

**THE COMPANIES ACT 2006**

**WRITTEN SPECIAL RESOLUTIONS OF**

**I.P. INTEGRATION GROUP LIMITED**

**COMPANY NUMBER: 04211271**

*By written resolution of the members pursuant to Sections 288 to 300 of the Companies Act 2006 the following Special Resolutions were passed on 30 SEPTEMBER 2016*

It is resolved:

1. THAT the draft Articles of Association, as attached hereto and for the purpose of identification marked "A", be and are hereby adopted as the new Articles of Association of the Company, in substitution for and to the exclusion of the current Articles of Association including all provisions in the current Memorandum of Association that now, pursuant to section 28 of the Companies Act 2006, are deemed to form part of the Articles of Association.
2. THAT in accordance with the Company's Articles of Association, the pre-emption provisions contained therein shall not apply to the allotment of 481,000 Preference shares to Adventure Finance Limited provided that the allotment shall be completed within one month of the passing of this resolution.

Signed  Director/Secretary

Presenter:

York Place  
Elizabeth House  
13-19 Queen Street  
Leeds  
LS1 2TW  
Tel: 0113 2245 450

THURSDAY



A34 \*A71RW4SO\* 15/03/2018 #330  
COMPANIES HOUSE

'A'

## THE COMPANIES ACT 2006

### PRIVATE COMPANY LIMITED BY SHARES

#### ARTICLES OF ASSOCIATION OF

#### I.P. INTEGRATION GROUP LIMITED\*

##### Defined terms

1.(1) In these articles, unless the context requires otherwise:

**articles** means the articles of association set out in this document which, together with the Model Articles (as modified or excluded by this document) forming part of the articles, and "article" shall be construed accordingly;  
**clear days** means (in relation to the period of a notice) that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

**conflicted director** means a director who has, or could have, a conflict in a situation involving the company and consequently whose vote is not to be counted in any vote to authorise such conflict and who is not to be counted as participating in the quorum for the meeting (or part of the meeting) at which such matter is to be voted upon;

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

**Model Articles** means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these articles;

**non-conflicted director** means any director who is not a conflicted director;

**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;

**United Kingdom** means Great Britain and Northern Ireland; and

(2) Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Companies Act 2006 as in force on the date when these Articles become binding on the company shall have the same meanings in these Articles.

(3) Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.

(4) Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time and shall include any orders, regulations or subordinate legislation from time to time made under it and any amendment or re-enactment of it or any such orders, regulations or subordinate legislation for the time being in force.

(5) Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

(6) The Model Articles shall apply to the company, except in so far as they are modified or excluded by these Articles.

(7) Articles 7, 8, 11(2) and (3), 13(2), 14(1) to (4) inclusive, 17(2), 19(5), 21, 26(5), 44(4), 45(1), 46(3), 52 and 53 of the Model Articles shall not apply to the company.

##### Directors' general authority

2. Article 3 of the Model Articles shall be amended by the insertion of the words "and to the applicable provisions for the time being of the Companies Acts", after the phrase "subject to the articles".

##### Change of Company name

3. The directors may resolve in accordance with these articles to change the company's name.

##### Committees

4. Where a provision of the articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee, the provision shall be construed as permitting the exercise of power, authority or discretion by the committee.

##### Directors to take decisions collectively

5. (1) The general rule about decision-making by directors is that any decision of the directors must be taken as a majority decision at a meeting or as a directors' written resolution in accordance with these articles or otherwise as a unanimous decision taken in accordance with these articles.

---

\* The name of the company was changed from CRONCON LIMITED with effect from 22 June 2001.

(2) If the company only has one director for the time being, and no provision of the articles requires it to have more than one director, the general rule does not apply, and the director may (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.

(3) Subject to the articles, each director participating in a directors' meeting has one vote.

#### **Directors' written resolutions**

6. (1) Any director may propose a directors' written resolution by giving notice in writing of the proposed resolution to each of the other directors (including alternate directors).

(2) If the company has appointed a company secretary, the company secretary must propose a directors' written resolution if a director so requests by giving notice in writing to each of the other directors (including alternate directors).

(3) Notice of a proposed directors' written resolution must indicate:

(a) the proposed resolution; and

(b) the time by which it is proposed that the directors should adopt it.

(4) A proposed directors' written resolution is adopted when a majority of the non-conflicted directors (or their alternates) have signed one or more copies of it, provided that those directors (or their alternates) would have formed a quorum at a directors' meeting were the resolution to have been proposed at such meeting.

(5) Once a directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles.

#### **Unanimous decisions**

7. (1) A decision of the directors is taken in accordance with this Article when all non-conflicted directors indicate to each other by any means that they share a common view on a matter.

(2) A decision may not be taken in accordance with this Article if the non-conflicted directors would not have formed a quorum at a directors' meeting had the matter been proposed as a resolution at such a meeting.

(3) Once a directors' unanimous decision is taken in accordance with this Article it must be treated as if it had been a decision taken at a directors' meeting in accordance with the articles.

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

8. (1) Article 9 of the Model Articles shall be amended by:

(a) inserting the words "each of" before the words "the directors";

(b) by inserting the phrase "(including alternate directors), whether or not he is absent from the UK," after the words "the directors";

(c) by inserting the words "subject to article 9(4)" at the beginning of article 9(3) of the Model Articles; and

(d) by inserting the words "prior to or up to and including" before the words "not more than seven days" in article 9(4) of the Model Articles.

#### **Chairman's casting vote at directors' meetings**

9. (1) Article 13(1) of the Model Articles shall be amended by the insertion of the words "at a meeting of directors" after the word "proposal".

(2) Article 13(1) of the Model Articles (as amended by paragraph (1) hereof) does not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the articles, the chairman or other director chairing the meeting is a conflicted director for the purposes of that meeting (or that part of that meeting at which the proposal is voted upon).

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

10. (1) Subject to paragraph (2) hereof the quorum for the transaction of business at a meeting of directors may be fixed from time to time by a decision of the directors but it must never be less than two directors, and unless otherwise fixed it is two. A person who holds office only as an alternate director shall, if his appointor is not present, be counted in the quorum. If and so long as there is a sole director, he may exercise all the powers and authorities vested in the directors by these articles and accordingly the quorum for the transaction of business in these circumstances shall be one.

(2) For the purposes of any meeting (or part of a meeting) held pursuant to these articles to authorise a director's conflict, if there is only one non-conflicted director in office in addition to the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one non-conflicted director.

#### **Directors' conflicts of interests**

11. (1) For the purposes of this Article, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests.

##### *Situational Conflicts of Interest*

(2) The directors may, in accordance with the requirements set out in this Article, authorise any matter proposed to them by any director which would, if not authorised, involve a director breaching his duty under section 175 of the Companies Act 2006 to avoid situations in which he has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (such conflict of interest being hereinafter referred to as a Conflict of Interest).

