for completion of the sale and purchase of the Shares in the Drag Along Notice.
- (d) Upon the exercise of the Drag Along Right in accordance with this Article 8.3 each of the Called Shareholders shall be bound to accept the offer made to them in respect of their entire holding of Shares (excluding the Deferred Shareholders who are subject to 3.3 above) and to comply with the obligations assumed by virtue of such acceptance.
- (e) In the event that any Called Shareholder fails to accept the offer made or, having accepted such offer, fails to complete the sale of any of his or her Shares pursuant to the offer or otherwise fails to take any action required of him or her under the terms of the offer, the Directors may authorise any Director to accept the offer on behalf of the Called Shareholder in question or undertake any action required under the terms of the offer on the part of a Called Shareholder who has accepted the offer.

8.4 Upon any member or members becoming entitled to exercise the Drag Along Right in accordance with article 8.3, any Member shall be entitled to serve notice on the Vendors (the "**Tag Along Notice**") to require the Vendors to include such Member in the Sale and the provisions of article 8.3 shall apply mutatis mutandis to such Tag Along Notice.

9. **COMPULSORY TRANSFERS**

9.1 Subject to Article 9.2, a Member who:

- (a) becomes bankrupt or goes into liquidation, and a person entitled to Shares in consequence of the death of a Member or upon a beneficial interest in Shares vesting in him under a trust or settlement; or
- (b) ceases to be an employee, or to be contracted to become an employee or to be contracted to provide services to the Company or an associated company (an "**Employee**") before the expiry of one year from the date of the relevant service contract due to the unlawful termination of his contract for services by him or the lawful termination of his contract for services in consequence of
 - (i) serious breach of his obligations to the Company; or
 - (ii) any dishonest or fraudulent act committed by him whether in relation to the Company, its associated companies or otherwise; or
 - (iii) his conviction of any criminal offence (other than an offence under the Road Traffic Acts for which a penalty of imprisonment is not imposed) or because he is guilty of gross misconduct or discredits himself; or
- (c) ceases to be an Employee within one year from the date of the initial service contract for any other reason

shall be bound at any time, if required in writing by the Directors so to do, within 12 months of the Company receiving written notice of the relevant event to give a Transfer Notice in respect of all Shares owned by him or registered in his name and the provisions of Article 9.9 shall apply.

9.2 Article 9.1 (b) shall not apply:

- (a) to any Shares allotted pursuant to the POS Equity Finance or Supplemental POS Equity Finance held by any person who is a Founder Member;
- (b) to any Shares which the Directors have previously agreed should be excluded from it;
- (c) to any Shares held by any person who is or has been a Founder Member after the expiry of one year from the date of the initial service contract;
- (d) to Shares in which the former employee has at no time had any interest (including an interest under an option or renounceable allotment or other agreement) save as a trustee or nominee;
- (e) to Founder Shares having a par value of 10 pence.

9.3 The Directors may require any member, or the personal representatives of any deceased member, or any proposed transferee of Shares, to supply to the Company within such reasonable time as the request specifies such information and evidence as the notice may reasonably specify to establish whether a particular share transfer is permitted under the Articles or whether a Transfer Notice may be required under these Articles, or whether there has been any breach of Articles 9 or 10. Unless the information and evidence is supplied within the time specified in the request and establishes the right to make the transfer in question, or that no Transfer Notice may be required (as the case may be), the

directors may (as the case may be) refuse to register any transfer specified in the advice, or may require by notice in writing that a Transfer Notice be given or may direct that until the default is remedied or the Directors otherwise specify, either generally or in any particular respect, the Shares shall be subject to any or all of the restrictions set out in Section 454 of the Act.

