

2547272

THE COMPANIES ACT 1985

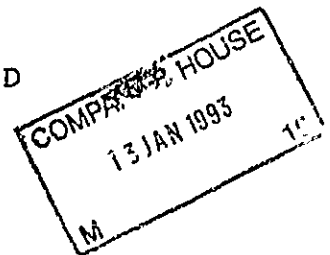
COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES
OF
ASSOCIATION

- of -

SMALL LUXURY HOTELS OF THE WORLD LIMITED

(incorporating all changes up to and
including 7th December 1992)



I N D E X

1. Definitions and Interpretation
2. Objects
3. Membership
4. Termination of Membership
5. Probation
6. Change of Control
7. General Meetings
8. Notice of General Meetings
9. Procedure at General Meetings
10. Voting Rights
11. Regions
12. Number of Directors
13. Alternate Directors
14. Powers of The International Board
15. Proceedings of The International Board
16. Appointment of and Retirement of Directors
17. Disqualification of Directors
18. Remuneration of Directors
19. Committees of the International Board
20. Officers, Managing Director and Secretary
21. Auditors
22. Accounts
23. Application of Funds
24. Amendments
25. Minutes
26. Copies of Articles, Reports and Accounts
27. Register of Members
28. Seal
29. Notices
30. Winding-up
31. Indemnity and Insurance

Appendix A

Terms and Conditions of Membership

Appendix B

Procedure for election of Regional Directors in Annual Regional Meetings.

THE COMPANIES ACTS 1985

COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION OF
SMALL LUXURY HOTELS OF THE WORLD LIMITED

1.0 DEFINITIONS AND INTERPRETION

1.1 In these Articles:-

- | | |
|---------------------------------|---|
| <u>"the Act"</u> | means the Companies Act 1985 including any statutory modification to or re-enactment thereof for the time being in force |
| <u>"acting in concert"</u> | has the definition given in the City Code on Takeovers and Mergers |
| <u>"Annual General Meeting"</u> | means the meeting held in accordance with Article 11.5.1 |
| <u>"Applicant"</u> | means any person who makes an application for membership of the Company in the form prescribed by the International Board from time to time |
| <u>"the Articles"</u> | means the articles of association of the Company |
| <u>"Bankruptcy"</u> | means personal bankruptcy within the meaning of Parts VIII to XI of the Insolvency Act 1986, or where the context otherwise admits, bankruptcy within the meaning of Chapter 7 of the United States Bankruptcy Code |
| <u>"International Board"</u> | means the board of directors elected in accordance with the provisions of these Articles |

"Chair" means the director appointed to executive office pursuant to Article 20

"change in control" has the meaning ascribed to it in article 6

"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

"Company" means Small Luxury Hotels of the World Limited

"connected" shall be construed in accordance with section 839 of the Income and Corporation Taxes Act 1988

"defaulting member" means a member who has committed an Event of Default

"Director" means any director of the Company, whether a Permanent Director or a Regional Director as defined in article 14

"Event of Default" means on of the events listed in article 4

"executed" includes any mode of execution

"Managing Director" means the person appointed to executive office pursuant to article 20

"Member" means any member of the Company

"Memorandum" means the memorandum of association of the Company

"Office" means the registered office of the Company

"person" includes bodies corporate, partnerships and unincorporated associations

"the Seal" means the common seal of the Company

"Secretary" means the secretary of the Company or any other person appointed to perform any of the duties of the secretary of the Company including a

temporary or joint assistant or deputy secretary

"Terms and Conditions of Membership"

means the terms and conditions of membership in Appendix A hereto as may from time to time be amended by the International Board

"the United Kingdom"

means Great Britain and Northern Ireland

"Vice-Chair"

means the director appointed to executive office pursuant to article 20

"year"

means the period commencing on 1st August in any calendar year and ending on 31 July in the following calendar year

Words importing the singular shall include the plural and vice versa and words importing one gender shall include any other gender.

Unless the context otherwise requires words or expressions contained in these regulations bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these regulations become binding on the company.

Expressions referring to writing shall unless the contrary appears include reference to handwriting, typing, printing, photography and other methods of reproducing words in visible form.

The expression "these Articles" when used herein means these Articles as from time to time amended.

Expressions referring to hotels shall unless the contrary appears refer to cruise ships and expressions referring to rooms shall unless the contrary appears refer to cabins

2.0 OBJECTS

2.1 The Company is established for the objects expressed in the Memorandum

3.0 MEMBERSHIP

3.1 The Members shall be the following persons:

3.1.1 the subscribers to the Memorandum; and

3.1.2 any person, having applied to be admitted to membership in the form prescribed by the

International Board from time to time as may be invited by the Chair to join the Company and who agrees to be bound by all the rules and bye-laws of the Company as may be in force from time to time in accordance with the provisions of these Articles.