(3) A director seeking authorisation in respect of a Conflict of Interest shall declare to the other directors the nature and extent of his interest in a Conflict of Interest as soon as is reasonably practicable. The director shall provide the other directors with such details of the relevant matter as are necessary for the other directors to decide how to address the Conflict of Interest, together with such other information as may be requested by the other directors.

(4) Any authorisation under this Article will be effective only if:

(a) the matter in question shall have been proposed by any director for consideration at a meeting of directors in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine;

(b) any requirement as to the quorum at any meeting of the directors at which the matter is considered is met without counting the director in question and any other conflicted director(s); and

(c) the matter was agreed to without the director and any other conflicted director(s) voting or would have been agreed to if their votes had not been counted.

(5) Any authorisation of a Conflict of Interest under this Article may (whether at the time of giving the authorisation or subsequently):

(a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the Conflict of Interest so authorised;

(b) be subject to such terms and for such duration, or impose such limits or conditions as the directors may determine; or

(c) be terminated or varied by the directors at any time.

This will not affect anything done by the director prior to such termination or variation in accordance with the terms of the authorisation.

(6) In authorising a Conflict of Interest the directors may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict of Interest otherwise than as a director of the Company and in respect of which he owes a duty of confidentiality to another person the director is under no obligation to:

(a) disclose such information to the directors or to any director or other officer or employee of the Company; or

(b) use or apply any such information in performing his duties as a director,

where to do so would amount to a breach of that confidence.

(7) Where the directors authorise a Conflict of Interest they may provide, without limitation (whether at the time of giving the authorisation or subsequently) that the director:

(a) is excluded from discussions (whether at meetings of directors or otherwise) related to the Conflict of Interest;

(b) is not given any documents or other information relating to the Conflict of Interest;

(c) may or may not vote (or may or may not be counted in the quorum) at any future meeting of directors in relation to any resolution relating to the Conflict of Interest.

(8) Where the directors authorise a Conflict of Interest:

(a) the director will be obliged to conduct himself in accordance with any terms, limits and/or conditions imposed by the directors in relation to the Conflict of Interest;

(b) the director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Companies Act 2006 provided he acts in accordance with such terms, limits and/or conditions (if any) as the directors impose in respect of its authorisation.

*Conflicts of Interest arising in relation to transactions or arrangements with the Company*

(9) Subject to the applicable provisions for the time being of the Companies Acts and to any terms, limits and/or conditions imposed by the directors in accordance with this Article, and provided that he has disclosed to the directors the nature and extent of any interest of his in accordance with the Companies Acts, a director notwithstanding his office:

(a) may be a party to, or otherwise interested in, any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;

(b) shall be counted as participating for voting and quorum purposes in any decision in connection with any proposed or existing transaction or arrangement with the Company, in which he is in any way directly or indirectly interested;

(c) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director; and

(d) may be a director or other officer of, or employed by, or a party to any contract, transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested.

(10) A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he receives as director or other officer or employee of the Company's subsidiaries or of any other body corporate in which the Company is interested or which he (or anyone connected with him (as defined in section 252 of the Companies Act 2006)) derives from or in connection with any such office or employment or from a relationship involving a Conflict of Interest which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) or from any contract, transaction or arrangement with, or other interest in, the Company or in which the Company is otherwise interested and no contract, transaction or arrangement shall be liable to be avoided on such grounds nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Companies Act 2006.

(11) For the purposes of this Article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

(12) Subject to the following sub-paragraph, 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.

(13) 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.

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

12. Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye.

**Number of directors**

13. Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than one.

**Methods of appointing directors**

14. (1) In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) shall have the right, by notice in writing, to appoint a person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director.

(2) For the purposes of the preceding article, where two or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

**Termination of director's appointment**

15. Article 18(c) of the Model Articles shall be amended by the addition of the words "and the company resolves that his office be vacated" at the end of the sub-Article.

**Directors' expenses**

16. Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary (if any)" before the words "properly incur".

**Appointment and removal of alternate directors**

17. (1) Any director (hereinafter referred to as "appointor") may appoint as an alternate any other director, or any other person approved by resolution of the directors, 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.

(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.

(3) The notice must:

- (a) identify the proposed alternate; and
- (b) 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.

**Rights and responsibilities of alternate directors**

18. (1) An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor.

(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 (including those set out in sections 172 to 177 CA 2006 inclusive and these articles); and
- (d) are not deemed to be agents of or for their appointors, and, in particular (without limitation), each 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 shareholder.

(3) A person who is an alternate director but not a director:

(a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating and provided that no alternate may be counted as more than one director for these purposes);

(b) may participate in a unanimous decision of the directors (but only if his appointor does not participate); and

(c) may sign a written resolution (but only if it is not signed or to be signed by that person's appointor).

(4) A director who is also an alternate director is entitled, in the absence of any of his appointors, to a separate vote on behalf of that appointor, in addition to his own vote on any decision of the directors but he shall count as only one for the purpose of determining whether a quorum is present.

(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.

**Termination of alternate directorship**

19. An alternate director's appointment as an alternate for any appointor terminates:

(1) when that appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;

(2) when notification is received by the company from the alternate that the alternate is resigning as alternate for that appointor and such resignation has taken effect in accordance with its terms;

(3) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to that appointor, would result in the termination of that appointor's appointment as a director;

(4) on the death of that appointor; or

(5) when the alternate's appointor's appointment as a director terminates.

**Appointment and removal of secretary**

20. The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration, and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

**Share Capital and variation of class rights**

21. (1) The share capital of the company shall be divided into Ordinary shares of 10p each and Preference shares of £1 each and both classes of shares shall rank *pari passu* except:

(a) As regards income:

The holders of the preference shares shall be entitled to receive out of the profits of the Company available for distribution and from time to time determined by the Directors to be distributed by way of dividend.

**(b) As regards voting:**

The preference shares shall not entitle the holders thereof to receive notice of or to attend and vote (either in person or by proxy) at any General Meeting of the Company unless the business of the General Meeting includes the consideration of a Resolution for winding up the Company or a Resolution altering or abrogating any of the rights, privileges, limitations and restrictions attached to the redeemable preference shares but so that in the event of the preference shares entitling the holders thereof to attend at a Meeting by virtue only of this subparagraph such holders shall have the right to vote at such Meeting in respect of the redeemable preference shares held by them only on a resolution of the nature hereinbefore described, in which event holders of the redeemable preference shares shall have one vote on a show of hands and on a poll one vote in respect of every preference share held by them respectively.