- 9.4 If the Directors have duly required a Transfer Notice to be given in respect of any Shares and it is not duly given within one month, it shall be deemed to have been given at the end of that period.
- 9.5 In respect of a compulsory transfer pursuant to Article 9.1 (a) the provisions of Article 8 shall apply save that the Transfer Notice shall be deemed to have specified the Market Value of the Shares as the specified price and to have required all but not some only of the Shares to be sold.
- 9.6 In respect of a compulsory transfer pursuant to Article 9.2 (b) the provisions of article 8 shall apply save that the Transfer Notice shall be deemed to have specified the lower of the subscription price paid for the Shares or Market Value as the Transfer Price and to have required all but not some only of the Shares to be sold
- 9.7 In respect of a compulsory transfer pursuant to Article 9.1(c) the provisions of Article 8 shall apply save that the Transfer Notice shall be deemed to have specified the Market Value as the Transfer Price of the Transfer Shares.
- 9.8 Any provision of these Articles requiring a Transfer Notice to be given in respect of Shares where the holder is not also the sole beneficial owner shall be construed as requiring such a notice to be given by the holder and countersigned by all other persons having any beneficial or other vested interest in the Shares. Neither the Company nor any other member shall be concerned as to the application of any monies paid to or for the benefit of the holder under these Articles or any restrictions on his power to transfer the Shares otherwise than under these Articles.
- 9.9 In the event that a Member (the "**Seller**") is required to give notice in writing (the "**Transfer Notice**") to the Company, the following provisions shall apply:
- (a) the Transfer Notice shall specify (i) the number and class of Shares to which the Transfer Notice applies (the "**Transfer Shares**"); (ii) the third party to whom the Seller proposes to sell the Transfer Shares in the event that they are not bought pursuant to Articles 9.9(c) and (d) and the identity of any person owning or controlling that third party; (iii) the cash sterling consideration (the "**Transfer Price**") per Transfer Share (which must be the same for all Shares in the same class); and (iv) any unpaid dividends to be retained by the Seller. The Transfer Notice shall constitute the Company the agent of the Seller for the sale of all the Transfer Shares to the Members other than the Seller;
 - (b) The Board shall offer the Transfer Shares to all the Founder Members of the Company, other than the Seller and any direct or indirect Permitted Transferees of the Seller, by written notice within 30 days of the date of the Transfer Notice or (if applicable) of the date of the Certificate under Article 11. The Board shall include such financial and other information as they consider appropriate at their discretion, and shall specify the class of shares, price per Share (being the Transfer Price), total number of issued Shares of that class, outstanding options,

last date for receipt of acceptances and address for acceptances, pro-rata entitlement of the offeree and ranking for dividend. Acceptances must be in writing to the Board at the Office within 30 days of the date of the Board's offer notice, signed by the Founder Member or joint Founder Members concerned or their attorneys, and accompanied by a copy of any power of attorney concerned, certified by a solicitor. A Founder Member from whom no acceptance has been so received by the Company within that time shall be treated as having declined the offer. Acceptances must specify the number and class of Shares applied for and may specify a minimum acceptable number in respect of any class, failing which there will be assumed to be no minimum. The Board may reject any acceptances which seem to the Board at its discretion not to comply with these Articles in any respect.

- (c) If within the time specified in Article 9.9(b) the Board shall receive in respect of any class of Shares acceptances for more than the total number of Shares of that class on offer, the Board shall:
 - (i) Allocate the Shares to accepting Founder Members holding Shares of the same class as are on offer at the date of the Transfer Notice, in the case of competition pro rata to the total number of Shares of the class on offer held by the Founder Member concerned at that date.
 - (ii) Subject to the allocation in (i) above, allocate shares to accepting Founder Members holding Founder Shares of any other class as at the date of the Transfer Notice, in case of competition pro rata to the total number of Founder Shares of those other classes held by the Founder Member concerned at that date;
- (d) Promptly after completing the allocations under Article 9.9(c) or (if applicable) after the time for acceptances has passed without acceptances being received for all the Transfer Shares, the Board shall send each Founder Member who gave notice of an acceptance a written notice of the number and class of Shares allocated to them, and the time and place for completion of the purchase (which shall be in London between 7 and 14 days from the date of the notice under this Article 9.9(d)) and shall send the Seller written notice specifying the number and class of unallocated Transfer Shares.
- (e) All or any Transfer Shares unallocated following the procedure in this article 9.9 may be sold to the buyer nominated in the Transfer Notice at the Transfer Price and otherwise on the terms so specified, or at a higher price, so long as the buyer buys as beneficial owner and the transfer is lodged with the Company for registration within 30 days of the notices from the Company under Article 9.9(d).

