

Company No. 06905427

**The Companies Act 2006**

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**Company limited by shares**

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**Written resolutions**

of

**Shape Energy Limited  
(the "Company")**

(passed on 9 November 2010)

Pursuant to **written resolutions** of the Company duly circulated on 9 November 2010 in accordance with Chapter 2 of Part 13 of the Companies Act 2006, the following resolutions were passed on 9 November 2010, of which resolutions 1 and 2 below were passed as **ordinary resolutions** and resolutions 3 and 4 were passed as **special resolutions** of the Company

**Ordinary Resolutions**

That each ordinary share of £1 each in the capital of the Company whether issued or unissued be and it is sub-divided into 1000 ordinary shares of 0.1 pence each

- 2 That the directors of the Company be and they are empowered for the purposes of Section 550, Companies Act 2006 ("the Act")

**Special Resolutions**

- 3 That:
- 3.1 the articles of association of the Company be amended by deleting to the fullest extent permitted by law all of the provisions of the Company's memorandum of association which, by virtue of Section 28 of the Act, are to be treated as provisions of the Company's articles of association,
- 3.2 any limit on the maximum amount of shares that may be allotted by the Company which is imposed by the amount of the Company's authorised share capital that was in force immediately before 1 October 2009 be revoked, and
- 3.3 the draft articles of association attached to this resolution be and they are adopted by the Company in substitution for, and to the exclusion of, its existing articles of association
- 4 That the directors of the Company be and they are empowered for the purposes of Section 569 of the Act to allot, or to grant any right to subscribe for or to convert any security into, ordinary shares of 0.1 pence each in the Company (or such other shares being the only class of shares in the Company) up to an aggregate nominal amount of £1,000 for cash as if Section 561 of the Act did not apply to any such allotment



Director

11055387

## **Articles of Association**

**of**

**Shape Energy Limited**

(Private company limited by shares)

(adopted by Written Special Resolution passed on 9 November 2010)

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**The Companies Act 2006**

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**Private company limited by shares**

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**Articles of Association**

of

**Shape Energy Limited**

(adopted by Written Special Resolution passed on 9 November 2010)

**Part 1**

**Interpretation, Limitation of Liability and Other Miscellaneous Provisions**

It is agreed as follows

**1 Defined terms**

In these articles, unless the context requires otherwise

**"Acts"** means the Companies Acts and every other statute, order, regulation, or other subordinate legislation from time to time in force concerning companies and affecting the company

**"alternate"** or **"alternate director"** has the meaning set out in article 17 (*Appointment and removal of alternates*)

**"appointor"** has the meaning set out in article 17 (*Appointment and removal of alternates*)

**"articles"** means the company's articles of association as altered or varied from time to time (and **"article"** means a provision of the articles)

**"associated company"** has the meaning set out in Section 256, CA2006

**"CA2006"** means the Companies Act 2006

**"call"** has the meaning set out in article 24 1 (*Call notices*)

**"call notice"** has the meaning set out in article 24 1 (*Call notices*)

**"call payment date"** has the meaning set out in article 28 (*Failure to comply with call notice automatic consequences*)

**"Civil Partner"** means in relation to a Member,

- (a) a civil partner (as defined in the Civil Partnerships Act 2004) of the Member, or
- (b) a person living in the same household as the Member as his or her wife or husband

**"Companies Acts"** has the meaning set out in Section 2, CA2006

**"company's lien"** has the meaning set out in article 22 (*Company's lien*)

**"conflicted director"** has the meaning set out in article 10.1 (*Authorisation of conflicts of interest*)

**"conflict situation"** has the meaning set out in article 10.1 (*Authorisation of conflicts of interest*)

**"Controlling Interest"** means an interest in shares (as defined in Schedule 1 of the 2006 Act) in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company

**"distribution recipient"** has the meaning set out in article 45 (*Payment of dividends and other distributions*)

**"document"** includes, unless otherwise specified, any summons, notice, order, register, certificate or other legal process and includes any such document sent or supplied in electronic form

**"electronic form"** has the meaning set out in Section 1168, CA2006

**"eligible director"** means a director who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting (but excluding any director whose vote is not to be counted in respect of the resolution in question)

**"Family Trust"** means a trust which only permits the settled property or the income from the settled property to be applied for the benefit of

- (a) the settlor and/or a Privileged Relation of that settlor, or
- (b) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income therefrom when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities),
- (c) and under which no power of control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or the settlor or the Privileged Relations of the settlor. For purposes of this definition **"settlor"** includes a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased Member

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

**"hard copy form"** has the meaning set out in Section 1168, CA2006

**"holding company"** has the meaning set out in Section 1159, CA2006

**"Independent Expert"** means an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or, in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales

**"lien enforcement notice"** has the meaning set out in article 23 (*Enforcement of the company's lien*)

**"Member"** means a holder of shares in the Company

**"Model Articles"** means the model articles for private companies limited by shares as set out in Schedule 1 to The Companies (Model Articles) Regulations 2008 (SI 2008/3229)

**"nil paid"** in relation to a share, means that none of that share's nominal value or any premium at which it was issued has been paid to the company

**"occupational pension scheme"** has the meaning set out in Section 235(6), CA2006

**"parent undertaking"** has the meaning set out in Section 1162, CA2006

**"partly paid"** in relation to a share, means that part of that share's nominal value or any premium at which it was issued has not been paid to the company

**"Privileged Relation"** in relation to a Member who is an individual Member or a deceased or former member means a spouse, Civil Partner, child or grandchild (including step or adopted or illegitimate child of their issue)

**"relevant director"** means any director or former director

**"relevant loss"** means any costs, charges, losses, expenses and liabilities which have been or may be incurred by a relevant director, secretary or other officer in the actual or purported execution or discharge of his duties or in the actual or purported exercise of his powers in relation to the affairs of the company, any associated company or any pension fund (including any occupational pension scheme) or employees' share scheme of the company or associated company

**"relevant rate"** has the meaning set out in article 28 2 (*Failure to comply with call notice automatic consequences*)

**"Sale Shares"** means the shares specified or deemed to be specified for sale in a Transfer Notice

**"Seller"** means the transferor of shares pursuant to a Transfer Notice

**"subsidiary"** has the meaning set out in Section 1159, CA2006

**"subsidiary undertaking"** has the meaning set out in Section 1162, CA2006

**"Transfer Notice"** means a notice given by any Member of the Company where such Member desires or is required by these Articles to transfer any shares

**"transmittee"** means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law

**"working day"** has the meaning set out in Section 1173, CA2006

**"writing"** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods and **"written"** shall be construed accordingly

- 1 2 Unless the context otherwise requires (or unless otherwise defined or stated in these articles), words or expressions defined in the Model Articles shall have the same meaning in these articles. Any other words and expressions contained in these articles and/or the Model Articles shall have the same meaning as in the CA2006 as in force from time to time
- 1 3 The Model Articles shall apply to the company save insofar as they are excluded or modified by or are inconsistent with these articles, and the Model Articles (except insofar as so excluded, modified or inconsistent) together with these articles shall be the articles of

association of the company (to the exclusion of any other regulations set out in any statute, statutory instrument or other subordinate legislation from time to time in force)