**(c) As regards redemption:**

i) The company may at any time give not less than four weeks' previous notice in writing (a 'redemption notice') to the holders of the preference shares of its intention to redeem all or any part or but not a part only of the preference shares which have been issued and are fully paid up in so far as they are paid up on a date which shall be specified in the redemption notice.

ii) In the event of the company determining to redeem a part only of the preference shares those to be redeemed shall be selected by drawings in such manner as the directors shall approve or a rateable proportion (as nearly as practicable without involving fractions of shares) of each holding of such shares on the redemption date.

iii) On the redemption date the company shall be entitled and bound to redeem the preference shares specified in the redemption notice at par and to pay the dividend which shall have accrued on them down to the redemption date against delivery to the company of the certificates for the shares to be redeemed and shall issue free of charge fresh certificates for any unredeemed shares.

iv) The preference shares to be redeemed shall cease to rank for dividend on the redemption date unless on the certificates for the preference shares being tendered to the company it shall fail to effect such redemption.

v) No preference shares shall be redeemed otherwise than out of distributable profits or the proceeds of a fresh issue of shares made for the purposes of the redemption.

vi) All the provisions of the statutes relating to the redemption of shares and the creation or increase where requisite of a capital redemption reserve shall be duly observed.

(2) Whenever the capital of the company is divided into different classes of shares, the special rights attached to any class may only be varied or abrogated, either whilst the company is a going concern or during or in contemplation of a winding up, with the consent of the holders of the issued shares of that class given in accordance with the following article.

(3) The consent of the holders of a class of shares may be given by:

(a) a special resolution passed at a separate general meeting of the holders of the issued shares of that class; or

(b) a written resolution in any form signed by or on behalf of the holders of three-quarters in nominal value of the issued shares of that class, but not otherwise.

(4) To every such meeting, all the provisions of these articles and the Companies Act 2006 relating to general meetings of the company shall apply (with such amendments as may be necessary to give such provisions efficacy) but so that the necessary quorum shall be two holders of shares of the relevant class present in person or by proxy and holding or representing not less than one third in nominal value of the issued shares of the relevant class; so that every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him; and so that any holder of shares of the class, present in person or by proxy or (being a corporation) by a duly authorised representative, may demand a poll. If at any adjourned meeting of such holders such a quorum as aforesaid is not present, not less than one holder who is present in person or by proxy or (being a corporation) by a duly authorised representative shall be a quorum.

**Further issues of shares: authority**

22. (1) The following paragraphs of this article shall not apply to a private company with only one class of shares.

(2) Subject to the preceding paragraph and save to the extent authorised by these articles, or authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the company.

(3) Subject to the remaining provisions of this article and to the following article (Further issues of shares: pre-emption rights) and to any directions which may be given by the company in general meeting, the directors are generally and unconditionally authorised, for the purpose of section 551 of the Companies Act 2006 to exercise any power of the company to:

(a) offer or allot;

(b) grant rights to subscribe for or to convert any security into;

(c) otherwise create, deal in, or dispose of, any shares in the company to any person, at any time and subject to any terms and conditions as the directors think proper.

(4) The authority referred to in this article:

(a) shall be limited to a maximum nominal amount of £100,000 for Ordinary shares and £500,000 for Preference shares;

(b) shall only apply insofar as the company has not renewed, waived or revoked it by ordinary resolution; and

(c) may only be exercised for a period of five years commencing on the date on which the company is incorporated or these articles are adopted whichever is the later, save that the directors may make an offer or agreement which would, or might, require shares to be allotted after the expiry of such authority (and the directors may allot shares in pursuance of an offer or agreement as if such authority had not expired).

**Further issues of shares: pre-emption rights**

23. (1) In accordance with section 567(1) of the Companies Act 2006, sections 561 and 562 of the Companies Act 2006 shall not apply to an allotment of equity securities (as defined in section 560(1) of the Companies Act 2006) made by the company.

(2) After a period of one month from the date of incorporation has elapsed, unless otherwise agreed by special resolution, if the company proposes to allot any equity securities, those equity securities shall not be allotted to any person unless the company has first offered them to all shareholders on the date of the offer on the same terms, and at the same price, as those equity securities are being offered to such other person on a pari passu basis and pro rata to the nominal value of shares held by those shareholders (as nearly as possible without involving fractions).

(3) The offer:

(a) shall be in writing, shall be open for acceptance for a period of fifteen working days from the date of the offer and shall give details of the number and subscription price of the relevant equity securities; and

(b) may stipulate that any shareholder who wishes to subscribe for a number of equity securities in excess of the proportion to which he is entitled shall, in his acceptance, state the number of excess equity securities (hereinafter referred to as "Excess Securities") for which he wishes to subscribe.

(4) Any equity securities not accepted by shareholders pursuant to the offer made to them in accordance with these articles shall be used for satisfying any requests for Excess Securities made pursuant to the preceding article. If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants as nearly as practicable in the proportion that the number of Excess Securities each shareholder indicated he would accept bears to the total number of Excess Securities applied for (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any shareholder beyond that applied for by him). After that allotment, any Excess Securities remaining shall be offered to any other person as the directors may determine, at the same price and on the same terms as the offer to the shareholders.

#### **Company's lien over shares**

24. (1) The company has a lien (hereinafter referred to as the "company's lien") over every share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the company, whether he is the sole registered holder of the share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the company, whether payable immediately or at some time in the future and whether or not a call notice has been sent in respect of it.

(2) The company's lien over a share:

(a) takes priority over any third party's interest in that share, and

(b) extends to any dividend or 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.

(3) The directors may at any time decide that a share which is or would otherwise be subject to the company's lien shall not be subject to it, either wholly or in part.

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

25. (1) Subject to the provisions of this Article, if:

(a) a lien enforcement notice has been given in respect of a share, and

(b) the person to whom the notice was given has failed to comply with it, the company may sell that share.

(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 be in writing and require payment of the sum payable within fourteen days of the notice;

(d) must be addressed either to the holder of the share or to a transferee of that holder; and

(e) must state the company's intention to sell the share if the notice is not complied with.

(3) Where shares are sold under 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 is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.

(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 shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation or an indemnity in a form reasonably satisfactory to the directors has been given for any lost certificates, and subject to a lien equivalent to the company's lien for any money payable (whether payable immediately or at some time in the future) as existed over the shares before the sale in respect of all shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders) after the date of the lien enforcement notice.

(c) A statutory declaration by a director or the company secretary (if any) that the declarant is a director or the company secretary (as the case may be) and that a share has been sold to satisfy the company's lien 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.

#### **Call notices**

26. (1) Subject to the articles and the terms on which shares are allotted, the directors may send a notice (hereinafter referred to as a "call notice") to a shareholder requiring the shareholder to pay the company a specified sum of money (hereinafter referred to as a "call") which is payable by that member to the company at the date when the directors decide to send the call notice.

- (2) A call notice:
- (a) must be in writing;
  - (b) may not require a shareholder to pay a call which exceeds the total amount of his indebtedness or liability to the company;
  - (c) must state when and how any call to which it relates it is to be paid; and
  - (d) may permit or require the call to be paid by instalments.
- (3) A shareholder must comply with the requirements of a call notice, but no shareholder is obliged to pay any call before fourteen days have passed since the notice was sent.
- (4) Before the company has received any call due under a call notice the directors may:
- (a) revoke it wholly or in part, or
  - (b) specify a later time for payment than is specified in the notice,
- by a further notice in writing to the shareholder in respect of whose shares the call is made.