- 3.2 Any application to be admitted to membership of the Company shall be submitted to the International Board for consideration together with any non-refundable deposit which the International Board may from time to time require. The International Board may make such enquiries of an Applicant as the International Board, in its sole discretion, thinks fit and may through its officers, employees or agents carry out further investigations and/or require reports to be prepared and submitted. The costs of any such investigations and/or the preparation and publication of any such reports and of gaining or furnishing any information which the International Board may require shall be borne by the Applicant.
- 3.3 In the event that the International Board is satisfied as to all matters relating to an application made in accordance with article 3.2 the International Board may resolve by a majority of not less than three fourths of the members of the International Board that the Chair shall invite the Applicant to join the Company.
- 3.4 The invitation referred to in article 3.3 may be conditional upon an Applicant undertaking to be bound by the Articles and any regulations or bye-laws made under them from time to time, to pay any admission fee required by the International Board and to give and/or procure any further assurance, security or guarantee or furnish any information as the International Board may require.
- 3.5 Every Member shall be bound to contribute to the funds of the Company at least the minimum annual subscription fee per annum. The minimum subscription shall be fixed in advance by the Company in General Meeting for each year. An invoice shall be raised for the minimum subscription no later than 15 July every year and shall be due and payable by each Member within thirty days. A Member having given notice to the Company under article 4.1 shall not be bound to contribute to the funds of the Company in respect of the year of his withdrawal in excess of the subscription paid or payable by that member in respect of that year and payment of commissions due on bookings made up to midnight on 31 July in the year in which such notice is given
- 3.6 Any corporation, partnership or unincorporated association which is a Member shall by resolution of its directors, partners, office bearers or other governing

body authorise such person as it thinks fit to act as its representative at any general meeting of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual Member of the Company.

4.0 TERMINATION OF MEMBERSHIP

4.1 A Member may withdraw from the Company by giving notice in writing to the Chair with a copy to the Managing Director at any time between the date of the Regional Meeting at which the minimum subscription for the following year is fixed and 30 days prior to the commencement of the next accounting period immediately following or such other dates as the International Board in its absolute discretion may from time to time decide. A Member who has withdrawn in accordance with this article 4.1 will remain liable for the minimum subscription for the year in which notice is given and for commissions in accordance with article 3.5.

4.2 Failure by any Member to pay the minimum annual subscription fee or any other moneys due and payable to the Company in accordance with the provisions of the Articles and any bye-laws or other regulations of the Company from time to time within thirty days of invoice or assessment shall automatically terminate that Member's membership of the Company. If any Member of the Company shall commit an Event of Default then the International Board may resolve by a majority of not less than three fourths of the members of the International Board to terminate or suspend the membership of the defaulting Member, to sanction the defaulting Member as the Board may think fit, or when the defaulting Member has committed an Event of Default contained in articles 4.3.1.1, 4.3.1.2 or 4.3.1.3, put a defaulting Member on Probation in respect of the hotel or hotels the subject of the Event of Default.

4.3.1 The Events of Default are as follows:-

4.3.1.1 refusal, neglect or failure materially to comply in any other way with the provisions of the Articles and any bye-laws or other regulations of the Company from time to time, whether by virtue of an event of force majeure or otherwise;

4.3.1.2 conduct which in the opinion of the International Board, whose decision shall be final, is likely materially to be prejudicial to the objects and/or interests of the Company and/or of the other Members;

- 4.3.1.3 failure materially to maintain a standard of operation in keeping with the standards required by the Company from time to time;
- 4.3.1.4 becoming bankrupt or being wound up, whether voluntarily or involuntarily, or making any arrangement or composition with creditors generally or being deemed unable to pay its debts in accordance with the Insolvency Act 1986 or similar legislation in any other jurisdiction.
- 4.3.2 For the purpose of this Article 4.3, an event of force majeure shall without limiting the generality thereof include the following:-
 - 4.3.2.1 strikes, lock-outs or other industrial action;
 - 4.3.2.2 civil commotion, riot, invasion, war, threat or preparation for war;
 - 4.3.2.3 fire, explosion, storm, flood, earthquake, subsidence, epidemic or other natural physical disaster;
 - 4.3.2.4 the loss by the Applicant or the Member (as the case may be) of possession of the hotel, or the right to collect income from the hotel due to any cause whatsoever, including without limitation, its default on any mortgage or other obligations or by operation of law.
- 4.4 A resolution shall not be made under article 4.2 unless:-
 - 4.4.1 the defaulting Member has been given notice of the proposed resolution in writing at least thirty days before the meeting of the International Board at which the resolution is to be proposed; and
 - 4.4.2 the defaulting Member is given a fair opportunity of making representations to the International Board either orally or in writing before the resolution is voted upon; and
 - 4.4.3 the resolution does not come into effect until at least five days after the defaulting Member has been given the opportunity to make

representations in accordance with article
4.4.2

- 4.5 Where the International Board resolves to terminate the membership of a defaulting Member, the defaulting Member shall not be entitled to any repayment of any money paid to the Company and shall remain liable for all invoices or assessments issued or made by the Company or its agents to or on Members on or before the date on which the resolution comes into effect.