10. COMPLETION OF SALES

10.1 At Completion of any sales under article 8 or article 9:

- (a) The Seller will deliver to the relevant buyer (the "**Buyer**") a duly executed transfer or transfers of the relevant Shares and a share certificate in the Seller's name for them, or a declaration of loss and indemnity in respect of any of them in terms reasonably approved by the Board;

- (b) The Buyer will pay the price to the Seller in cleared sterling funds.
- 10.2 If the Seller fails to complete a sale in all respects in accordance with article 10.1, then without prejudice to the Buyer's other remedies, the Board may designate someone to sign the transfer on the Seller's behalf and may cancel the Seller's relevant share certificates. The Company will hold the sale price on trust for the Seller in a deposit bank account earning such interest as the Board decides at its discretion. A transfer carried out in this way will be as effective as if the Seller had signed the transfer, delivered his share certificate and received the money.
- 10.3 All sales to which this article 10 applies will be deemed made by the Seller with full title guarantee, and free from all rights and interests of any third party, and/or on such other terms as apply under these Articles.
- 10.4 If the Buyer is offered partial performance only in respect of any purchase, it may elect either to proceed to completion so far as practicable and otherwise rely on its rights under article 10.2, or defer completion for up to 30 days at the same venue, or to rescind its agreement to purchase all the Shares concerned in each case without prejudice to its other rights and remedies.

11. DETERMINATION OF MARKET VALUE

- 11.1 If Market Value of any Shares needs to be determined under any provisions of these articles, then:
- (a) It shall be established by the auditors of the Company, whose opinion shall be final and binding; who shall act as experts and not as arbitrators, and whose costs shall be borne by the Company;
- (b) The Market Value shall be established as at the date of the relevant forced Transfer Notice;
- (c) The Seller and each of the other members shall be entitled to make submissions to the auditors;
- (d) At the request of the Seller, the Auditors shall take into account any bona fide offer received by the Seller from a third party for the purchase of the Transfer Shares;
- (e) The Market Value shall be based on the open market value of the Company and its subsidiaries as determined by the auditors, and shall be such proportion of that value as is attributable to the Transfer Shares pro rata to the total number of Shares; the auditors may adjust for Shares having different rights under these articles or any shareholders agreement, and for dividends declared or paid after the valuation date, but shall not adjust for minority holdings or controlling interest;
- (f) The auditors shall certify the Market Value to the directors in writing (the "Certificate") giving either no reasons or such reasons as they see fit (but any reasons given to any director or Member must be set out in the Certificate), and Company shall as soon as it receives the Certificate submit copies thereof to the Seller and the other members;

- (g) The costs of obtaining the Certificate shall be borne between the Seller and the Buyers in such proportions as the Auditors shall determine.

12. **FORFEITURE OF SHARES**

- 12.1 If a call remains unpaid after it has become due and payable the directors may give to the person from whom it is due not less than fourteen clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited.
- 12.2 If the notice is not complied with any Share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the directors and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.
- 12.3 Subject to the provisions of the Act, a forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the directors determine either to the person who was before the forfeiture the holder or to any other person and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the directors think fit. Where for the purposes of its disposal a forfeited Share is to be transferred to any person the directors may authorise some person to execute an instrument of transfer of the Share to that person.
- 12.4 A person any of whose Shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- 12.5 A statutory declaration by a director or the secretary that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the Share and the person to whom the Share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the Share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.

13. **STOCK**

- 13.1 The Company in general meeting may by ordinary resolution convert any paid up Shares into stock, and reconvert any stock into paid-up Shares of any denomination.
- 13.2 The holders of stock may transfer all or any part of their holdings in the same manner and subject to the same provisions as and subject to which the shares from which the stock arose might before conversion have been transferred, or as near to that manner and those provisions as circumstances admit; and the directors may fix the minimum amount of

stock transferable, but such minimum shall not exceed the nominal value of the shares from which the stock arose.

13.3 The holders of stock shall, according to the amount of stock held by them, have the same rights as regards dividends, participation in assets on a winding up, voting at meetings and other matters as if they held the shares from which the stock arose; but no such right (except participation in distributions and in assets on a winding up or otherwise) shall be conferred by an amount of stock which would not, in the form of shares, have conferred that right.

13.4 Such of these Articles as are applicable to paid-up shares shall apply to stock, and the words "Share" and "Member" shall include "stock" and "stockholder".

14. **INCREASE OF CAPITAL**

14.1 Without prejudice to the rights attached to any existing shares or class of shares, the Company in general meeting may by resolution increase its capital by the creation of Shares of such nominal amounts, and carrying such rights and restrictions, as the resolution shall specify; but unless the Shares so created are uniform in all respects with a class of Shares in the existing capital, the resolution creating them shall be a special resolution.

14.2 All new Shares shall be subject to the same provisions as to the payment of calls, lien, transfer, transmission, forfeiture issue and otherwise as the Shares in the existing Share capital.