#### **Liability to pay calls**

27. (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.
- (2) Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.
- (3) Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them:
- (a) to pay calls which are not the same, or
  - (b) to pay calls at different times.

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

28. (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:
- (a) on allotment;
  - (b) on the occurrence of a particular event; or
  - (c) on a date fixed by or in accordance with the terms of issue.

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

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

29. (1) If a person is liable to pay a call and fails to do so by the call payment date:
- (a) the directors may issue a notice of intended forfeiture to that person, and
  - (b) until the call is paid, that person must pay the company interest on the call from the call payment date at the relevant rate.
- (2) 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 in writing specifying a later date, in which case the call payment date is that later date;
  - (b) the "relevant rate" is:
  - (c) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
  - (d) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
  - (e) if no rate is fixed in either of these ways, five per cent. (5%) per annum.
- (3) The relevant rate must not exceed by more than five 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.
- (4) The directors may waive any obligation to pay interest on a call wholly or in part.

#### **Notice of intended forfeiture**

30. (1) A notice of intended forfeiture:
- (a) must be in writing;
  - (b) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
  - (c) must be sent to the holder of that share (or, in the case of joint holders of a share) or to a transmittee of that holder in accordance with these articles.
  - (d) must require payment of the call and any accrued interest and all expenses that may have been incurred by the company by reason of such non-payment by a date which is not less than fourteen days after the date of the notice;
  - (e) must state how the payment is to be made; and
  - (f) 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.

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

31. 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.

#### **Effect of forfeiture**

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

(3) If a person's shares have been forfeited:

(a) the company must send that person written 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 (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.

(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 due in respect of it and on such other terms as they think fit.

#### **Procedure following forfeiture**

33. (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.

(2) A statutory declaration by a director or the company secretary (if any) that the declarant is a director or the company secretary (as the case may be) and that a share has been forfeited 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, 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.

(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.

(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,

(c) 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.

#### **Surrender of shares**

34. (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.

(2) The directors may accept the surrender of any such share.

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

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

#### **Payment of commission on subscription for shares**

35. (1) The company may pay any person a commission in consideration for that person:

(a) subscribing, or agreeing to subscribe, for shares; or

(b) procuring, or agreeing to procure, subscriptions for shares.

(2) Any such commission may be paid:

(a) in cash, or in fully paid or partly paid shares or other securities or partly in one way and partly in the other; and

(b) in respect of a conditional or an absolute subscription.

#### **Share certificates**

36. Article 24(2)(c) of the Model Articles shall be amended by:

(1) the deletion of the word "fully" and the insertion of the words "extent to which" before the word "shares"; and

(2) the word "up" at the end of this Model Article 24(2)(c).

#### **Transfer of shares**

37. (1) In these articles, a reference to the transfer of or transferring shares shall include any transfer, assignment, disposition or proposed or purported transfer, assignment or disposition:

(a) of any share or shares of the company; or

(b) of any interest of any kind in any share or shares of the company; or

(c) of any right to receive or subscribe for any share or shares of the company.

(2) The directors may, in their absolute discretion, decline to register the transfer of a share whether or not it be a fully paid share.

(3) If the directors refuse to register a transfer of a share they shall, as soon as practicable and in any event within two months after the date on which the transfer was lodged with the company, send to the transferee notice of, and the reasons for, the refusal.

(4) An obligation to transfer a share under these articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance.

(5) Article 26(1) of the Model Articles shall be amended by the insertion of the words "and (if any of the shares is partly paid) the transferee" at the end of that article.

#### **Permitted Transfers**

38. (1) The following persons/entities shall be "permitted transferees" for the purposes of Articles 38 and 39:-

(a) any spouse or child (or step or adopted child) of a member;

(b) any person or persons acting in the capacity of trustee(s) of a trust (and on any change of trustees of such trust to the new trustee(s) where shares are to continue to be held under such trust) in respect of which the

principal beneficiary or beneficiaries of such trust are the member transferring the shares into the trust ("originating member") and/or such person as would in relation to that member be a permitted transferee PROVIDED THAT the voting rights attaching to shares the subject of the trust are exercisable solely by the trustee(s) and that the Directors are satisfied that the trust is and is intended to remain a trust the sole purpose of which is to benefit the beneficiaries detailed above AND PROVIDED FURTHER that upon the determination of such trust or change in the identity of its beneficiaries to include those not within the definition of a permitted transferee the trustees so notify the Company and shall if required in writing transfer the shares the subject of the trust back to the originating member;

(c) the beneficiary under such trust as is mentioned in Article 38(1)(b) above (where the transfer is from the trustee(s) of such trust to such beneficiary).

(2) Where a member gives or is deemed to give a Transfer Notice under Article 39 (pursuant to Article 39 or 40) they shall procure that where the shares the subject of the notice represent their entire shareholding in the Company, such notice is also given by any permitted transferee (which for the purposes of this Article is deemed to include any party in whom the shares previously held by a permitted transferee are at that time vested) at the same time and on the same terms as their own Transfer Notice (and in the case of deemed service of a Transfer Notice pursuant to Article 40, such Transfer Notice shall be deemed served by such person or persons).

(3) Where pre-emption rights arise under Article 39 in relation to a member's shares, such rights shall not arise in favour of nor be capable of exercise by (and shall be deemed waived by) that member's permitted transferee.

(4) Article 38(1) shall not apply in relation to any shares held by a permitted transferee. With the exception of Article 39(1), the remainder of Article 39 (as far as it applies to voluntary disposals of shares) shall not apply to shares held by a permitted transferee. For the avoidance of doubt, nothing in this sub-Article shall prevent the vesting by operation of law of any shares held by a permitted transferee in the legal personal representatives or trustee in bankruptcy of the same subject to the operation of the pre-emption rights in favour of other members arising on the occurrence of such event. Notwithstanding the forgoing provisions of this sub-Article a permitted transferee shall be permitted to transfer any shares held to the originating member who transferred the same (or part of the same) to the permitted transferee.

(5) Article 40 shall apply in relation to shares held by a permitted transferee save where the originating member (who transferred any or all of such shares to the permitted transferee) is legally capable of accepting a transfer to him or her of those shares in which case the provisions of Article 40 shall be ignored in relation to the shares held by the permitted transferee and those shares shall forthwith be transferred to that originating member upon the occurrence of an event as mentioned in that Article.

(6) In the event that an order for Decree Absolute is made in respect of the marriage of any member, where such member's spouse is a permitted transferee, both members to whom the Decree Absolute relates shall jointly and severally procure that forthwith upon the making of such order, any shares held by the permitted transferee shall be transferred to the originating member (of the whole or part of them) and any failure to comply with this Article shall be treated as an event for the purpose of Article 40 giving rise to a deemed Transfer Notice in respect of both that originating member's shares and those held by the permitted transferee.