4.6.1 A person who ceases to be a Member for any reason whatsoever shall immediately cease to use any trademark, trading name, servicemark, registered design or other symbol of the Company including, without limitation, the names "Small Luxury Hotels of the World", "Small Luxury Hotels", "Small Luxury Hotels and Resorts", "A Small Luxury Hotel", "S.L.H.", "Prestige Hotels" or "A Prestige Hotel" or to refer to any association or connection in any way directly or indirectly with the Company.

4.6.2 A person who ceases to be a Member for any reason whatsoever shall honour any reservations made with such Member's hotel with an arrival date after the date of such former Member's cessation of membership and shall pay any over-ride commission or transaction charge that may be payable to the Company in respect thereof.

5.0 PROBATION

5.1 Subject to 5.2 and 6.2 below, in respect of any Member the imposition, lifting or extension of probation at the end of his Probationary Period shall take place upon a resolution of not less than three fourths of the members of the International Board. Except in the event of a serious default by any Member, or any other such similar circumstance which the International Board may in its sole discretion deem relevant, a Member who is put on probation at any time shall continue to have all the rights, privileges, duties and obligations of a full Member.

5.2 Where a Member is put on probation in accordance with article 4, the probationary period shall expire three calendar months after the date on which the International Board resolved to put the Member on probation. Upon expiry of the probationary period, the membership of the Member shall automatically terminate without further notice or procedure unless the International Board by the required majority resolve to lift the probation.

- 5.3 Where a Member is put on probation otherwise than in accordance with article 4 the probation shall end on the date of the first International Board meeting occurring after the expiry of six calendar months from the date on which the Member's application for membership was accepted by the Company, or the change in control occurred, as the case may be.

6.0 CHANGE OF CONTROL

- 6.1 A change of control of a member shall occur where:-

- 6.1.1 a person who, at the date of admission of a member which is a body corporate, does not own (whether beneficially or legally) and/or control whether alone or acting in concert with any other persons and is not connected with a person who owns (whether beneficially or legally) and/or controls more than fifty per cent of the shares, stock or other securities carrying the right to vote at general meetings of that member acquires or becomes entitled to control more than fifty per cent of such shares, stock or other securities whether alone or acting in concert with any other persons;
- 6.1.2 a person who, at the date of admission of a member which is a partnership, is not a partner of that partnership and is not connected with a person who is a partner acquires or becomes entitled to the interest in the member of a person who is a partner or is connected with such a partner at the date of admission of such member;
- 6.1.3 a general partner of a member which is a limited partnership transfers all or any part of his interest (whether beneficial or legal) in the member to a person or persons who is/are not connected with him at the date of admission of such member;
- 6.1.4 a person who, at the date of admission of a member, does not own (whether beneficially or legally) and/or control more than fifty per cent of the shares, stock or other securities carrying the right to vote at general meetings of a body corporate which is not a member but which either has de facto responsibility for the day to day management of a member or has a legal or beneficial interest in the ownership of a hotel in respect of which a member has the de facto responsibility for the day to day management acquires or becomes entitled to control more than fifty per cent of such

shares, stock or other securities whether alone or acting in concert with any other person;

6.1.5 there is a breach of any of the bye-laws or other regulations adopted by the Board from time to time to address other cases in which a potential change of control of a member is recognised which are consistent with the spirit and content of this article 6.

6.2 In the event of a change of control a Member shall notify the International Board of the change of control and shall automatically be on probation.

7.0 GENERAL MEETINGS

7.1 A general meeting of the Company shall be held in every calendar year as its annual general meeting at such time (not being more than fifteen months after the holding of the last preceding annual general meeting) and place in the world as the International Board may think fit provided that so long as the Company shall hold its first annual general meeting within eighteen months of its incorporation it need not hold it in the year of its incorporation or in the following year.

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

7.3 The International Board may call general meetings at such time and place in the world as they think fit. On the requisition of members representing not less than 25% of the total voting rights of all the Members having at the date of deposit of the requisition the right to vote at general meetings, the International Board shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition.

7.4 At each annual general meeting the International Board shall lay before the Members a statement of accounts (together with the auditors' report thereon) and a report of the activities of the Company in respect of the financial period of the Company last ended in such form as may be required by law.

8.0 NOTICE OF GENERAL MEETING

8.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed:-

- 8.1.1 in the case of an annual general meeting by all the members entitled to attend and vote thereat; and
- 8.1.2 in the case of any other meeting by a majority in number of the members having a right to attend and vote being a majority together holding not less than ninety-five per cent of the total voting rights of all the members.
- 8.2 The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and in the case of an annual general meeting shall specify the meeting as such. If any such resolution is to be proposed as an extraordinary resolution or as a special resolution, the notice shall contain a statement to that effect.
- 8.3 The notice shall be given to all the members (save for those who are not entitled under the articles to receive the same) and to the directors and auditors, and shall set out verbatim the resolution to be proposed at the meeting.
- 8.4 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.