15. **ALTERATION OF CAPITAL**

15.1 The Company may by ordinary resolution:

- (a) Consolidate and divide all or any of its share capital into shares of larger amount;
- (b) Subdivide its existing Shares or any of them into shares of smaller amount subject, nevertheless, to the provisions of Section 121(3) of the Act;
- (c) Cancel any Shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

15.2 The Company may by special resolution reduce its share capital and any capital redemption reserve or share premium account in any manner authorised by law.

16. **GENERAL MEETINGS**

16.1 All general meetings other than annual general meetings shall be called extraordinary general meetings.

16.2 The directors may call general meetings and, on the requisition of Members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient directors to call a general meeting, any director of the Company may call a general meeting.

17. **NOTICE OF GENERAL MEETINGS**

- 17.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed:
- (a) In the case of an annual general meeting, by all the Members entitled to attend and vote thereat; and
 - (b) In the case of any other meeting by a majority in number of the Members having a right to attend and vote being a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right.
- 17.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.
- 17.3 Subject to the provisions of the Articles and to any restrictions imposed on any shares, the notice shall be given to all the Members, to all persons entitled to a share in consequence of the death or bankruptcy of a Member and to the directors and auditors.
- 17.4 In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and vote in his place and that a proxy need not be a Member.
- 17.5 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

18. **PROCEEDINGS AT GENERAL MEETINGS**

- 18.1 No business shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business; save as otherwise provided in these Articles 3 persons each being a Member entitled to attend and vote at the meeting, or a proxy for such a Member, or the duly authorised representative of a corporate Member so entitled, shall be a quorum.
- 18.2 If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the directors may determine.
- 18.3 The chairman, if any, of the Board or in his absence some other director nominated by the directors shall preside as chairman of the meeting, but if neither the chairman nor such other director (if any) be present within fifteen minutes after the time appointed for holding the meeting and willing to act, the directors present shall elect one of their number to be chairman and, if there is only one director present and willing to act, he shall be chairman.
- 18.4 If no director is willing to act as chairman, or if no director is present within fifteen minutes after the time appointed for holding the meeting, the Members present and entitled to vote shall choose one of their number to be chairman.

- 18.5 A director shall, notwithstanding that he is not a Member, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the Company.
- 18.6 The chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
- 18.7 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:
- (a) By the chairman; or
 - (b) By at least two Members having the right to vote at the meeting; or
 - (c) By a Member or Members representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or
 - (d) By a Member or Members holding shares conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right;
- and a demand by a person as proxy for a Member shall be the same as a demand by the Member.
- 18.8 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 18.9 A poll shall be taken as the chairman directs and he may appoint scrutineers (who need not be Members) and fix a time and place for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
- 18.10 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to any other vote he may have.
- 18.11 A poll demanded on the election of a chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such time and place as the chairman directs not being more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the meeting shall continue as if the demand had not been made.
- 18.12 No notice need be given of a poll not taken forthwith if the time and place at which it is to be taken are announced at the meeting at which it is demanded. In any other case at least

seven clear days' notice shall be given specifying the time and place at which the poll is to be taken.

19. **VOTES OF MEMBERS**

- 19.1 Subject to any rights or restrictions attached to any shares, on a show of hands every Member who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself a Member entitled to vote, shall have one vote and on a poll every Member shall have one vote for every Share of which he is the holder.
- 19.2 In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other Joint holders; and seniority shall be determined by the order in which the names of the holders stand in the register of Members.
- 19.3 A Member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver, curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the directors of the authority of the person claiming to exercise the right to vote shall be deposited at the Office, or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.
- 19.4 No Member shall vote at any general meeting or at any separate meeting of the holders of any class of shares in the Company, either in person or by proxy, in respect of any Share held by him unless all moneys presently payable by him in respect of that Share have been paid.
- 19.5 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and conclusive.
- 19.6 On a poll votes may be given either personally or by proxy. A Member may appoint more than one proxy to attend on the same occasion.
- 19.7 An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the directors may approve):

PLC/Ltd

I/We, _____, of _____

being a Member/Members of the above-named Company, hereby appoint

, of

, or failing him,

of _____, as my/our proxy to vote in my/our name[s]

and on my/our behalf at the annual/extraordinary general meeting of the Company to be held on

20 _____, and at any adjournment thereof

Signed on _____ 20 _____.