- 1 4 The following articles of the Model Articles shall be excluded in their entirety from applying to the company
- (a) article 14 (*Conflicts of interest*),
  - (b) article 21 (*All shares to be fully paid up*),
  - (c) article 48 (*Means of communication to be used*),
  - (d) article 52 (*Indemnity*), and
  - (e) article 53 (*Insurance*)
- 1 5 References in the articles to a document or information being sent or supplied by or to a company (including the company) shall be construed in accordance with the provisions of Section 1148(3), CA2006 and any reference to "**sent**" or "**supplied**" (or other similar term) shall be construed in accordance with the provisions of Section 1148(2), CA2006
- 1 6 Whether or not persons are "**acting in concert**" will be determined by the then most recent edition of the City Code on Takeovers and Mergers, but Investors will not be considered to be acting in concert merely by reason of cooperating in a syndicate in the ordinary course of their businesses

## **Part 2**

### **Directors and Secretary**

#### **Directors' powers and responsibilities**

##### **2 Directors may delegate**

Article 5(1) of the Model Articles is modified by the addition, at the end of that article, of the words

"(including whether any such delegation shall be made either collaterally with or to the exclusion of the powers otherwise conferred on the directors under the articles)"

#### **Decision-making by Directors**

##### **3 Directors to take decisions collectively**

- 3 1 The general rule about decision-making by directors does not apply to the first directors' meeting of the company, and any one director may take decisions at such first directors' meeting without regard to any of the provisions of the articles relating to directors' decision-making

Article 7(1) of the Model Articles is modified accordingly

##### **3 2 If**

- (a) the company has only one director for the time being, and
- (b) no provision of the articles requires it to have more than one director,



save as provided otherwise in the articles the general rule does not apply, and the director may (only for so long as he remains the sole director) take decisions without regard to any of the provisions of the articles relating to directors' decision-making

Article 7(2) of the Model Articles is modified accordingly

#### **4 Unanimous decisions**

- 4 1 A unanimous decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it or to which each eligible director has otherwise indicated agreement in writing

Article 8(2) of the Model Articles is modified accordingly

- 4 2 Article 8(3) shall be excluded from applying to the company

- 4 3 A decision may not be taken in accordance with this article 4 if the eligible directors would not have formed a quorum at a directors' meeting held to discuss the matter in question

Article 8(4) of the Model Articles is modified accordingly

#### **5 Calling a directors' meeting**

Save as otherwise provided in the articles, notice of a directors' meeting must be given to each director, but need not be in writing

Article 9(3) of the Model Articles is modified accordingly

#### **6 Participation in directors' meetings**

- 6 1 Article 10(1)(b) of the Model Articles is modified by the addition, after the word "communicate", of the words

"orally, including by means of telephone, video conference or other audio or audio-visual link"

- 6 2 Article 10(2) of the Model Articles is modified by the addition, at the end of that article, of the words

", provided that all persons participating in the meeting can hear each other "

#### **7 Quorum for directors' meetings**

- 7 1 Save in respect of the first directors' meeting of the company where the quorum shall be one (unless so fixed by the directors at any other number) and subject to Section 175(6), CA2006, the quorum for the transaction of the business of the directors may be fixed from time to time by a decision of the directors, and unless otherwise so fixed it shall (save as provided in article 7 2 or any other provision of the articles) be two

- 7 2 In relation to any meeting (or part of any meeting) held pursuant to article 10 (*Authorisation of conflicts of interest*), if, at the relevant time, the company has only one director other than the conflicted director, the quorum for such meeting (or the part thereof dealing with the authorisation pursuant to article 10 (*Authorisation of conflicts of interest*)) shall be one eligible director

Article 11(2) of the Model Articles is modified accordingly

## 8 Chairing of directors' meetings

If the chairman is unwilling to chair a directors' meeting or is not participating in a directors' meeting within ten minutes of the time at which it was to start or, if at any time during the meeting, the chairman ceases to be a participating director, the participating directors must appoint one of themselves to chair it (or chair such part of it in relation to which the chairman ceases to be a participating director, as the case may be)

Article 12(4) of the Model Articles is modified accordingly

## 9 Casting vote

- 9 1 If, at a meeting of the directors, the numbers of votes for and against a proposal are equal, the chairman or other director appointed to chair the meeting pursuant to article 8 (*Chairing of directors' meetings*) shall not have a casting vote

Article 13 of the Model Articles is modified accordingly

## 10 Authorisation of conflicts of interest

- 10 1 Subject to and in accordance with the CA2006

- (a) the directors may authorise any matter or situation arising on or after 1 October 2008 in which a director (the "**conflicted director**") has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the company could take advantage of it) and for this purpose a conflict of interest includes a conflict of interest and duty and a conflict of duties (the "**conflict situation**"),
- (b) any authorisation given in accordance with this article 10
  - (i) may be made on such terms and subject to such conditions and/or limitations as the directors may, in their absolute discretion, determine (including, without limitation, excluding the conflicted director and any other interested director from certain directors' meetings, withholding from him or them certain board papers or other papers and/or denying him or them access to certain confidential company information) and such terms, conditions and/or limitations may be imposed at the time of or after the authorisation and may be subsequently varied or terminated, and
  - (ii) shall be effective only if
    - (A) any requirement as to the quorum at any meeting of the directors at which the matter is considered is met without counting either the conflicted director or any other interested director, and
    - (B) the matter or situation was agreed to and any relevant resolution was passed without counting the votes of the conflicted director and without counting the votes of any other interested director (or such matter or situation would have been so agreed and such relevant resolution would have been so passed if their votes had not been counted), and
- (c) in considering any request for authorisation in respect of a conflict situation, the directors shall be entitled to exclude the conflicted director from any meeting or other discussion (whether oral or written) concerning the authorisation of such conflict situation and they shall also be entitled to withhold from such conflicted director any board papers or other papers concerning the authorisation of such conflict situation

10 2 If any conflict situation is authorised or otherwise permitted under the articles, the conflicted director (for as long as he reasonably believes such conflict situation subsists)

- (a) shall not be required to disclose to the company (including the directors or any committee) any confidential information relating to such conflict situation which he obtains or has obtained otherwise than in his capacity as a director of the company, if to make such disclosure would give rise to a breach of duty or breach of obligation of confidence owed by him to another person in relation to such matter, office, employment or position,
- (b) shall be entitled to attend or absent himself from all or any meetings of the directors (or any committee) at which anything relating to such conflict situation will or may be discussed, and
- (c) shall be entitled to make such arrangements as he thinks fit to receive or not to receive documents or information (including, without limitation, board papers (or those of any committee of the directors)) relating to any such conflict situation and/or for such documents or information to be received and read by a professional adviser on his behalf,

and in so doing, such conflicted director shall not be in breach of any general duty he owes to the company pursuant to Sections 171 to 177 (inclusive), CA2006 and the provisions of this article 10 shall be without prejudice to any equitable principle or rule of law which may excuse the conflicted director from disclosing information or attending meetings or receiving documents or information, in circumstances where such disclosure, attendance or receipt would otherwise be required under the articles

10 3 For the purposes of this article 10, an interest of a person who is, for any purpose of the CA2006 (excluding any statutory modification thereof not in force when this regulation becomes binding on the company), connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise

#### 11 **Directors may have interests and vote and count for quorum**

11 1 Provided permitted by the Acts, and provided he has disclosed to the other directors the nature and extent of his interest pursuant to Section 177 or 182, CA2006 or otherwise pursuant to the articles (as the case may be), a director, notwithstanding his office

- (a) may be a party to, or otherwise directly or indirectly interested in any contract, arrangement, transaction or proposal with the company or in which the company is otherwise interested and may hold any other office or position of profit under the company (except that of auditor or of auditor of a subsidiary of the company) in addition to the office of director and may act by himself or through his firm in a professional capacity for the company and in any such case on such terms as to remuneration and otherwise as the directors may arrange either in addition to or in lieu of any remuneration provided for by any other article,
- (b) may be a member, director or other officer of, or employed by, or hold any other office or position with, or be directly or indirectly interested in any contract, arrangement, transaction or proposal with or a party to or otherwise directly or indirectly interested in, any subsidiary of the company or any holding company of the company and any of such holding company's subsidiaries or subsidiary undertakings or any other body corporate promoted by the company or in which the company is otherwise interested,
- (c) shall not, by reason of his office, be liable to account to the company for any dividend, profit, remuneration, superannuation payment or other benefit which he derives from

- (i) any matter, office, employment or position which relates to a conflict situation authorised in accordance with article 10 (*Authorisation of conflicts of interest*), or
- (ii) any office, employment, contract, arrangement, transaction or proposal or other interest permitted pursuant to paragraphs (a) and (b) of this article,

and no contract, arrangement, transaction or proposal shall be avoided on the grounds of any director having any such interest or receiving any such dividend, profit, remuneration, superannuation, payment or other benefit authorised in accordance with article 10 (*Authorisation of conflicts of interest*) or permitted pursuant to paragraphs (a) or (b) of this article and the receipt of any such dividend, profit, remuneration, superannuation, payment or other benefit so authorised or permitted shall not constitute a breach of the duty not to accept benefits from third parties as set out in Section 176, CA2006

- 11 2 For the avoidance of doubt, a director may be or become subject to one or more conflict situations as a result of any matter referred to in paragraph (b) of article 11 1 without requiring authorisation under the provisions of article 10 (*Authorisation of conflicts of interest*) provided he has declared, as soon as reasonably practicable, the nature and extent of his interest in the conflict situation. The provisions of Section 177(2), Section 177(3), Section 177(5), Section 177(6), Section 184 and Section 185, CA2006 shall be applied (with any necessary modifications) in respect of any such declaration
- 11 3 Subject to Section 175(6), CA2006 and save as otherwise provided in the articles, a director may vote at any meeting of the directors or any meeting of any committee of which he is a member on any resolution and a director may participate in the transaction of the business of the directors and count in the quorum at any such meeting of the directors or meeting of any committee of which he is a member notwithstanding that it concerns or relates in any way to a matter in which he has directly or indirectly any kind of interest or duty. This article does not affect any obligation of a director to disclose any such interest, whether pursuant to Section 177, CA2006, Section 182, CA2006 or otherwise
- 11 4 Subject to article 11 5, if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive (except in a case where the nature or extent of any interest of the director has not been fairly disclosed)
- 11 5 If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes
- 11 6 For the purposes of this article 11, an interest of a person who is, for any purpose of the CA2006 (excluding any statutory modification thereof not in force when this regulation becomes binding on the company), connected with a director shall be treated as an interest of the director and, in relation to an alternate director, an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise

## 12 **Records of decisions to be kept**

The directors must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the directors. Notwithstanding the provisions of article 3 (*Directors to take decisions collectively*), where the company only has one director, the provisions of this article 12 shall apply to any decision taken by such director, howsoever taken by him

Article 15 of the Model Articles is modified accordingly

## **Appointment of Directors**

### **13 Methods of appointing directors**

In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee of the last shareholder to have died or to have had a bankruptcy order made against him, as the case may be, shall have the right, by notice in writing to the company, to appoint any one person to be a director, provided such person is a natural person in accordance with Section 155, CA2006 and provided such person is willing to be so appointed and is otherwise permitted by law to be a director of the company

Article 17(2) of the Model Articles is modified accordingly

### **14 Termination of director's appointment**

#### **14 1 A person ceases to be a director as soon as**

- (a) that person ceases to be a director by virtue of any provision of the CA2006 or is prohibited from being a director by law,
- (b) a bankruptcy order is made against that person,
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts,
- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months,
- (e) by reason of that person's mental health, he is admitted to hospital in pursuance of an application for admission for treatment under any mental health legislation for the time being in force in any part of the United Kingdom or a court having jurisdiction (whether in the United Kingdom or elsewhere) makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have, or
- (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms, or
- (g) that person has, for more than six consecutive months, been absent without permission of the directors from meetings of directors held during that period and the directors make a decision that that person's office be vacated

Article 18 of the Model Articles is modified accordingly

### **15 Directors' remuneration**

Article 19(2) of the Model Articles is modified by adding at the end of that article, the words

"(provided that any remuneration for their services to the company as directors pursuant to article 19(2)(a) shall not exceed £10,000 per annum for each director)"

### **16 Directors' expenses**

#### **16 1 The company may pay any reasonable expenses which the directors and the company secretary (if any) properly incur in connection with their attendance at (or returning from)**

- (a) meetings of directors or committees of directors,

- (b) general meetings, or
- (c) separate meetings of the holders of any class of shares or of debentures of the company,

or otherwise in connection with the business of the company, the exercise of their powers and the discharge of their duties and responsibilities in relation to the company

Article 20 of the Model Articles is modified accordingly

#### **Alternate directors**

#### **17 Appointment and removal of alternates**

17 1 Any director (other than an alternate director) (the "**appointor**") may appoint as an alternate any other director, or any other person approved by resolution of the directors, who is willing to act to

- (a) exercise that director's powers, and
- (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors in the absence of the alternate's appointor  
A person (whether or not otherwise a director) may be appointed as an alternate by more than one appointor

17 2 Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, or in any other manner approved by the directors

17 3 The notice must identify the proposed alternate and, in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice

17 4 The appointment of an alternate director who is not otherwise a director shall be valid notwithstanding that he is approved by a resolution of the directors after his appointment as alternate director Where an alternate director who is not otherwise a director attends a meeting of the directors and no objection is raised at the meeting to his presence then he shall be deemed to have been approved by a resolution of the directors

#### **18 Rights and responsibilities of alternate directors**

18 1 Except as the articles specify otherwise, an alternate director has the same rights in relation to any directors' meeting, directors' written resolution or any other directors' decision-making as the alternate's appointor, including, but not limited to, the right to receive notice of all meetings of directors and all meetings of committees of directors of which his appointor is a member

18 2 Except as the articles specify otherwise, alternate directors

- (a) are deemed for all purposes to be directors,
- (b) are liable for their own acts and omissions,
- (c) are subject to the same restrictions as their appointors, and
- (d) are not deemed to be agents of or for their appointors