9.0 PROCEEDINGS AT GENERAL MEETINGS

- 9.1 All business shall be deemed special that is transacted at an extraordinary general meeting, and also all business that is transacted at an annual general meeting, with the exception of the consideration of the accounts, balance sheets, and the reports of the Directors and auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of, the auditors.
- 9.2 No business shall be transacted at any meeting unless a quorum is present. Members entitled to exercise 50% of the total voting rights of all the Members being present in person or by proxy or represented through a duly authorised representative shall be a quorum.
- 9.3 If such a quorum is not present within half an hour from the time appointed for the meeting the meeting shall stand adjourned to the same date in the next week at the same time and place or such time and place as the directors may determine. However so long as a quorum is present at the time appointed for the meeting or within half an hour from such time the Members present may transact or continue to transact business even though a quorum ceases to be present.

- 9.4 The Chair or in his absence the Vice-Chair shall preside as chair of the meeting but if neither the Chair nor the Vice-Chair are present within fifteen minutes after the time appointed for holding the meeting and willing to act the Members present may elect any person to chair the meeting.
- 9.5 A director shall notwithstanding that he is not a Member be entitled to attend and speak at any general meeting.
- 9.6 The Chair may with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for thirty days or more at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
- 9.7 A resolution put to the vote of a meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is duly demanded. A poll may be demanded before a show of hands is held. Subject to the provisions of the Act a poll may be demanded by the Chair; or, by at least two Members having the right to vote at the meeting; or, by a Member or Members representing not less than one-tenth of the total voting rights of all the Members having the right to vote at the meeting; or, where the resolution concerns the election or removal from office of any Director, by any Member and a demand by a person as proxy for a Member shall be the same as a demand by the Member.
- 9.8 Unless a poll is duly demanded a declaration by the Chair 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 votes recorded in favour of or against the resolution.
- 9.9 The demand for a poll may, before the poll is taken, be withdrawn but only with the consent of the chair and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made.
- 9.10 A poll shall be taken as the Chair directs and he may appoint scrutineers (who need not be members) and fix a

time and place for declaring the result of the poll. The Chair may in his absolute discretion direct that a poll be conducted either by secret ballot, in which case voting papers are to be returned anonymously, or by open ballot, in which case voting papers are to be returned indicating the identity of the voting Member. For the avoidance of doubt and without prejudice to the generality of the foregoing sentences save in the case of a poll demanded on the election of a chair or on a question of adjournment the Chair may direct that a poll be taken by sending voting papers to the Members to be returned by post to the office or to some other place. The result of the poll shall be deemed to be the resolution of a meeting at which the poll was demanded.

- 9.11 In the case of an equality of votes whether on a show of hands or on a poll the Chair shall be entitled to a casting vote in addition to any other vote he may have.
- 9.12 A poll demanded on the election of a chair 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 Chair directs not being more than thirty days after the poll is demanded or by post provided that voting papers are sent to Members not more than thirty days after a poll is demanded requiring returns within fourteen days of delivery or deemed delivery of voting papers to members in accordance with the Articles. 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.
- 9.13 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. If 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.
- 9.14 A resolution in writing executed by or on behalf of each Member who would have been entitled to vote upon it if it had been proposed at a general meeting at which that Member was present shall be as effectual as if it had been passed at a general meeting duly convened and held and may consist of several instruments in like form, each executed by or on behalf of one or more Members.

10.0 VOTING RIGHTS

- 10.1 On a show of hands or on a poll every Member present in person or by proxy or by a duly authorised representative (or where voting papers are sent to Members to be returned by post every Member returning

- 10.2 A Member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote whether on a show of hands or on a poll by his receiver, curator bonis or other person authorised in that behalf appointed by that court and any such receiver curator bonis or other person may on a poll vote by proxy. Evidence to the satisfaction of the International Board of the authority of the person claiming to exercise the right to vote shall be deposited at the office or at such other place as is specified in accordance with the Articles for the deposit of instruments of proxy not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.
- 10.3 No Member shall vote at any general meeting either in person or by proxy or by a duly authorised representative unless all moneys presently due and payable by that Member to the Company have been paid.
- 10.4 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is tendered and every vote not disallowed at the meeting shall be valid. Any objection made in due time shall be referred to the chairman whose decision shall be final and binding.
- 10.5 An instrument appointing a proxy shall be in writing executed by or on behalf of the appointor and shall be in the following form (or in a form as near thereto as circumstances allow or in any other form which is usual or which the International Board may approve):-

I, _____ of _____, being a member in good standing of the above-named company hereby appoint _____ of _____ or failing him _____ of _____ as my proxy to vote in my name and on my behalf at the annual/extraordinary general meeting of the company to be held on _____

- 13 -

11.1.1 the United Kingdom;

11.1.2 America;

11.1.3 Western Europe (excluding the United Kingdom),

and the boundaries of each of the Regions, and of any other Region that may be created from time to time by the International Board or by the Company in General Meeting, shall be set by the International Board as it shall decide.