19.8 Where it is desired to afford Members an opportunity of instructing the proxy how he shall vote, the instrument appointing a proxy shall be in any form approved by the directors which enables the Members to determine how their votes are to be cast on each of the resolutions comprised in the business of the meeting for which it is to be used.

19.9 The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the directors may:

(a) Be deposited at the Office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or

(b) In the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or

(c) Where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the meeting at which the poll was demanded to the chairman or to the secretary or to any director;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

19.10 A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the Office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the meeting or adjourned meeting) the time appointed for taking the poll.

19.11 Subject to the Act, the Company may pass a resolution in the form of a written resolution. This is just as effective as if it were passed at a general meeting which had been convened and held properly. The resolution must be signed by or on behalf of each shareholder who would have been entitled to vote on it at a general meeting if he was present and it was proposed. For this purpose, different shareholders can sign different copies of the resolution provided that the copies are all the same. These copies can be fax or electronic copies.

19.12 The following matters shall require the approval of 75% of all holders of Ordinary Shares attending in person, by proxy or by corporate representative and entitled to vote at an extraordinary general meeting to resolve such matters:

- (a) the disposal of all or a material part of the business of the Company, whether by sale of assets or shares in a subsidiary and without prejudice to the generality of the foregoing, "material" shall include the sale of any division or product line of the Company;
- (b) the voluntary liquidation or winding up of the Company, or the voluntary appointment of a receiver or a liquidator or any other voluntary act of insolvency or bankruptcy;
- (c) the granting of any security over any assets of the Company;

19.13 The Company shall procure that no subsidiary shall do any of the matters listed in article 19.12 above without the prior approval of 75% of :

- (a) all holders of Ordinary Shares in the Company attending in person, by proxy or by corporate representative and entitled to vote at a specially called extraordinary general meeting of the Company to resolve such matters; or
- (b) all holders of Ordinary Shares who are entitled to attend and vote at general meetings of the Company in writing.

20. **DIRECTORS**

20.1 The number of directors shall not be less than four, of whom at least two shall be non-executive Directors, or more than 8.

20.2 The directors shall be paid for their services as may from time to time be determined by a remuneration committee appointed by the Board.

20.3 The directors may be paid all travelling, hotel, and other expenses properly incurred by them in connection with their attendance at meetings of directors or committees of directors or general meetings or separate meetings of the holders of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties.

20.4 There shall be no shareholding qualification for directors.

20.5 Subject to compliance with Part X of the Act, a director may be or become interested as an officer, employee or Member of any other Company in which this Company may be in any way interested, and unless the Company shall by ordinary resolution otherwise determine he shall not be accountable for any remuneration or other benefits derived by him from an interest in that other Company.

21. **ALTERNATE DIRECTORS**

21.1 Any director (other than an alternate director) may appoint any other person willing to act, to be an alternate director and may remove from office an alternate director so appointed by him.

- 21.2 An alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a Member, to attend and vote at any such meeting at which the director appointing him is not personally present, and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director.
- 21.3 An alternate director shall cease to be an alternate director if his appointor ceases to be a director; but, if a director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate director made by him which was in force immediately prior to his retirement shall continue after his reappointment.
- 21.4 Any appointment or removal of an alternate director shall be by notice to the Company signed by the director making or revoking the appointment or in any other manner approved by the directors.
- 21.5 Save as otherwise provided in these Articles, an alternate director shall be deemed for all purposes to be a director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the director appointing him.

22. POWERS OF DIRECTORS

- 22.1 Subject to the provisions of the Act, the memorandum and the Articles and to any directions given by special resolution, the business of the Company shall be managed by the directors who may exercise all the powers of the Company. No alteration of the memorandum or Articles and no such direction shall invalidate any prior act of the directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this regulation shall not be limited by any special power given to the directors by the Articles and a meeting of directors at which a quorum is present may exercise all powers exercisable by the directors.
- 22.2 The directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.
- 22.3 The directors may delegate any of their powers to any committee consisting of one or more directors. They may also delegate to any managing director or any director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more Members shall be governed by the Articles regulating the proceedings of directors so far as they are capable of applying.

23. BORROWING POWERS OF DIRECTORS

The directors may exercise all the powers of the Company to borrow money, and to mortgage or charge its undertaking, property, assets (present or future) and uncalled capital, and to issue debentures and other securities, whether as primary or collateral security for any debt, liability or obligation of the Company or any other party.