18 3 A person who is an alternate director but not otherwise a director

- (a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's appointor is not participating), and
- (b) may participate in a unanimous decision of the directors (but only if that person's appointor is an eligible director in respect of such decisions and only if that person's appointor does not participate),

provided that (notwithstanding any other provision of the articles) such person shall not be counted as more than one director for the purposes of paragraphs (a) and (b) above

18 4 A director who is also an alternate for one or more directors is entitled, in the absence of the relevant appointor, to a separate vote on behalf of each appointor in addition to his own vote on any decision of the directors (provided the relevant appointor is an eligible director in relation to that decision) but shall not count as more than one director for the purposes of determining whether a quorum is present

18 5 An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company. Notwithstanding any other provision of the articles, an alternate director shall not be entitled to vote on any resolution relating to the remuneration of an alternate director (whether himself or others)

## 19 Termination of alternate directorship

19 1 An alternate director's appointment as an alternate terminates

- (a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate,
- (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,
- (c) on the death of the alternate's appointor, or
- (d) when the alternate's appointor ceases to be a director for any reason

## 20 Secretary

The directors may appoint any person who is willing to act as the secretary of the company on such terms (including, but not limited to, term of office and remuneration) and subject to such conditions as they may think fit and from time to time remove such person and, if the directors determine, appoint a replacement secretary of the company, in each case by a decision of the directors

## Part 3

### Shares and Distributions

#### Shares

## 21 Issue of shares and payment of commissions

21 1 Shares may be issued by the company which are nil, partly or fully paid

21 2 The company may pay any person a commission in consideration for that person subscribing, or agreeing to subscribe, for shares or procuring, or agreeing to procure, subscriptions for shares. Any such commission may be paid in cash, or fully paid or partly paid shares or other

securities, or partly in one way and partly in the other and in respect of a conditional or an absolute subscription

## **22 Company's lien**

22 1 The company has a lien (the "**company's lien**") over every share (whether fully paid or not) registered in the name of any person (whether he is the sole registered holder or one of two or more joint holders) for all moneys payable by him or his estate (and whether payable by him alone or jointly with any other person) to the company (whether presently payable or not)

22 2 The company's lien over a share

- (a) takes priority over any third party's interest in that share, and
- (b) extends to any dividend (or other assets attributable to it) or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share

22 3 The directors may, at any time, decide that a share which is or would otherwise be subject to a lien pursuant to the articles shall not be subject to it, either wholly or in part

## **23 Enforcement of the company's lien**

23 1 Subject to the provisions of this article 23, if a lien enforcement notice has been given in respect of a share and the person to whom the notice was given has failed to comply with it, the company may sell that share in such manner as the directors decide

23 2 A lien enforcement notice

- (a) may only be given in respect of a share which is subject to the company's lien, in respect of which a sum is payable and the due date for payment of that sum has passed,
- (b) must specify the share concerned,
- (c) must require payment of the sum payable within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires),
- (d) must be addressed either to the holder of the share or to any transferee of that holder or any other person otherwise entitled to the share, and
- (e) must state the company's intention to sell the share if the notice is not complied with

23 3 Where any share is sold pursuant to this article

- (a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and
- (b) the transferee of the share(s) shall be registered as the holder of the share(s) to which the transfer relates notwithstanding that he may not be able to produce the share certificate(s) and such transferee is not bound to see to the application of the consideration and the transferee's title to the share is not affected by any irregularity in or invalidity of the process leading or relating to the sale

23 4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied



- (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice,
  - (b) second, to the person entitled to the share(s) immediately before the sale took place but only after the certificate for the share(s) sold has been surrendered to the company for cancellation or an indemnity in a form acceptable to the directors has been given to the company for any lost certificate(s) and subject to a lien (equivalent to the company's lien over the share(s) immediately before the sale took place) for all moneys payable by such person or his estate (whether immediately payable or not) in respect of all share(s) registered in the name of such person (whether he is the sole registered holder or one of two or more joint holders) and in respect of any other moneys payable (whether immediately payable or not) by him or his estate to the company, after the date of the lien enforcement notice
- 23 5 A statutory declaration by a director or the company secretary (if any) that the declarant is a director or the company secretary and that a share has been sold to satisfy the company's lien on a specified date
- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share(s), and
  - (b) subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share(s)
- 24 **Call notices**
- 24 1 Subject to the articles and the terms on which shares are allotted, the directors may send a notice (a "**call notice**") to a shareholder (or his estate) requiring such shareholder (or his estate) to pay the company a specified sum of money (a "**call**") which is payable to the company in respect of shares which that shareholder (or his estate) holds at the date when the directors decide to send the call notice
- 24 2 A call notice
- (a) may not require a shareholder (or his estate) to pay a call which exceeds the total sum unpaid on the shares in question (whether as to nominal value or any amount payable to the company by way of premium),
  - (b) must state when and how any call to which it relates is to be paid, and
  - (c) may permit or require the call to be paid by instalments
- 24 3 A shareholder (or his estate) must comply with the requirements of a call notice but shall not be obliged to pay any call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent
- 24 4 Before the company has received any call due under a call notice the directors may revoke it wholly or in part or specify a later date and/or time for payment than is specified in the notice, by a further notice in writing to the shareholder (or his estate) in respect of whose shares the call is made
- 25 **Liability to pay calls**
- 25 1 Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid Joint holders of a share are jointly and severally liable to pay all calls in respect of that share

- 25 2 Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them to pay calls which are not the same or to pay calls at different times

**26 Payment in advance of calls**

- 26 1 The directors may, if they think fit, receive from any shareholder willing to advance it all or any part of the moneys uncalled and unpaid on the shares held by him. Such payment in advance of calls shall extinguish only to that extent the liability on the shares on which it is made

- 26 2 The directors may at any time repay the amount so advanced on giving to such shareholder not less than 14 clear days' notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) of its intention in that regard, unless before the expiration of such notice the amount so advanced shall have been called up on the shares in respect of which it was advanced

- 26 3 No sum paid in advance of calls shall entitle the holder of a share in respect of them to any portion of a dividend subsequently declared in respect of any period prior to the date upon which such sum would, but for such payment, become payable

**27 When call notice need not be issued**

- 27 1 A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the company in respect of that share (whether in respect of nominal value or premium)

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

- 27 2 If, however, the due date for payment of such a sum has passed and it has not been paid, the holder of the share(s) concerned (or his estate) is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture

**28 Failure to comply with call notice: automatic consequences**

- 28 1 If a person is liable to pay a call and fails to do so by the call payment date (as such is defined below), the directors may issue a notice of intended forfeiture to that person, and unless and until the call is paid that person must pay the company interest on the call from the call payment date at the relevant rate (as such is defined below)

- 28 2 Subject to article 28 3, for the purposes of this article

- (a) the **"call payment date"** is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date,
- (b) the **"relevant rate"** is
  - (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted, or, if none
  - (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors,

provided that if no rate is fixed in either of the manners specified in paragraph (b)(i) or (b)(ii) above, it shall be 5 per cent per annum

28 3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998(a)

28 4 The directors may waive any obligation to pay interest on a call wholly or in part