11.2 The members of each of the above Regions shall be those Members of the Company whose principal place of business is situated in that Region. Members of one Region may attend the meetings of Members of another Region, but shall not be entitled to vote at such meetings.

11.3 A Region shall qualify as a Qualifying Region so long as it has the minimum number of Regional Members as set by the International Board from time to time in respect of that Region.

11.4 A Qualifying Region shall be entitled to elect Directors to the International Board.

11.5.1 At least thirty days before the end of the fiscal year of the Company as determined from time to time by the International Board, each Region shall so long as it is a Qualifying Region elect the permitted number of Regional Directors to the International Board from within the membership of its own Region and in accordance with the procedures established from time to time by the International Board. A Regional Director shall be eligible for re-election for no more than three consecutive terms.

11.5.2 No person other than a retiring Regional Director reappointed in accordance with article 16.2 shall be appointed a director at any Regional meeting unless not less than thirty clear days before the date appointed for the Regional meeting notice executed by a Member qualified to vote at the Regional meeting has been given to the Company of the intention to propose that person for appointment or reappointment together with notice executed by that person of his willingness to be appointed or reappointed.

11.6 Each such Regional meeting shall be responsible for the election of no more than three Directors or a number to be determined from time to time by the International Board.

11.7 Each Regional meeting may:-

- 11.7.1 consider and make recommendations on any matters.
- 11.7.2 represent any views and recommendations to the International Board through its Regional Directors;
- 11.7.3 represent the interests of the Company within its territorial limits;
- 11.7.4 initiate regional sales and marketing exercises or programmes paid for outside the agreed international budget from funds provided by Members in the Region separately and which are to the benefit of the hotels in the Region;
- 11.7.5 elect a Chair and Vice-Chair of the Meeting, arrange for the dispatch of business, adjourn and otherwise regulate its meetings as it shall think fit (apart from the election of Regional Directors to the International Board)

provided that each Region shall not:-

- 11.7.6 unilaterally alter any plans already approved by the Company in general meeting;
 - 11.7.7 unduly influence the operation of the regional office of the Company situated in that Region without prior approval of the Managing Director or the International Board.
- 11.8 If the International Board or the Company in General Meeting shall decide to create a new Region then the initial Regional Directors, up to such number as may be permitted by the International Board, of such Region shall be appointed by the Members within such Region immediately after the creation of such Region and such initial Regional Directors shall hold office until the first Annual Region Meeting of such Region at which time the provisions of Articles 11.5.2 and 16 shall apply to such Region.

12.0 NUMBER OF DIRECTORS

- 12.1 Unless otherwise determined by ordinary resolution the number of directors (other than alternate directors) shall be subject to a maximum of thirteen.

13.0 ALTERNATE DIRECTORS

- 13.1 Any Director (other than an alternate director) may appoint any other Director or any other person approved

by resolution of the International Board and willing to act to be an alternate director and may remove from office an alternate director so appointed by him.

13.2 An alternate director shall be entitled to receive notice of all meetings of the International Board and of all meetings of committees of the International Board of which his appointor is a member to attend and vote at any such meeting at which the Director appointing him is not personally present and generally to perform all the functions of his appointor as a director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate director.

13.3 An alternate director shall cease to be an alternate director if his appointor ceases to be a Director but if a Director retires by rotation or otherwise but is reappointed or deemed to have been reappointed at the meeting at which he retires any appointment of an alternate director made by him which was in force immediately prior to his retirement continues after his reappointment.

13.4 Any appointment or removal of an alternate director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the International Board.

13.5 Save as otherwise provided in the Articles an alternate director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.

14.0 POWERS OF THE INTERNATIONAL BOARD

14.1 Subject to the provisions of the Act, the Memorandum and the Articles and to any directions given by special resolution of the Members the business and affairs of the Company shall be managed and conducted by the International Board which may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the International Board which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article 14 shall not be limited by any special power given to the International Board by the Articles and a meeting of the International Board at which a quorum is present may exercise all powers exercisable by the Directors.