24. **APPOINTMENT AND RETIREMENT OF DIRECTORS**

24.1 **Retiring by Rotation**

At every Annual General Meeting one-third of the current directors must retire as directors. If one-third is not a whole number, the number of directors to retire is the number which is nearest to one-third. If there are less than three directors, they will all retire.

24.2 **Selecting the Directors to Retire by Rotation**

This Article states, subject to the Act, which directors must retire at an Annual General Meeting under article 24.1

- (a) First, any director who was in office at the time of the two previous annual general meetings and who did not retire by rotation at either of them;
- (b) Secondly, if the number of directors retiring remains less than the minimum number who must retire by rotation under these Articles, additional directors up to that number must retire. The directors who must retire in this manner are those who have been directors longest since they were last elected. If there are directors who were last elected on the same date, they can agree on who is to retire. If they do not agree, they must draw lots to decide.

24.3 The selection of directors to retire is based on the number and identity of the directors when the notice of the Annual General Meeting is given. It is not affected by anything which happens between then and the meeting.

24.4 **Re-electing a Director Who is Retiring**

At the general meeting at which a director retires the shareholders can pass an ordinary resolution to re-elect the director or to elect some other eligible person in his place. If such an ordinary resolution is not passed, the retiring director is automatically re-elected unless:

- (a) The meeting expressly resolves not to appoint a director to fill the vacancy;
- (b) The director has told the Company in writing that he does not wish to be re-elected;
- (c) The ordinary resolution is not passed because article 24.6 is breached; or
- (d) A resolution to re-appoint the director is put to the meeting and not passed.

24.5 A director retiring at a general meeting retires at the end of that meeting or (if earlier) when a resolution is passed to appoint someone in his place or when a resolution to re-appoint him as a director is lost. Where a retiring director is re-elected (or treated as re-elected under article 24.4) he continues as a director without a break

24.6 **Election of Two or More Directors**

A single resolution for the election of two or more directors is void unless the putting of the resolution in this form has been approved by an earlier procedural vote taken at the General Meeting, with no votes cast against.

- 24.7 No person shall be appointed or reappointed a director at any general meeting unless:
- (a) He is recommended by the directors; or
 - (b) Not less than fourteen nor more than thirty-five clear days before the date appointed for the meeting, notice executed by a Member qualified to vote at the meeting has been given to the Company of the intention to propose that person for appointment or reappointment stating the particulars which would, if he were so appointed or reappointed, be required to be included in the Company's register of directors together with notice executed by that person of his willingness to be appointed or reappointed.

24.8 Subject as aforesaid, the Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

24.9 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with the Articles as the maximum number of directors.

25. **REMOVING DIRECTORS BY A SPECIAL RESOLUTION**

24.1. The Members can pass a special resolution to remove a director, even though his time in office has not ended. This applies despite anything else said in the Articles, or in any agreement between the Company and any director. But if a director is removed in this way, it will not affect any claim which he may have for damages for breach of any contract of service he may have.

24.2. The Members can pass an ordinary resolution to appoint a person to replace a director who has been removed in this way. A person appointed under this Article to replace a director who has been removed retired by rotation under Article 24 when the director he replaces would have been due to retire.

26. **DISQUALIFICATION OF DIRECTORS**

The office of a director shall be vacated if:

26.1 He ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or

26.2 He becomes bankrupt or makes any arrangement or composition with his creditors generally; or

26.3 He is, or may be, suffering from mental disorder and either:

- (a) He is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
- (b) An order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the

appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

- 26.4 He resigns his office by notice to the Company; or
- 26.5 He shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated; or
- 26.6 The directors resolve that he is physically and mentally incapable of performing his duties; or
- 26.7 He is not re-elected on retirement by rotation; or
- 26.8 He is removed in accordance with these Articles.