## 29 **Notice of intended forfeiture**

29 1 A notice of intended forfeiture

- (a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice,
- (b) must be sent to the holder of that share (or to all the joint holders of that share) or to a transmittee of that holder,
- (c) must require payment of the call and any accrued interest together with all costs and expenses that may have been incurred by the company by reason of such non-payment by a date which is not less than 14 clear days after the date of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires),
- (d) must state how the payment is to be made, and
- (e) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited

## 30 **Directors' power to forfeit shares**

If a notice of intended forfeiture is not complied with before the date by which payment of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture

## 31 **Effect of forfeiture**

31 1 Subject to the articles, the forfeiture of a share extinguishes all interests in that share, and all claims and demands against the company in respect of it and all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the company

31 2 Any share which is forfeited in accordance with the articles

- (a) is deemed to have been forfeited when the directors decide that it is forfeited,
- (b) is deemed to be the property of the company, and
- (c) may be sold, re-allotted or otherwise disposed of as the directors think fit

31 3 If a person's shares have been forfeited

- (a) the company must send that person notice that forfeiture has occurred and record it in the register of members,
- (b) that person ceases to be a shareholder in respect of those shares,

- (c) that person must surrender the certificate for the shares forfeited to the company for cancellation,
- (d) that person remains liable to the company for all sums payable by that person under the articles at the date of forfeiture in respect of those shares, including any interest, costs and expenses (whether accrued before or after the date of forfeiture), and
- (e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal

31 4 At any time before the company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls and interest, costs and expenses due in respect of it and on such other terms as they think fit

## 32 Procedure following forfeiture

32 1 If a forfeited share is to be disposed of by being transferred, the company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer

32 2 A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been forfeited on a specified date is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and, subject to compliance with any other formalities of transfer required by the articles or by law, constitutes a good title to the share

32 3 A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share

32 4 If the company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the company the proceeds of such sale, net of any commission, and excluding any amount which

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

but no interest is payable to such a person in respect of such proceeds and the company is not required to account for any money earned on them

## 33 Surrender of shares

33 1 A shareholder may surrender any share

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

33 2 The directors may accept the surrender of any such share. The effect of surrender on a share is the same as the effect of forfeiture on that share. A share which has been surrendered may be dealt with in the same way as a share which has been forfeited

**34 Exclusion of statutory pre-emption provisions**

Pursuant to Section 567, CA2006, sub-section (1) of Section 561, CA2006, and sub-sections (1) to (5) inclusive of Section 562, CA2006 shall be excluded from applying to the company

**35 Share certificates**

- 35 1 The company must issue each shareholder with one or more certificates in respect of the shares which that shareholder holds and, save as provided otherwise in the articles, such certificates must be issued free of charge

Article 24(1) of the Model Articles is modified accordingly

- 35 2 Article 24(2)(c) of the Model Articles is modified by

- (a) the deletion of the words "that the shares are fully paid", and
- (b) the insertion, instead, of the words "the amount paid up on the shares"

**36 Share transfers**

- 36 1 Article 26(1) of the Model Articles is modified by the addition, at the end of that article, of the words

"and unless the share is fully paid, by and on behalf of the transferee"

- 36 2 The directors may, in their absolute discretion, refuse to register the transfer of a share, and if they do so, they shall, within 2 months after the date on which the transfer was lodged with the company, send to the transferee notice of refusal together with reasons for the refusal. Any instrument of transfer which the directors refuse to register must (unless they suspect that the proposed transfer may be fraudulent) be returned to the transferee

Article 26(5) of the Model Articles is modified accordingly

**37 Transfers prohibited absolutely**

No sale or transfer of the legal or beneficial interest in any shares in the Company be made or validly registered if as a result of such sale or transfer and registration thereof a Controlling Interest would be obtained in the Company by a company in which one or more of the Members (or persons acting in concert with them) has a Controlling interest

**38 Permitted transfers to relations and family trusts**

Any member may at any time during his lifetime transfer all or any shares held by him to a Privileged Relation or to trustees to be held upon a Family Trust of which he is the settlor

**39 Permitted transfers by family trusts**

Where any shares are held by trustees upon a Family Trust such shares may be transferred without restriction as to price or otherwise

- (a) on any change of trustees, to the new trustees of that Family Trust,
- (b) at any time to the settlor or to another Family Trust of which he is the settlor or to any Privileged Relation of the settlor

## 40 Pre-emption rights

### 40 1 *Transfer Notices and Sale Price*

Except where otherwise provided in these Articles, every Member who desires to transfer any interest in shares must serve a Transfer Notice. Transfer Notices shall constitute the Company as the Seller's agent for the sale of the Sale Shares in one or more lots at the discretion of the directors at the price agreed by the Seller and the directors (the "**Sale Price**"). If the Seller and the directors are unable to agree a price within 21 days of the Transfer Notice being given or being deemed to have been given the Sale Price will instead be the price which the Independent Expert shall certify to be in his opinion a fair value of the Sale Shares. In arriving at his opinion the Independent Expert will value the Sale Shares as at the date the Transfer Notice is given on a going concern basis as between a willing seller and a willing buyer, ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and on the assumption that the Sale Shares are capable of transfer without restriction. The decision of the Independent Expert as to the Sale Price shall be final and binding.

### 40 2 *Right of Seller to reject partial sales*

A Transfer Notice may contain a condition (a "**Total Transfer Condition**") that unless all the Sale Shares are sold by the Company pursuant to this Article none shall be sold. Any such provision shall be binding on the Company.

### 40 3 *Certification of the Sale Price and right of Seller to cancel*

If the Independent Expert is asked to certify the fair value of the Sale Shares, his certificate shall be delivered to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. The Seller shall be entitled by notice in writing given to the Company within 7 days of the service upon him of the copy certificate to cancel the Company's authority to sell the Sale Shares. The cost of obtaining the certificate shall be paid by the Company unless the Seller cancels it in which case the Seller shall bear the cost.

### 40 4 *Pre-emptive offers - general*

Once the Sale Price has been determined then, unless the Seller has given a valid notice of cancellation, the Sale Shares shall be offered for sale in accordance with the following provisions of this Article.

### 40 5 *Offer to Members*

Without prejudice to the provisions of Article [40 4], as soon as the Sale Shares become available they shall forthwith be offered for sale by the Company giving notice in writing to that effect to all holders of Equity Shares (other than the Seller). The notice shall specify

- the number of Sale Shares on offer and the Sale Price,
- whether the Sale Shares are subject to a Total Transfer Condition,
- the date by which the application to purchase the Sale Shares has to be received by the Company (being a date no less than 14 days and no more than 21 days after the date of the notice).

The notice shall set out the method of allocation of the Sale Shares and shall invite each Member to apply in writing to the Company for as many of the Sale Shares (if any) as that Member would like to purchase.