#### **Transfers by Members**

39. In this Article and Article 40 the expression "Auditors" mean the Company auditors from time to time and "Group" means the group of companies comprising the Company, any company which is its 51% subsidiary (or in respect of which the Company is a 51% subsidiary) or any associated company (such expressions being defined in section 416 and section 838 Income and Corporation taxes Act 1988 as amended consolidated or re-enacted from time to time) The following provisions shall have effect:-

(1) Save in respect of permitted transferees, and as provided in Article 41 none of the members shall sell, transfer or dispose of or encumber any of his or her shares in the Company or any interests in or rights in relation to such shares except in accordance with the provisions of this Article and no share transfer shall be registered by the Company unless there has been compliance with the provisions of the same.

(2) Any member who wishes to transfer any of his or her shares in the Company (hereinafter called "the Proposing Transferor") shall give a notice in writing (hereinafter called "a Transfer Notice") to the Company that he or she desires to transfer such shares ("the Sale Shares"). The Proposing Transferor shall state in a Transfer Notice the price at which he is prepared to sell the Sale Shares ("the Offer Price").

(3) The Transfer Notice shall constitute the Company the agent of the Proposing Transferor for the sale of the Sale Shares (together with all rights then attached thereto) at the Prescribed Price determined in accordance with Article 39(7) during the Prescribed Period (as provided in Article 39(4)) to any member or to the Company (as the case may be) on the basis set out in the following provisions of this Articles.

(4) The Prescribed Period shall be the maximum period of time required for the pre-emption rights set out in this Article 39 to be satisfied and completion of sale to take place.

(5) The Sale Shares included in any Transfer Notice shall be offered by the Company in writing (by notice served within 10 days of the date of service of the Transfer Notice or the date of the Auditors written confirmation of Fair Value - whichever is the later) to all members (other than the member to whose shares the Transfer Notice relates) for purchase at the Prescribed Price on the terms that in case of competition the shares so offered shall be sold to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holdings of shares. The following procedure shall apply:-

(a) the offer must be accepted in writing within twenty one (21) days of service of offer or will lapse; and

(b) the offer may stipulate that any member who desires to purchase a number of shares in excess of his proportion shall in his reply state how many excess shares he wishes to have and any unclaimed shares shall be used for satisfying the claims in excess pro rata to the existing shares held by the claimants respectively.

(6) Any shares the subject of the Transfer Notice not so accepted under Article 39(5) shall then be deemed offered to the Company for purchase at the Prescribed Price and such offer may be accepted in writing by the

Company (in whole or part) (communicated to the Proposing Transferor) within forty (40) days of the date of lapse of the Offer Notice (as provided in Article 39(5) (a)) or will lapse.

(7) The Prescribed Price shall be the Offer Price or if the Board elect to obtain a valuation, the "Fair Value" of such shares (as determined in accordance Article 39(9)) whichever is the lower.

(8) If the Board elect to obtain a Fair Valuation, the Board shall promptly instruct the Auditors to determine the Fair Value of the Sale Shares in accordance with Article 39(9). Such instruction shall require that the Auditors deliver a report to the Company determining the Fair Value of the Sale Shares within 4 weeks of instruction.

(9) The Fair Value shall be the sum per Sale Share as determined and certified by the Auditors as being the sum considered by them to be the fair value thereof as at the date upon which the Transfer Notice is served in respect of the Sale Shares (the "Valuation Date"). For the purposes of determining Fair Value, the Auditors shall value such shares on the basis of an arm's length sale between a willing vendor and a willing purchaser (disregarding any limitations on the transferability of such shares) and, if the Company is then carrying on business as a going concern, it shall be assumed that it will continue to do so. The Auditors shall act hereunder at the cost and expense of the Company as experts and not as arbitrators and their determination shall be final and binding save in the case of manifest error; For such purposes the fair value attributable to the Sale Shares shall be calculated as follows:

(a) The value shall be such percentage of the Profit Valuation as the total nominal paid up value of the Sale Shares bears to the total nominal paid up value of the entire issued equity share capital of the Company at the Valuation Date.

(b) "Profit Valuation" shall for these purposes mean the Average Annual Profit before Tax.

(c) "Average Annual Profit Before Tax" means the average annual profit before tax of the Group as disclosed in the audited statutory accounts ("Accounts") of the Group in respect of each of the completed financial years (being a year of twelve calendar months) of the Group preceding the date of the Transfer Notice.

(d) In calculating the Average Annual Profit before Tax the Auditors may but shall not be required to consider more than the last three relevant Accounts as referred to in Article 39(9)(c) above.

(e) The Auditors shall notwithstanding the foregoing have a general discretion to calculate the fair value attributable to the Sale Shares in such other form as they may feel more appropriate or reasonable should the circumstances require; The Auditors shall also have general discretion to use such other form of averaging to obtain, what in their view represents a fair Profit Valuation as circumstances may require; The Auditors shall be entitled to apply in whatever manner they feel fair and appropriate such discount or premium to what would otherwise be value attributable to the Sale Shares (to reflect a minority or controlling shareholding) as they may see fit.

(10) If the Company shall within the relevant periods receive acceptance notices from members pursuant to Article 39(5) (each such person being hereinafter called "a Purchaser") it shall notify the Proposing Transferor in writing within 5 days of receipt of final acceptance; Upon receipt of such notices and/or the Company's notice under Article 39(6), the Proposing Transferor may withdraw its Transfer Notice within 14 days of the date of the Company's notice above (and in the case of more than one notice, the date of the last such notice) subject to paying the costs of obtaining the Fair Value certificate and any abortive professional costs incurred by the Company or any party having then served notice of acceptance of offer in relation to shares the subject of the Transfer Notice. In such circumstances the restrictions set out in Article 39(1) shall continue to apply. The Proposing Transferor shall however have no right to withdraw where required to give a Transfer Notice by virtue of Article 40.

(11) Unless the Proposing Transferor shall have withdrawn its Transfer Notice under Article 39(10) within the required period, he shall be bound, upon payment of the relevant Prescribed Price, to transfer such shares as mentioned in Article 39(12) to the respective Purchasers or the Company (as the case may be) PROVIDED THAT, if the Transfer Notice stated that the Proposing Transferor is not willing to transfer part only of the shares concerned, this provision shall not apply unless the Company shall have found Purchasers for the whole of such shares (or shall have served notice under Article 39(6) in relation to the full balance) (in which case the provisions of Article 39(14) shall apply) (but so that a member who is required to give a Transfer Notice in respect of his shares by virtue of Article 40 shall not be permitted to state that he is not willing to transfer part only of the shares concerned).

(12) Every such acceptance notice served by the Company under Article 39(10) (or under Article 39(6)) shall state the Prescribed Price, the name and address of the Purchaser concerned and the number of shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the Board not being less than three (3) days nor more than ten (10) days after the date of the Company's notice served as mentioned in Article 39(10).