27. **DIRECTORS' RETIREMENT BENEFITS**

The directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

28. **DIRECTORS' APPOINTMENTS AND INTERESTS**

- 28.1 Subject to the provisions of the Act, the directors may appoint one or more of their number to the office of managing director or to any other executive office in the Company, and may procure the Company to enter into a contract or arrangement with him for his employment or for the provision by him of any services outside the scope of the ordinary duties of a director. Any such appointment, contract or arrangement may be made upon such terms as to remuneration and otherwise as the directors shall think fit. The appointment of a managing director shall terminate if he ceases to be a director, but without prejudice to any claim for damages which he may have for breach of any contract of service. The tenure by a director of any other executive office or appointment shall not terminate on his ceasing to be a director unless the terms of his appointment expressly otherwise provide.
- 28.2 Subject to the provisions of the Act and article 29.8, and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:
 - (a) May be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (b) May be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and

- (c) Shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

28.3 For the purposes of the preceding regulation:

- (a) A general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified; and
- (b) An interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

29. **PROCEEDINGS OF DIRECTORS**

- 29.1 Subject to article 29.8, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. At any meeting of the directors each director present shall have one vote. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall have a second or casting vote. A director who is also an alternate director shall not be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.
- 29.2 The quorum for the transaction of the business of the directors may be fixed by the directors and unless so fixed at any other number shall be two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum.
- 29.3 The continuing directors or a sole continuing director may act notwithstanding any vacancies in their number; but if the number of directors is reduced below the minimum number fixed by or in accordance with these Articles or is less than the number constituting the quorum, they or he may act only for the purpose of filling vacancies or of calling a general meeting.
- 29.4 The directors may appoint one of their number to be the chairman of the Board and may at any time remove him from that office. Unless he is unwilling to do so, the director so appointed shall preside at every meeting of directors at which he is present. But if there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
- 29.5 All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any director or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a director and had been entitled to vote.

- 29.6 A resolution in writing signed by all the directors entitled to receive notice of a meeting of directors or of a committee of directors shall be as valid and effectual as if it had been passed at a meeting of directors or (as the case may be) a committee of directors duly convened and held and may consist of several documents in the like form each signed by one or more directors; but a resolution signed by an alternate director need not also be signed by his appointor and, if it is signed by a director who has appointed an alternate director, it need not be signed by the alternate director in that capacity.
- 29.7 A director interested in a matter to be voted on at a board meeting must abstain from voting in relation to that matter and if only one director is permitted to vote in respect of such matter then the quorum for the transaction of that business shall be one.
- 29.8 Any or all of the directors, or member of a committee, can take part in a meeting of the directors or of a committee:
- (a) by way of a conference telephone or video teleconference equipment or by use of similar equipment designated to allow everybody to take part in the meeting; or
 - (b) by a series of telephone calls from the chairman of the meeting.

Taking part in this way will be counted as being present at the meeting and entitled a director to vote and count in the quorum. A meeting which takes place by conference telephone or using video conference equipment or by a series of calls from the chairman will be treated as taking place at the place where the chairman is.

30. **LOCAL BOARDS AND AGENTS**

- 30.1 The directors may establish any local boards or agencies for managing any of the affairs of the Company in the United Kingdom or elsewhere, and may appoint their members and fix their remuneration; and they may delegate to any local board, manager or agent any of the powers, authorities and discretions vested in the directors, with power to sub-delegate, and may authorise the members of any local board, or any of them, to fill vacancies and to act notwithstanding vacancies; and any such appointment or delegation may be made on such terms and conditions as the directors think fit. The directors may remove any person so appointed, or annul or vary any such delegation; but no person dealing in good faith and without notice of the annulment or variation shall be affected. No member of a local board or agency so established shall by reason thereof be or be deemed to be a director or be described as such.
- 30.2 The directors may by power of attorney under the seal or acting by two of them or one of them and the secretary appoint any corporation, firm or individual, or any fluctuating body of persons, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those exercisable by the directors) and for such period and on such terms as to remuneration and otherwise as they may think fit, with or without power to sub-delegate.

31. **SECRETARY**

The secretary shall be appointed by the directors, for such period and on such terms as to remuneration and otherwise as they may think fit; and any secretary so appointed may (subject to the terms of any contract between him and the Company) be removed by the directors from office.

32. **MINUTES**

The directors shall cause minutes to be made in books kept for the purpose:

- 32.1 Of all appointments of officers made by the directors; and
- 32.2 Of all proceedings at meetings of the Company, of the holders of any class of shares in the Company, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

33. **THE COMPANY SEAL**

The seal shall only be used by the authority of the directors or of a committee of directors authorised by the directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or by a second director.