14.2 Without prejudice to the generality of Article 14.1 and for the avoidance of doubt the International Board shall have the power to:-

- 14.2.1 appoint any person by power of attorney or otherwise to be an agent of the Company for such purposes and on such conditions as the International Board thinks fit including granting authority for an agent to delegate all or any of his powers;
 - 14.2.2 employ any person on such terms and conditions as the International Board think fit;
 - 14.2.3 subject to the provisions of the Act, change the registered office of the Company to anywhere in England and Wales;
 - 14.2.4 cause and ensure that the Company complies in all respects with any relevant rules or regulations which may be applied from time to time in any country, state territory or dependency in which the Company has or may have an interest or a member necessary or desirable to allow the Company to further its object or interests;
 - 14.2.5 conduct the activities and business of the Company within or outside the United Kingdom;
 - 14.2.6 adopt, provide for the safe keeping of and authorise the use of the Seal and determine who shall sign any instrument to which the seal is affixed;
 - 14.2.7 prescribe the form and content of membership certificates:
 - 14.2.8 exercise all the powers of the Company to raise or borrow money for the purposes of the Company from any person and grant any security over all or any of the property and assets of the Company, and to issue bonds, debentures or debenture stock whether secured or unsecured and to grant any guarantees whether to secure the indebtedness of the Company or otherwise which may be in the best interests of the Company.
 - 14.2.9 subject to the provisions of the Act alter the accounting reference date of the Company.
- 14.3 The International Board may from time to time make such bye-laws or regulations as it may deem necessary or expedient or convenient for the proper conduct and management of the Company and for the purposes of prescribing classes of and conditions of membership, and in particular but without prejudice to the generality of the foregoing, it may by such bye-laws or regulations regulate:-

- 14.3.1 the admission and classification of Members, and the rights and privileges of such Members, and the conditions of membership and the terms on which Members may resign or have their membership terminated and the entrance fees, subscriptions and other fees or payments to be made by Members;
- 14.3.2 the conduct of Members in relation to one another and to the Company's employees;
- 14.3.3 the setting aside of the whole or any part or parts of the Company's premises at any particular time or times or for any particular purpose or purposes;
- 14.3.4 the procedure at general meetings, meetings of the International Board and committees insofar as such procedure is not regulated by the Articles;
- 14.3.5 and, generally, all such matters as are commonly the subject matter of Company rules.

The International Board shall adopt such means as they deem sufficient to bring to the notice of Members all such bye-laws or regulations, which so long as they shall be in force, shall be binding on all members of the Company, provided, nevertheless, that no bye-law or regulation shall be inconsistent with, or shall affect or repeal anything contained in, the Memorandum or the Articles.

- 14.4 The International Board shall initially consist of thirteen people comprising seven Permanent Directors, one of whom shall be the Managing Director, and six Regional Directors. Up to three people who are not Members may be appointed as Permanent Directors but all other directors shall be Members.
- 14.5 Regional Directors may also simultaneously and concurrently serve as Permanent Directors, in which case they shall be counted for the purposes of these Articles in the capacity so served. For the purposes of these Articles, only those Directors who are duly elected as Regional Directors in accordance with Article 11 are entitled to vote at any meeting of the International Board.

15.0 PROCEEDINGS OF THE INTERNATIONAL BOARD

- 15.1 Subject to the provisions of the Articles the Directors may regulate the proceedings of the International Board as they think fit. The Chair, Vice-Chair or any two Directors and the Secretary at the request of such

persons may call a meeting of the International Board. Questions arising at a meeting shall be decided by a majority of votes. A Director who is also an alternate director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote.

- 15.2 Any Director (including an alternate director) may participate in a meeting of the Directors and any member of a committee may participate in a meeting of that committee by means of a conference telephone or other communication equipment whereby all persons participating in the meeting can hear each other. A person so participating shall be deemed to be present in person at such meeting and shall be entitled to vote or be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled, or, if there is no such group, where the Chairman of the meeting is.
- 15.3 The quorum for the transaction of the business of the International Board shall be such number as is equal to or greater than half the number of Regional Directors holding office.
- 15.4 The continuing Directors may act notwithstanding any vacancies in their number but if the number of directors is less than six the continuing Directors may act only for the purpose of filling vacancies or of calling a general meeting.
- 15.5 All acts done by the International Board or by a person acting as a Director shall notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or that any Director was disqualified from holding office or had vacated office or was not entitled to vote be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.
- 15.6 A resolution in writing signed by all the Directors entitled to receive notice of an International Board meeting or of all the members of a committee shall be as valid and effectual as if it had been passed by the International Board or the committee (as the case may be) and may consist of several documents in the same terms each signed by one or more Directors or members (as the case may be) but a resolution signed by an alternate director need not also be signed by his appointor and if it is signed by a Director who has appointed an alternate director it need not be signed by the alternate director in that capacity.

16.0 APPOINTMENT AND RETIREMENT OF DIRECTORS

16.1 At every Annual Regional Meeting all the Regional Directors shall retire from office

16.2 If the Region at the meeting at which the Regional Directors retire does not fill the vacancies, the retiring Regional Directors shall, if willing to act, be deemed to have been reappointed unless at that meeting a resolution for the reappointment of a Director is put to the meeting and lost.

16.3 Not less than twenty-one clear days before the date appointed for holding a Regional meeting notice shall be given to all who are entitled to receive notice of the meeting of any Member in respect of whom notice has been duly given to the Company of the intention to propose him at the meeting for appointment or reappointment as a Director.