(13) If a Proposing Transferor shall fail or refuse to transfer any shares to a Purchaser or the Company pursuant to Article 39 the Board may authorise any person to execute and deliver on his behalf the necessary transfer and the Company may receive the purchase money in trust for the Proposing Transferor and cause the Purchaser or the Company to be registered as the holder of such shares. The receipt of the Company for the purchase money shall constitute a good discharge to the transferee (who shall not be bound to see to the application thereof) and after the transferee has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person. The Company shall not pay the purchase money to the Proposing Transferor until he shall have delivered his share certificate and the necessary transfers to the Company and shall not be required to account for interest upon any purchase monies it holds.

(14) The Company shall upon completion of the pre-emption procedures above give written notice to the Proposed transferor (within 10 days of the date on which the last round of pre-emptions lapses) of any Sale Shares not accepted in accordance with the above procedures and (except in a case where the Permitted Transferee withdraws some or all of the sale Shares under Article 39(10) or where Article 39(11) is dis-applied as therein provided) such shares may be sold or disposed of by the Proposing Transferor within the following 56 days (from the date of the Company's notice) provided that the same are not disposed of at a lower consideration

per share than the Prescribed Price and on no more favourable terms than the same were offered in the Transfer Notice and provided that this sub-Article shall not apply where a member is deemed to give a Transfer Notice under Article 40.

(15) In the event that a member is a "Bad Leaver" as defined in this Article the Prescribed Price shall notwithstanding the provisions of Article 39(7) be a sum equal to the lower of the fair value and the cash sum paid by the Proposing Transferor upon subscription for the Sale Shares in question.

(16) "Bad Leaver" shall for the purpose of Article 39(15) mean a member who has previously been an employee or self-employed worker of the Company or its Group and who has ceased to be employed or engaged by the same by virtue of the summary termination by his employer of his contract of service or for services except where such termination is (A) solely by reason of the employee or worker's death, redundancy, permanent disability or long term illness or (B) where such termination is either (i) agreed in writing by the Company to have been or (ii) found or adjudged by a court or tribunal of competent jurisdiction to have been wrongful or unfair (provided that for these purposes, a finding or agreement of fact that such termination was unfair solely by virtue of procedure as opposed to grounds for dismissal shall nevertheless constitute the member a Bad Leaver).

(17) Where any Sale Shares comprise shares issued and allotted pursuant to an Enterprise Management Incentive Share Option Scheme then the Prescribed Price shall notwithstanding the provisions of Article 39(7) be a sum equal to the cash sum paid by the Proposing Transferor upon subscription for such shares.

#### **Deemed Transfer by a Member**

40. The following provisions apply in relation to the occurrence of any of the following events; For the avoidance of doubt, nothing in this Article prohibits or restricts the transmission of shares by operation of law to a personal representative or trustee in bankruptcy (but without prejudice to the operation of the pre-emption rights arising where the event giving rise to such transmission is an event deemed to give rise to a Transfer Notice):-

(1) A Member shall be deemed to serve a Transfer Notice in respect of all the shares owned by him if:-

(a) Being an employee or self-employed worker of the Company or any company within its Group, his employment or engagement with the Company or Group ceases or is terminated for any reason and in any manner;

(b) He dies or is declared bankrupt (or petitions for bankruptcy) or he suffers a receiver to be appointed over his assets;

(c) He becomes a patient under the Mental Health Acts; or

(d) He commits a material and serious breach of these Articles or any shareholder agreement (in respect of shares in the Company) to which he may be a party.

(e) If the member is a body corporate, its dissolution or the passing of a winding up order in relation to it or its members passing a resolution for its liquidation or its entry into a voluntary arrangement with its creditors.

(2) Where a Transfer Notice is deemed to have been served it may not be withdrawn and the Sale Shares shall be all the shares in the Company then held by the member in question; The Transfer Notice shall be deemed to have been served (and in the case of an event under Article 40(1)(a), the date of termination of employment shall be the relevant date) provided that the Company shall not be required to issue any notices under the procedure in Article 39 until occurrence of the event comes to the attention of its Board of Directors.

(3) The shares which are the subject of such deemed Transfer Notice shall be offered for sale in accordance with Article 39. The price to be paid for such shares shall be the Fair Value of such shares as determined in accordance with Article 39 (9). If the holders of the other shares in the Company and the Company decline to purchase such shares (or any balance thereof) then Article 39(1) shall continue to apply to the same.

#### **Tag Along and Drag Along Rights**

41. (1) Where a bona fide arm's length offer is made to purchase 100% of the issued share capital of the Company and Members ("Accepting Members") holding shares in the Company conferring in aggregate 50.01% or more of the total voting rights conferred by all of the issued shares in the Company agree to sell their shares to such purchaser they may by written notice ("Notice of Exercise") to the Company confirm such terms of sale and upon the Company receiving such notice the Company shall require in writing ("Drag Along Notice") all of the other holders of shares in the Company ("Called Shareholders") to transfer all (but not part only) of the shares held in the Company by them to such purchaser (the "Drag Along Right") at the "Drag Along Price" (defined below) and otherwise on the same terms as the Accepting Members; For the avoidance of doubt the pre-emption rights rising under Article 39 shall not apply in relation to the exercise of the Drag Along Right.

For the avoidance of any doubt (i) any bonus, consulting arrangement, employment agreement, non-compete payment or other remuneration payable to any person connected with the Accepting Members (where payable only as a means of dealing with what would otherwise be share value) will be included as share purchase consideration for purposes of calculating consideration payable to the Called Shareholders; (ii) the Called Shareholders' joint and several indemnity liability must be limited as a percentage of each claim to the Called Shareholders' pro rata share ownership, and must be capped in any case at the amount of cash consideration they receive; and (iii) the Called Shareholders and their counsel should have the reasonable right to receive and comment on information relative the proposed sale, including draft purchase documents; For the purpose of this Article a third party is connected with a member if they are affiliated or are a connected person as defined in Sections 252-255 of the Companies Act 2006 as amended; Affiliates include companies within the same group or associated by common controlling shareholders or persons connected with them.

(2) The Drag Along Price shall be the same consideration per share as is offered to the Accepting Members (cash and non cash) by the purchaser and shall be payable to Called Shareholders at the same time as to Accepting Members and in the same manner.

(3) The Drag Along Right shall be exercised by the Company serving the Drag Along Notice specifying that each Called Shareholder is required to transfer within 10 working days (the "Drag Along Period") of the date of such Notice his shares ("Called Shares") pursuant to this Article; A Drag Along Notice once given shall be irrevocable but shall be conditional upon the disposal of the shares held by the Accepting Members being completed and

shall lapse in the event that for any reason the Accepting Members do not transfer their shares to the purchaser within 10 working days from the date of the Drag Along Notice; A further Notice of Exercise may however be served under Article 41(1).