40 6 **Basis of allocation to Members**

- (a) The Sale Shares shall be allocated by the directors in satisfaction of the applications received in accordance with the procedure set out in this Article

If the total number of Sale Shares applied for by the Members is equal to or less than the number of Sale Shares available, the Sale Shares shall be allocated in satisfaction of the applications received

- (b) If the total number of Sale Shares applied for is more than the number of Sale Shares available, the directors shall allocate Sale Shares in satisfaction of each Member's application for Sale Shares in accordance with the following formula. This formula shall be applied repeatedly until such time as there are no Sale Shares remaining to be allocated. Each application of the formula is herein referred to as an "iteration"

$$A = \frac{B}{C} \times D$$

A is the number of Sale Shares to be allocated to the relevant Member in the iteration

B is the number of Shares held by the Member

C is the number of Shares held by all Members to whom the iteration is being applied

D is the number of Sale Shares or, after the first iteration, the number of Sale Shares remaining unallocated by previous iterations

If, in any iteration, a Member would be allocated all or more than all of the Sale Shares for which he applied (including allocations from previous iterations) then any excess will not be allocated to that Member. That Member will cease to take part in any further iterations and the excess Sale Shares will be available for allocation in the next iteration

- 40 7 The Company shall notify the Seller and each Member who applied for Sale Shares of the number of Sale Shares that have been allocated and the persons to whom they have been allocated. The notification shall include the place and time (being not later than 14 days after the date by which applications had to be received) at which the sale of the Sale Shares shall be completed

40 8 **Transfer procedure for pre-emptive offers**

If the Company finds a purchaser or purchasers for all or any of the Sale Shares under the terms of this Article the Seller shall be bound, upon receipt of the Sale Price, to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Seller defaults in transferring Sale Shares the Company shall, if so required by the person or persons willing to purchase such Sale Shares, receive and give a good discharge for the purchase money on behalf of the Seller and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Sale Shares as have been transferred to them

40 9 **Transfers free of pre-emption**

If the Company does not find purchasers for all of the Sale Shares under the terms of this Article 40, the Seller shall at any time within six months after the date of the offer by the Company to its Members be free to sell and transfer such of the Sale Shares as have not been so sold to any person at a price which is no less than the Sale Price. If the Sale Shares were

the subject of a Total Transfer Condition such a sale may only be made of all the Sale Shares and not part only

40 10 **Effect of non-compliance**

Any purported transfer of shares otherwise than in accordance with the provisions of these Articles shall be void and have no effect

41 **Tag along and drag along rights**

41 1 **Tag along**

No sale or transfer of the legal or beneficial interest in any shares in the Company may be made or validly registered without the consent in writing of [holders of [50%] by number of the Ordinary Shares] if, as a result of such sale or transfer and registration thereof, a Controlling Interest would be obtained in the Company by any person or group of persons acting in concert unless the proposed transferee or transferees or his or their nominees

- (a) are independent third parties acting in good faith, and
- (b) has or have offered to purchase all the Ordinary Shares,

41 2 **Drag along**

- (a) If the holders of [75%] of the Ordinary Shares in issue for the time being (the "**Selling Shareholders**") wish to transfer all their interest in Shares (the "**Sellers' Shares**") to a bona fide arms length purchaser (the "**Third Party Purchaser**") the Selling Shareholders shall have the option (the "**Drag Along Option**") to require all the other holders of Shares (the "**Called Shareholders**") to sell and transfer all their shares to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with the provisions of this Article
- (b) The Selling Shareholders may exercise the Drag Along Option by giving a written notice to that effect (a "**Drag Along Notice**") at any time before the transfer of the Sellers' Shares to the Third Party Purchaser. A Drag Along Notice shall specify that the Called Shareholders are required to transfer all their Shares (the "**Called Shares**") pursuant to this Article, the person to whom they are to be transferred, the consideration for which the Called Shares are to be transferred (calculated in accordance with this Article) and the proposed date of transfer
- (c) Drag Along Notices shall be irrevocable but will lapse if for any reason there is not a sale of the Sellers' Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of service of the Drag Along Notice. The Selling Shareholders shall be entitled to serve further Drag Along Notices following the lapse of any particular Drag Along Notice
- (d) No Drag Along Notice may require a Called Shareholder to agree to any terms save those specifically provided for in this Article
- (e) Completion of the sale of the Called Shares shall take place on the same date as the date proposed for completion of the sale of the Sellers' Shares unless
  - (i) all of the Called Shareholders and the Selling Shareholders agree otherwise, or
  - (ii) that date is less than 3 days after the Drag Along Notice where it shall be deferred until the third day after the Drag Along Notice



- (f) The rights of pre-emption set out in these Articles shall not arise on any transfer of shares to a Third Party Purchaser (or as they may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served
- (g) If any holder of Shares does not on completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by them the defaulting holder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be their agent and attorney to execute all necessary transfer(s) on his behalf against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares and deliver such transfer(s) to the Third Party Purchaser (or as they may direct) and the directors shall forthwith register the Third Party Purchaser (or as they may direct) as the holder thereof. After the Third Party Purchaser (or their nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of shares under this sub-article that no share certificate has been produced
- (h) Upon any person, following the issue of a Drag Along Notice, becoming a Member pursuant to the exercise of a pre-existing option to acquire shares in the Company (a "New Member"), a Drag Along Notice shall be deemed to have been served upon the New Member on the same terms as the previous Drag Along Notice who shall thereupon be bound to sell and transfer all such shares acquired by them to the Third Party Purchaser or as the Third Party Purchaser may direct and the provisions of this Article shall apply mutatis mutandis to the New Member save that completion of the sale of such shares shall take place forthwith upon the Drag Along Notice being deemed served on the New Member

## 42 Transmission of shares

- 42 1 A transmittee who produces such evidence of entitlement to shares as the directors may properly require
- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
  - (b) subject to the articles (including, without limitation, the provisions of article 42 2) and pending any transfer of the shares to another person, has the same rights as the holder had (and the rights in relation to the holder shall cease) and may give good discharge for dividends and other distributions in respect of the share

Article 27(2) of the Model Articles is modified accordingly

- 42 2 Save as provided in article 13 (*Methods of appointing directors*), transmittees do not have the right to attend or vote at a general meeting of the company, or agree to a proposed written resolution, in respect of shares to which they are entitled by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares

Article 27(3) of the Model Articles is modified accordingly

- 42 3 The directors may at any time give notice requiring a transmittee to elect either to be registered himself in respect of the share or to transfer the share to a person nominated by him and if such notice is not complied with within 60 days of such notice, the directors may, thereafter, withhold payment of all dividends, bonuses or other moneys payable in respect of the share until the requirements of the notice have been complied with

## 43 Transmittees bound by prior notices

If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the

transmittee's name or the name of any person nominated by the transmittee pursuant to article 42 1 (*Transmission of shares*) has been entered in the register of members

Article 29 of the Model Articles is modified accordingly

### **Dividends and Other Distributions**

#### **44 Calculation of dividends**

44 1 Except as otherwise provided by the articles and by the rights attached to shares, all dividends must be

- (a) declared and paid according to the amounts paid up on the shares on which the dividend is paid, and
- (b) apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid

44 2 If any share is issued on terms providing that it shall rank for dividend as from a particular date or be entitled to dividends declared after a particular date it shall rank for or be entitled to dividends accordingly

44 3 For the purposes of calculating dividends, no account is to be taken of any amount which has been paid up on a share in advance of a call or otherwise paid up in advance of its overdue payment date

Article 30(4) of the Model Articles shall be excluded from applying to the company

#### **45 Payment of dividends and other distributions**

45 1 Each of articles 31(1)(a) to (d) of the Model Articles is modified by the deletion of the words "either" and "or as the directors may otherwise decide"