16.4 The International Board may appoint any person who is willing to act to be a Permanent Director either to fill a vacancy or as an additional Permanent Director provided that a maximum of three people who are not Members may be appointed as Permanent Directors.

16.5 The Regional Directors may appoint a Member who is willing to act to be a director to fill a vacancy for that Region. A Director so appointed shall, if not reappointed at the next following Annual Regional Meeting in accordance with Article 11, vacate office at the conclusion of such Annual Regional meeting.

16.6 Subject as aforesaid a Regional Director who retires at an Annual Regional Meeting may if he wishes to act be reappointed. If he is not reappointed he shall retain office until the meeting appoints someone in his place or if it does not do so until the end of the meeting.

17.0 DISQUALIFICATION AND REMOVAL OF DIRECTORS

17.1 The office of a Director shall be vacated if that Director:-

17.1.1 ceases to be a Director by virtue of any provision of the Act or he becomes prohibited by law from being a Director; or

17.1.2 if, being an individual, he becomes bankrupt, or, if as representative of a body corporate, that body corporate enters into liquidation other than by reason of restructuring or amalgamation, or in either case makes an arrangement or composition with his or its creditors generally; or

17.1.3 is or may be suffering from mental disorder and either:-

17.1.3.1 is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or

17.1.3.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for that Director's detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

17.2.1 resigns his office by notice to the International Board; or

17.2.2 shall have been absent without permission of the directors from three consecutive meetings of the Board and the directors resolve that his office be vacated; or

17.2.3 that Director, or the Member he represents, ceases to be a Member or an employee of the Company for any reason whatsoever.

18.0 REMUNERATION OF DIRECTORS

18.1 The Directors shall be entitled to such reasonable remuneration and travelling, hotel and other expenses incurred by them in connection with the discharge of their duties as the International Board may resolve and unless the resolution provides otherwise the remuneration shall be deemed to accrue from day to day.

19.0 COMMITTEES OF THE INTERNATIONAL BOARD

19.1 The International Board may (but shall not be obliged to) resolve to delegate all or any of its powers to one or more committees each consisting of such members of the International Board and upon such terms and conditions as it may think fit. The International Board may also appoint any person who is not a Director as a member of any such committee. Appointments to a committee whether of directors or other persons shall be by simple majority of the International Board.

19.2 Subject to any terms and conditions upon which the International Board resolves to delegate its powers in

accordance with article 9.1 the proceedings of any committee shall be governed by the Articles regulating the proceedings of the International Board so far as they are capable of applying.

19.3 Without prejudice to the generality of article 19.1 and for the avoidance of doubt, the powers of any committee of the International Board shall be limited to the extent that such committee may not:-

19.3.1 take any final action on any matter that requires approval of the Members in general meeting;

19.3.2 fill vacancies on the International Board or on any committee that has the authority of the International Board;

19.3.3 fix the remuneration of any Director for serving on the International Board or on any committee;

19.3.4 amend or repeal bye-laws or adopt new bye-laws;

19.3.5 amend or repeal any resolution passed by the International Board;

19.3.6 create any other committee of the International Board or appoint the members of any such committee;

19.3.7 employ any person or terminate the services of any employee of the Company

19.4 The members of committees shall automatically retire at the annual general meeting each year. Retiring committee members shall be eligible for re-appointment.

20.0 OFFICERS, MANAGING DIRECTOR AND SECRETARY

20.1 Subject to the provisions of the Act the International Board may appoint one or more Regional Directors each to the offices of Chair, Vice-Chair and appoint a Managing Director as provided in Articles 20.2, 20.3 and 20.4 below and to any other executive office in the Company and may enter into an agreement or arrangement with any Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director. Any Chair or Vice-Chair so appointed shall serve at the pleasure of the International Board; and may hold office either on a yearly basis or for such shorter period as the International Board shall decide. Any such appointment agreement or arrangement may be made upon such terms as the International Board determines and the Company shall

remunerate any such Director for his services as the International Board thinks fit. Any appointment of a Director to an executive office shall terminate if he ceases to be a director but without prejudice to any claim to damages for breach of the contract of service between the director and the Company.

20.2 The Chair shall direct the Secretary to prepare the agenda for any International Board meeting and shall preside at every meeting of the International board at which he is present and shall, in the case of an equality of votes at any meeting of the International Board at which he is present, be entitled to a second or casting vote. He shall, at the written request of any Member, bring any material matter to the attention of the International Board and/or the other members in any manner he thinks fit. The International Board shall direct the Managing Director in managing the day to day affairs and business of the Company and shall perform such other duties as may be required by the International Board or by an ordinary resolution of the Members. The Vice-Chair shall aid the Chair in the discharge of his duties and, in the absence of the Chair, shall preside at every meeting of the International Board at which he is present and in the absence of the Chair shall, in the case of an equality of votes at any meeting of the International Board at which he is present, be entitled to a second or casting vote.