34. **DIVIDENDS**

- 34.1 The Company in general meeting may by ordinary resolution declare dividends payable to the members in accordance with their respective rights and priorities out of any lawfully distributable profits; but no dividend shall exceed the amount recommended by the directors.
- 34.2 Subject to the provisions of the Act, the directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution. If the share capital is divided into different classes, the directors may pay interim dividends on shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The directors may also pay at intervals settled by them any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
- 34.3 Dividends shall be paid in equal proportions to all Shares of any class without regard to the nominal values or amount paid up on the Shares, save that nil or part paid Shares as at the date of payment shall have their entitlement reduced in proportion to the percentage of the allotment price remaining unpaid; and Shares may be allotted on terms that they rank for dividend only as from a specified date.
- 34.4 Unless otherwise provided by the rights attached to shares or the terms of their issue, all dividends shall be declared and paid proportionately to the capital paid up on the shares on which the dividend is paid; but if any shares are issued on terms providing that they shall rank for dividend as from a specified date or to a specified extent, they shall rank for dividend accordingly. Any dividend or interim dividend may be expressed to be payable on a specified date to persons registered on some earlier date as the holders of the shares in respect of which the dividend is declared, notwithstanding that such persons may not be so registered on the date of the declaration or payment.

- 34.5 A general meeting declaring a dividend may, upon the recommendation of the directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any Member upon the footing of the value so fixed in order to adjust the rights of Members and may vest any assets in trustees.
- 34.6 Any dividend or other moneys payable in respect of a Share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the holders of the Share or are Jointly entitled to it by reason of the death or bankruptcy of the holder, to the registered address of that one of those persons who is first named in the register of Members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled or to such other person as the person or persons entitled may in writing direct and payment of the cheque shall be a good discharge to the Company. Any Joint holder or other person Jointly entitled to a Share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.
- 34.7 No dividend or other moneys payable in respect of a Share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- 34.8 Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the Company.

35. **ACCOUNTS**

No Member shall (as such) have any right of inspecting any accounting records or other book or document of the Company except as conferred by statute or authorised by the directors or by ordinary resolution of the Company.

36. **CAPITALISATION**

The directors may with the authority of an ordinary resolution of the Company:

- 36.1 Subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- 36.2 Appropriate the sum resolved to be capitalised to the Members who would have been entitled to it if it were distributed by way of dividend and in the same proportion and apply such sum on their behalf either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to that sum, and allot the shares or debentures credited as fully paid to those Members, or as they may direct, in those proportions, or partly in one way and partly in the other: but the share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this regulation, only be applied in paying up unissued shares to be allotted to Members credited as fully paid;

- 36.3 Make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this regulation in fractions; and
- 36.4 Authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation, any agreement made under such authority being binding on all such Members.

37. **NOTICES**

- 37.1 Any notice to be given to or by any person pursuant to the Articles shall be in writing (including email) except that a notice calling a meeting of the directors need not be in writing.
- 37.2 The Company may give any notice to a Member either personally or by sending it by post in a prepaid envelope addressed to the Member at his registered address or by leaving it at that address or by sending it to the Member's email address as lodged with the Company. In the case of joint holders of a Share, all notices shall be given to the joint holder whose name stands first in the register of Members in respect of the joint holding and notice so given shall be sufficient notice to all the Joint holders. A Member whose registered address is not within the United Kingdom and who address to the Company an address within the United Kingdom at which notices may be given to him shall be entitled to have notices given to him at that address, but otherwise no such Member shall be entitled to receive any notice from the Company.
- 37.3 A Member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of shares in the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
- 37.4 Every person who becomes entitled to a Share shall be bound by any notice in respect of that Share which, before his name is entered in the register of Members, has been duly given to a person from whom he derives his title.
- 37.5 Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.
- 37.6 A notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Member by sending or delivering it, in any manner authorised by the Articles for the giving of notice to a Member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it ought have been given if the death or bankruptcy had not occurred.

38. **WINDING UP**

If the Company is wound up, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Act, divide among the Members in specie the whole or any part of the assets of the Company and may, for that

purpose, value any assets and determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Members as he with the like sanction determines, but no Member shall be compelled to accept any assets upon which there is a liability.

39. **RIGHTS AS TO CAPITAL**

On a winding up, liquidation, reduction or repayment of capital or other return or payment of capital or assets to the Members the available assets, after due payment of or provision for all liabilities and debts shall be applied as follows:

- (a) first, in repaying to the Members the amount of capital paid up thereon but not including any premium;
- (b) the balance, if any, of such assets shall belong to and be distributed amongst the Members in proportion to the number of Ordinary Shares held of either class after deducting any uncalled capital thereon.

40. **INDEMNITY**

Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.