45 2 If

- (a) a share is subject to the company's lien, and
- (b) the directors are entitled to issue a lien enforcement notice in respect of it,

they may, instead of issuing a lien enforcement notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the company in respect of that share to the extent that they are entitled to require payment under a lien enforcement notice. Money so deducted must be used to pay any of the sums payable in respect of that share

45 3 The company must notify the distribution recipient in writing of

- (a) the fact and amount of any such deduction,
- (b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction, and
- (c) how the money deducted has been applied

45 4 In these articles, "**the distribution recipient**" means, in respect of a share in respect of which a dividend or other sum is payable

- (a) the holder of the share, or

- (b) if the share has two or more joint holders, whichever of them is named first in the register of members, or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee

### **Capitalisation of Profits**

#### **46 Authority to capitalise and appropriation of capitalised sums**

46 1 A capitalised sum which was appropriated from profits available for distribution may be applied

- (a) in or towards paying up any amounts unpaid on existing shares held by the person(s) entitled, or
- (b) in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct

Article 36(4) of the Model Articles is modified accordingly

46 2 Subject to the articles, the directors may apply capitalised sums in accordance with article 46 1(a) and 46 1(b) partly in one way and partly in another

Article 36(5)(a) of the Model Articles is modified accordingly

### **Part 4**

#### **Decision-making by Shareholders**

#### **Organisation of General Meetings**

#### **47 Notice of general meetings**

47 1 A general meeting of the company (other than an adjourned meeting) shall be called by notice of at least 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) but a general meeting may be called by shorter notice if it is so agreed by a majority in number of the shareholders having a right to attend and vote being a majority together holding not less than ninety percent in nominal value of the shares giving that right

47 2 Every notice convening a general meeting shall specify

- (a) the place, the date and the time of the meeting,
- (b) the general nature of the business to be dealt with at the meeting,
- (c) if the meeting is convened to consider a special resolution, the text of the resolution and intention to propose the resolution as a special resolution, and
- (d) with reasonable prominence, that a member is entitled to appoint another person (who does not have to be a member) as his proxy to exercise all or any rights of his to attend, speak and vote at the meeting and that a member may appoint more than one proxy in relation to the meeting (provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him) and shall also specify any more extensive rights (if any) conferred by these articles to appoint more than one proxy

47 3 The notice shall be given to the members (other than any who under the provisions of these articles or of any restrictions imposed on any shares are not entitled to receive notice from the company), to the directors and to the auditors and if more than one for the time being, to each of them

47 4 Subject to the provisions of these articles, notice of a general meeting of the company may be given

(a) in hard copy form,

(b) in electronic form, or

(c) by means of a website,

or partly by one such means and partly by another and the provisions of article 58 (*Company communications*) shall apply accordingly

47 5 The accidental failure to give notice of general meeting or, in cases where it is intended that it be sent out with the notice, an instrument of proxy, or to give notice of a resolution intended to be moved at a general meeting to, or the non-receipt of any of them by, any person or persons entitled to receive the same shall not invalidate the proceedings at that meeting and shall be disregarded for the purpose of determining whether the notice of the meeting, instrument of proxy or resolution were duly given

#### 48 **Quorum for general meetings**

Whenever the company has only one member, the member present (being an individual) in person or by proxy, or (being a corporation) by a duly authorised representative or by proxy, shall be a quorum Subject to the provisions of Section 318(2), CA2006, whenever the company has two or more members, two persons entitled to vote upon the business to be transacted (each being a member (being an individual) present in person or by proxy, or (being a corporation) present by a duly authorised representative or by proxy), shall be a quorum

#### 49 **Chairing general meetings**

49 1 Article 39(2) of the Model Articles is modified by the addition, after the words "director or shareholder", of the words

"(which may include any proxy appointed by a shareholder)"

#### 50 **Adjournment**

If a quorum is not present at any adjourned meeting within half an hour from the time appointed for that meeting (or if, during the meeting, a quorum ceases to be present), the meeting shall be dissolved

### **Voting at General Meetings**

#### 51 **Voting: general**

No shareholder shall, unless the directors otherwise decide, be entitled to vote (either in person or by proxy) at a general meeting, at any adjournment of it or on any poll called at or in relation to it in respect of any share held by him or to exercise any right as a shareholder unless all calls or other sums presently payable by him in respect of that share in the company have been paid to the company

**52 Errors and disputes**

52 1 Article 43(2) of the Model Articles is modified by the addition, at the end of that article, of the words

"and conclusive"

**53 Demanding a poll and procedure on poll**

53 1 A poll may be demanded by

- (a) the chairman of the meeting,
- (b) the directors,
- (c) two or more persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution, or
- (d) by a person or persons holding shares in the company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up to not less than one tenth of the total sum paid up on all the shares conferring that right

Article 44(2) of the Model Articles is modified accordingly

53 2 A demand for a poll may be withdrawn if

- (a) the poll has not yet been taken, and
- (b) the chairman of the meeting consents to the withdrawal,

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

Article 44(3) of the Model Articles is modified accordingly

**54 Delivery of proxy notices**

54 1 The appointment of a proxy and the power of attorney or other authority (if any) under which it is signed (or a copy of such authority certified notarially or in some other way approved by the directors) shall be sent or supplied in hard copy form, or (subject to any conditions and limitations which the directors may specify) in electronic form

- (a) to the registered office of the company, or
- (b) to such other address (including electronic address) as is specified in the notice convening the meeting or in any instrument of proxy or any invitation to appoint a proxy sent or supplied by the company in relation to the meeting, or
- (c) as the directors shall otherwise direct,

to be received before the time for the holding of the meeting or adjourned meeting to which it relates or, in the case of a poll taken after the date of the meeting or adjourned meeting, before the time appointed for the poll

54 2 Any instrument of proxy not so sent or supplied or received shall be invalid unless the directors at any time prior to the meeting or the chairman of the meeting at the meeting, in their or his absolute discretion, accept as valid an instrument of proxy where there has not been compliance with the provisions of this article and such proxy shall thereupon be valid notwithstanding such default

54 3 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person

54 4 If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf

Article 46 of the Model Articles is modified accordingly

## 55 **Revocation of proxy notices**

55 1 The validity of

- (a) a vote given or poll demanded in accordance with the terms of an appointment of a proxy, or
- (b) anything done by a proxy acting as duly appointed chairman of a meeting, or
- (c) any decision determining whether a proxy counts in a quorum at a meeting,

shall not be affected notwithstanding the death or mental disorder of the appointor or the revocation of the appointment of the proxy (or of the authority under which the appointment of the proxy was executed) or the transfer of the share in respect of which the appointment of the proxy is given, unless notice in writing of such death, mental disorder, revocation or transfer shall have been

- (a) sent or supplied to the company or any other person as the company may require in the notice of the meeting, any instrument of proxy sent out by the company in relation to the meeting or in any invitation to appoint a proxy issued by the company in relation to the meeting, in any manner permitted for the sending or supplying of appointments of proxy pursuant to the articles, and
- (b) received at the registered office of the company (or such other address (including electronic address) as has been designated for the sending or supplying of appointments of proxy), before the time for the holding of the meeting or adjourned meeting to which it relates or, in the case of a poll taken after the date of the meeting or adjourned meeting, before the time appointed for the poll