(4) Upon exercise of the Drag Along Right each of the Called Shareholders shall be bound to sell their Called Shares to the purchaser at the Drag Along Price within the Drag Along Period and otherwise in accordance with this Article on terms that the purchase of such shares shall be completed at the same time as the purchase of shares from the Accepting Members.

(5) In the event that any Called Shareholder fails to carry out the sale of any of the Called Shares in accordance with this Article the Directors or any of them may authorise any person to execute a transfer of the same to the purchaser (or as it may direct) and the Company may give good receipt for the purchase price of such Called Shares and may register the purchaser as the holder thereof and issue to it (or as it may direct) certificates for the same; The Called Shareholder shall in such case be bound to deliver up his certificate for the Called Shares to the Company where upon the Called Shareholder shall be entitled to receive the Drag Along Price which shall in the meantime be held by the Company on trust for the Called Shareholder but without payment of interest.

(6) The restrictions in Article 39(1) shall not apply where there is intended to be a transfer for value of the legal or beneficial interest in any shares in the Company where as a result of such transfer a "Controlling Interest" - (defined below) is transferred by a person (or persons acting in concert) but only where unless the proposing transferor shall have procured a written offer complying with this Article to have been made by the proposing transferee (or any person or persons acting in concert with it) to the holders of all the other issued shares in the Company to acquire their entire holdings of shares in the Company.

(7) The expression "a Controlling Interest" shall mean such number of shares in the Company as shall, when aggregated with the number of shares previously transferred by the proposing transferor (or persons acting in concert) to the proposing transferee (or persons acting in concert), be equal to or greater than 50.01% of the issued voting share capital of the Company.

(8) The offer referred to in Article 41(6) above shall be open for acceptance by Members for a period of at least 28 days following the making of the offer on the same terms as those upon which a Controlling Interest is to be sold (i.e. cash and non cash consideration) and on terms that the purchase of the same shall be completed at the same time as the purchase of shares from the proposing transferor (or persons acting in concert).

(9) The pre-emption rights on share transfers arising in Article 39 shall not apply in relation to the exercise of these Tag Along Rights nor to the transfer of shares by proposing transferor to proposing transferee (or persons acting in concert) once this procedure has been satisfied (irrespective of whether the offer referred to in Article 41(8) is accepted in whole or part).

#### **Deed of Adherence**

42.(1) Notwithstanding any of the foregoing provisions of these Articles no member shall transfer, transmit or otherwise dispose of any shares in the Company without first procuring that the transferee or recipient of the same shall first (if required by the Company) have entered into a Deed of Adherence ("Deed of Adherence") (in the form required by the Board) in relation to any shareholders agreement ("Shareholders Agreement") to which the other members of the Company (or majority of them) may at such time be a party.

(2) The Company shall procure that prior to the issue and allotment of any shares in the capital of the Company to any person pursuant to these Articles or any resolution passed at a general meeting of the Company, such allottee shall first have (if required by an ordinary resolution of members voting at general meeting) executed a Deed of Adherence (provided that this Article shall not apply where the allottee is already a party to the Shareholders Agreement).

#### **Prohibited Transfers**

43. Notwithstanding any other provision of these articles, no transfer of any Share shall be registered if it is to any minor, undischarged bankrupt, trustee in bankruptcy or person of unsound mind.

#### **Transmission of shares**

44. (1) Nothing in these articles releases the estate of a deceased shareholder from any liability in respect of a share solely or jointly held by that shareholder.

(2) Article 27(3) of the Model Articles shall be amended by the insertion of the words "subject to the provisions of the Company's articles", after the initial word "But".

#### **Transmittees bound by prior notices**

45. Article 29 of the Model Articles shall be amended by the insertion of the words "or the name of any person nominated under Model Article 27(2)" after the words "transmittee's name".

#### **Procedure for disposing of fractions of shares**

46. (1) This Article applies where:

- (a) there has been a consolidation or division of shares; and
- (b) as a result, shareholders are entitled to fractions of shares.

(2) The directors may:

- (a) sell the shares representing the fractions to any person including the company for the best price reasonably obtainable;
- (b) authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and
- (c) distribute the net proceeds of sale in due proportion among the holders of the shares.

(3) The person to whom the shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions.

(4) The transferee's title to the shares is not affected by any irregularity in or invalidity of the process leading to their sale.

#### **Calculation of dividends**

47. (1) Except as otherwise provided by the articles or 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 proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.

(2) If any share is issued on terms providing that it ranks for dividend as from a particular date, that share ranks for dividend accordingly.

(3) If and so long as the share capital is divided into different classes of shares, the directors may, subject to the provisions of the Companies Act 2006, pay interim dividends at variable rates on the different classes of shares, and the company, on the recommendation of the Directors, may declare dividends at variable rates on the different classes of shares.

#### **Deductions from distributions in respect of sums owed to the company**

48. (1) 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,

(c) 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.

(2) Money so deducted must be used to pay any of the sums payable in respect of that share.

(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.

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

49. Article 36(4) of the Model Articles shall be amended by inserting the phrase "in or towards paying up any amounts unpaid on existing shares held by the persons entitled, or" after the words "may be applied".

#### **Convening general meetings**

50. The directors may call general meetings and, on the requisition of shareholders pursuant to the provisions of the Companies Act 2006, shall forthwith proceed to convene a general meeting in accordance with the Companies Act 2006. If there are not within the United Kingdom sufficient directors to call a general meeting, any director or the shareholders requisitioning the meeting (or any of them representing more than one half of the total voting rights of them all) may call a general meeting. If the company has only a single shareholder, such shareholder shall be entitled at any time to call a general meeting.

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

51. (1) General meetings (other than an adjourned meeting) 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 by a majority in number of the shareholders having a right to attend and vote, being a majority together holding not less than ninety per cent (90%) in nominal value of the shares at the meeting, giving that right.

(2) The notice shall specify the time, date and place of the meeting, the general nature of the business to be transacted and the terms of any resolution to be proposed at it.

(3) Subject to the provisions of these articles and to any restrictions imposed on any shares, the notice shall be given to all shareholders, to all persons entitled to a share in consequence of the death or bankruptcy of a shareholder (if the company has been notified of their entitlement) and to the directors, alternate directors and the auditors for the time being of the company.

(4) 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.

#### **Resolutions requiring special notice**

52. (1) If the Companies Act 2006 requires special notice to be given of a resolution, then the resolution will not be effective unless notice of the intention to propose it has been given to the company at least twenty-eight Clear Days before the general meeting at which it is to be proposed.

(2) Where practicable, the company must give the shareholders notice of the resolution in the same manner and at the same time as it gives notice of the general meeting at which it is to be proposed. Where that is not practicable, the company must give the shareholders at least fourteen Clear Days' before the relevant general meeting by advertisement in a newspaper with an appropriate circulation.

(3) If, after notice to propose such a resolution has been given to the company, a meeting is called for a date twenty-eight days or less after the notice has been given, the notice shall be deemed to have been properly given, even though it was not given within the time required by this article.