## 56 **Votes of proxies**

56 1 The company shall be under no obligation to ensure or otherwise verify that any vote(s) cast by a proxy are done so in accordance with any such instructions given by the member by whom such proxy is appointed. In the event that a vote cast by such proxy is not done so in accordance with the instructions of the member by whom such proxy is appointed, such vote shall not be deemed to be invalid

56 2 On a vote on a resolution on a show of hands, where a proxy is appointed by more than one member (provided that, where some only of those members by whom the proxy is appointed instruct the proxy to vote in a particular way, those members all instruct such proxy to vote in the same way on a resolution (either "for" or "against")) such proxy shall be entitled to cast a second vote the other way in relation to any discretionary vote(s) given to him by other members by whom such proxy is appointed

## **Part 5**

### **Administrative Arrangements**

#### **57 Exercise of members' rights**

No shareholder in the company shall be entitled to nominate another person or persons to enjoy or exercise all or any specified rights of the shareholder in relation to the company pursuant to Section 145, CA2006. Accordingly, the company shall not be obliged to give effect to any purported nomination notice received by it.

#### **58 Company communications**

58 1 Subject to the provisions of the Acts (and save as otherwise provided in the articles), any document or information required or authorised to be sent or supplied by the company to any member or any other person (including a director) pursuant to these articles, the Companies Acts or any other rules or regulations to which the company may be subject, may be sent or supplied in hard copy form, in electronic form, by means of a website or in any other way in which documents or information may be sent or supplied by the company pursuant to the Companies Acts.

58 2 Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked in writing to be sent or supplied with such notices or documents for the time being.

58 3 The provisions of the CA2006 which apply to sending or supplying a document or information required or authorised to be sent or supplied by the Companies Acts by making it available on a website shall, mutatis mutandis, apply to the sending or supplying of any document or information required or authorised to be sent by these articles or any other rules or regulations to which the company may be subject, by making it available on a website.

58 4 The company may send or supply any document or information to a member or any other person (including a director) pursuant to these articles, the Companies Acts or any other rules or regulations to which the company may be subject, either personally, or by post in a prepaid envelope addressed to the member (or such other person) at his registered address or at his address for service, or by leaving it at that address or any other address for the time being notified to the company by the member (or such other person) for the purpose, or by sending or supplying it using electronic means to an electronic address for the time being notified to the company by the member (or such other person) for the purpose, or by any other means authorised in writing by the member (or such other person) concerned.

58 5 A shareholder whose registered address is not within the United Kingdom and who gives the company an address within the United Kingdom to which documents or information may be sent or supplied to him or gives an electronic address to which documents or information may be sent or supplied using electronic means, shall be entitled to have documents or information sent or supplied to him at that address, but otherwise no such shareholder shall be entitled to receive any document or information from the company.

58 6 In the case of joint holders of a share, if the company sends or supplies any document or information to one of the joint holders, it shall be deemed to have properly sent or supplied such document or information to all the joint holders.

58 7 If, on at least 2 consecutive occasions, the company has attempted to send any document or information by electronic means to an address specified (or deemed specified) for the purpose and a delivery failure (or other similar) notification has been received by the company, the company thereafter shall send documents or information in hard copy form or electronic form (but not by electronic means) to such member at his registered address or address for service within the United Kingdom (whether by hand, by post or by leaving it or them at such address), in which case the provisions of article 58 8 shall apply.

- 58 8 If on 3 consecutive occasions documents or information have been sent or supplied to any shareholder at his registered address or address for the service of such documents or information in the United Kingdom but have been returned undelivered, such shareholder shall not thereafter be entitled to receive any documents or information from the company until he shall have communicated with the company and supplied in writing a new registered address or address within the United Kingdom for the service of documents or information or an electronic address to which documents or information may be sent or supplied using electronic means
- 58 9 Any shareholder present, in person or by proxy, at any meeting of the company or of the holders of any class of shares of the company, shall be deemed to have received due notice of such meeting and, where requisite, of the purposes for which such meeting was called
- 58 10 Save as provided otherwise in these articles, any document or information addressed to a shareholder (or other person to whom such document or information is required or authorised to be sent pursuant to these articles, the Companies Acts or otherwise) at his registered address or address for service (in the case of a shareholder, in the United Kingdom) or electronic address, as the case may be, shall
- (a) if hand delivered or left at a registered address or other address for service (in the case of a shareholder in the United Kingdom), be deemed to have been served or delivered on the day on which it was so delivered or left,
  - (b) if sent or supplied by post (whether in hard copy form or in electronic form), be deemed to have been received at the expiration of 48 hours after the envelope was posted,
  - (c) if sent or supplied by electronic means (other than by means of website), be deemed to have been received (if sent or supplied between the hours of 9 a m and 5 p m on a working day) at the time it was sent, or (if sent or supplied at any other time) at 9 a m on the next following working day, and
  - (d) if sent or supplied by means of a website, be deemed to have been received when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website
- 58 11 In calculating a period of hours for the purpose of article 58 10, account shall be taken of any part of a day that is not a working day
- 58 12 A director may agree with the company that documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than those set out in article 58 10
- 58 13 Subject to article 58 9, in proving such service or delivery it shall be sufficient to prove that the envelope containing the document or information was properly addressed and put into the post in a prepaid envelope or, in the case of a document or information sent or supplied by electronic means, that it was sent or supplied in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators entitled "Electronic Communications with Shareholders 2007" (as such guidance is amended or updated from time to time)
- 58 14 The company shall not be held responsible for any failure in transmission beyond its reasonable control and the provisions of article 58 9 to article 58 13 (inclusive) shall apply regardless of any document or information being returned undelivered and regardless of any delivery failure notification or "out of office" or other similar response and any such "out of office" or other similar response shall not be considered to be a delivery failure



**59 Company seals**

Article 49 of the Model Articles is modified by the addition, after the word "directors", of the words

"or a committee of the directors"

**Directors' Indemnity, Funds and Insurance**

**60 Indemnity and Funds**

60 1 Subject to article 60 2 (but otherwise to the fullest extent permitted by law) and without prejudice to any indemnity to which he may otherwise be entitled

(a) a relevant director, secretary or other officer (other than any person engaged as auditor) of the company or an associated company may, at the discretion of the directors, be indemnified out of the company's assets against all or any part of any costs, charges, losses, expenses and liabilities incurred by that director, secretary or other officer

(i) in the actual or purported exercise of his powers in relation to the affairs of the company or an associated company, and

(ii) in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme, and

(b) a relevant director, secretary or other officer (other than any person engaged as auditor) of the company or any holding company may, at the discretion of the directors, be provided with funds to meet any expenditure incurred or to be incurred by him as provided in Section 205 and/or Section 206, CA2006 (or enable him to avoid incurring any such expenditure)

60 2 This article does not authorise any indemnity or provision of funds which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law

**61 Insurance**

61 1 Subject to the provisions of the CA2006, the directors may in their absolute discretion decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director, secretary or other officer (other than any person engaged as auditor) of the company or associated company in respect of all or any part of any relevant loss

**62 Domicile**

The registered office of the Company is situated in England and Wales