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

53. No business shall be transacted at any meeting unless a quorum is present. Subject to section 318(2) of the Companies Act 2006, two qualifying persons (as defined in section 318(3) of the Companies Act 2006) entitled to vote upon the business to be transacted shall be a quorum, provided that if the company has only a single shareholder, the quorum shall be one such qualifying person.

#### **Adjournment**

54. Article 41(1) of the Model Articles shall be amended by inserting the following sentence at the end of the first sentence of that article: "If, at the adjourned meeting, a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved".

#### **Voting: general**

55. (1) Subject to any rights or restrictions attached to any shares, on a show of hands, every shareholder who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative (unless the representative is himself a shareholder, in which case he shall have more than one vote) shall have one vote. A proxy shall not be entitled to vote on a show of hands.

(2) No shareholder shall vote at any general meeting or at any separate meeting of the holders of any class of shares, either in person or by proxy, in respect of any share held by him unless all monies presently payable by him in respect of that share have been paid.

(3) In the case of joint holders the vote of the senior who tenders a vote 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.

(4) Unless a poll is duly demanded, a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

#### **Poll votes**

56. (1) On a poll every shareholder who (being an individual is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy shall have one vote for every share of which he is the holder. On a poll, a shareholder entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

(2) Article 44(2) of the Model Articles shall be amended by the insertion of the following sub-paragraph as article 44(2)(e):

"a person or persons holding shares conferring a right to vote on the resolution on which not less than one tenth of the total sum paid up on all the shares conferring that right."

(3) Article 44(3) of the Model Articles shall be amended by inserting the following sentence at the end of the Article:

"A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made".

(4) The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

(5) 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.

(6) 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.

#### **Content of proxy notices**

57. (1) Subject to the provisions of these articles, a shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a general meeting. A shareholder may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.

(2) Proxies may only validly be appointed by a notice in writing (a "proxy notice") which:

(a) states the name and address of the shareholder appointing the proxy;

(b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed;

(c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and

(d) is delivered to the company in accordance with the articles and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate and received by the company:

(i) subject to the following paragraphs of this article, in the case of a general meeting or adjourned meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the right to vote is to be exercised;

(ii) in the case of a poll taken more than forty-eight hours after it is demanded, after the poll has been demanded and not less than twenty-four hours before the time appointed for the taking of the poll; or

(e) where the poll is not taken forthwith but is taken not more than forty-eight hours after it was demanded, at the time at which the poll was demanded or twenty-four hours before the time appointed for the taking of the poll, whichever is the later,

(f) and a proxy notice which is not delivered and received in such manner shall be invalid.

(3) Article 45(3) of the Model Articles shall be amended by the addition of the following at the end of the article:

"and the proxy is obliged to vote or abstain from voting in accordance with the specified instructions. However, the company is not obliged to check whether a proxy votes or abstains from voting as he has been instructed and shall incur no liability for failing to do so. Failure by a proxy to vote or abstain from voting as instructed at a meeting shall not invalidate proceedings at that meeting."

#### **Delivery of proxy notices**

58. (1) Any notice of a general meeting must specify the address or addresses (hereinafter referred to as a "proxy notification address") at which the company or its agents will receive proxy notices relating to that meeting, or any adjournment of it, delivered in hard copy or electronic form.

(2) Article 46(1) of the Model Articles shall be amended by inserting the words: "to a proxy notification address" at the end of that Article.

(3) A notice revoking a proxy appointment only takes effect if it is received by the company:

(a) Subject to the following paragraphs of this article, in the case of a general or adjourned meeting, not less than forty-eight hours before the time for holding the meeting or adjourned meeting at which the right to vote is to be exercised;

(b) in the case of a poll taken more than forty-eight hours after it was demanded, not less than twenty-four hours before the time appointed for the taking of the poll; or

(c) in the case of a poll not taken forthwith but not more than forty-eight hours after it was demanded, at the time at which it was demanded or twenty-four hours before the time appointed for the taking of the poll, whichever is later, and a notice which is not delivered and received in such manner shall be invalid.

(3) In calculating the periods referred to in the preceding article entitled "Content of proxy notices" and this article, no account shall be taken of any part of a day that is not a working day.

#### **Representation of corporations at meetings**

59. Subject to the Companies Act 2006, a company which is a shareholder may, by resolution of its directors or other governing body, authorise one or more persons to act as its representative or representatives at a meeting of the company or at a separate meeting of the holders of a class of shares of the company (hereinafter referred to as a "corporate representative"). A director, secretary or other person authorised for the purpose by the directors may require a corporate representative to produce a certified copy of the resolution of authorisation before permitting him to exercise his powers.

#### **Means of communication to be used**

60. (1) Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

(a) If properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, forty-eight hours after it was posted;

(b) If properly addressed and delivered by hand, when it was given or left at the appropriate address;

(c) If properly addressed and sent or supplied by electronic means forty-eight hours after the document or information was sent or supplied; and

(d) If sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

(2) For the purposes of this Article, no account shall be taken of any part of a day that is not a working day.

(3) In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Companies Act 2006.

(4) In the case of joint holders of a share, all notices or documents shall be given to the joint holder whose name stands first in the register in respect of the joint holding. Notice so given shall be sufficient notice to all of the joint holders. Where there are joint holders of a share, anything which needs to be agreed or specified in relation to any notice, document or other information to be sent or supplied to them can be agreed or specified by any one of the joint holders. The agreement or specification of the joint holder whose name stands first in the register will be accepted to the exclusion of the agreement or specification of any other joint holder (s) whose name(s) stand later in the register.

(5) The company may give notice to the transmittee of a member, by sending or delivering it in any manner authorised by these Articles for the giving of notice to a member, addressed to that person by name, or by the title, of representative of the deceased or trustee of the bankrupt or representative by operation of law or by any like description, at the address (if any) within the United Kingdom supplied for the purpose by the person claiming to be so entitled. Until such an address has been so supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy or operation of law had not occurred.

#### **Company seals**

61. Article 49(3) of the Model Articles shall be amended by the insertion of the words "by either at least two authorised persons or" after the word "signed".

#### **Indemnity**

62. (1) Subject to the provisions of the following article entitled 'Insurance' but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

(a) each relevant officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer:

(b) in the actual or purported execution and/or discharge of his duties, or in relation to them; and

(c) in relation to the company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),

(d) including (in each case) any liability incurred by him in defending any civil or criminal proceedings in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs; and

(e) the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in this article and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

(2) This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article:

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

(b) a "relevant officer" means any director or alternate director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Companies Act 2006) and may, if the shareholders so decide, include any person engaged by the company (or any associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).



### **Insurance**

63. (1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant officer in respect of any relevant loss.

(2) In this article:

(a) a "relevant officer" means any director or alternate director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme as defined by section 235(6) of the Companies Act 2006);

(b) a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company;

(c) and companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.