20.3 The Vice-Chair shall aid the Chair in the discharge of his duties and, in the absence of the Chair, shall preside at every meeting of the International Board at which he is present and in the absence of the Chair shall, in the case of an equality of votes at any meeting of the International Board at which he is present, be entitled to a second or casting vote.

20.4 The Managing Director shall be responsible for the day to day affairs and business of the Company and shall serve at the pleasure of the International Board.

20.5 Subject to the provisions of the Act the Secretary shall be appointed by the International Board for such term, at such remuneration and upon such conditions as the International Board may think fit; and any Secretary so appointed may be removed by the International Board.

21.0 AUDITORS

21.1 Auditors shall be appointed and their duties regulated in accordance with the Act or any statutory modification thereof for the time being in force.

22.0 ACCOUNTS

- 22.1 The International Board shall cause accounting records to be kept in accordance with Sections 221 and 222 of the Act.
- 22.2 The accounting records shall be kept at the Office or, subject to Section 222 of the Act, at such other place or places as the International Board thinks fit, and shall always be open to the inspection of the officers of the Company.
- 22.3 The International Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being members of the International Board, and no Member (not being a member of the International Board) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the International Board or by the Company in general meeting.
- 22.4 The International Board shall from time to time in accordance with the Act cause to be prepared and to be laid before the Company in general meetings such profit and loss accounts, balance sheets, group accounts (if any) and reports as are referred to in those sections.
- 22.5 A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting, together with a copy of the auditor's report, and the report of the International Board, shall not less than twenty-one days before the date of the meeting be sent to every Member of, and every holder of debentures of, the Company. Provided that this Article shall not require a copy of those documents to be sent to any person of whose address the Company is not aware.

23.0 APPLICATION OF FUNDS

- 23.1 All the property and funds of the Company shall be applied by or under the authority of the International Board for the purposes of the Company and in particular the investment of any of the funds of the Company.

24.0 AMENDMENTS

- 24.1 These Articles and the Memorandum may at any time and from time to time be amended by the Members by special resolution.
- 24.2 The contents of the Appendices may be amended at any time by a two thirds majority of the International Board present and voting.

25.0 MINUTES

25.1 The International Board shall cause minutes to be made in books kept for the purpose:-

25.1.1 of all appointments of officers made by the International Board; and

25.1.2 of all resolutions and proceedings at meetings of the Company and of the International Board and of committees including the names of the Members and Directors present at each such meeting.

26.0 COPIES OF ARTICLES, REPORTS AND ACCOUNTS

26.1 Any additional copy of these Articles shall be provided to each member on entry to membership and additional copies may be obtained by any Member on application to the Secretary on payment of such amount as may from time to time be determined by the International Board.

26.2 A copy of the last annual report and accounts of the Company may be obtained by the Member on application to the Secretary free of charge.

26.3 Any Member of the Company may during normal business hours inspect the register of Members.

27.0 REGISTER OF MEMBERS

27.1 The Secretary shall keep a register of all the Members and shall enter therein the names and addresses thereof and the dates on which each such person became and ceased to be a Member.

28.0 SEAL

28.1 Unless otherwise determined by the International Board any instrument to which the Seal is affixed shall be signed by a director and by the secretary or by a second director.

29.0 NOTICES

29.1 Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the Directors need not be in writing.

29.2 The Company may give any notice to a Member either personally or by sending it by post in a prepaid envelope addressed to the Member at his registered address or by leaving it at that address. A Member whose registered address within the United Kingdom at

which notices may be given to him shall be entitled to have notices given to him at that address but otherwise no such member shall be entitled to received any notice from the Company.

29.3 A Member present either in person or by proxy at any meeting of the Company shall be deemed to have received notice of the meeting and where requisite of the purposes for which it was called.

29.4 Proof that an envelope containing a notice was properly addressed prepaid and posted shall be conclusive evidence that the notice was given. A notice shall unless the contrary is proved be deemed to be given at the expiration of 24 hours after the envelope containing it was posted.

30.0 WINDING-UP

30.1 The Company shall be wound up voluntarily whenever an Extraordinary Resolution is passed requiring the Company to be so wound up. Subject to Clause 7 of the Memorandum which shall have effect as if the provisions thereof were repeated herein, upon the passing of such a Resolution the property of the Company shall be realised by the International Board and the surplus, if any, after discharging or providing for all debts and liabilities of the Company shall be distributed among the Members rateably according to the amount of subscriptions respectively paid by such Members to the Company during the three complete financial years last preceding the date of dissolution.

31.0 INDEMNITY AND INSURANCE

31.1 The Company shall be entitled to purchase and maintain insurance for any officer or auditor of the Company against any liability attaching to such person in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.

31.2 Subject to the provisions of the Act, the Company may indemnify every Director, auditor or other officer of the Company against all costs, charges, losses, expenses and liabilities incurred by him in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to be done or alleged to have been done or omitted to be done by him as an officer or auditor of the Company and in which judgement is given in his favour or in which he is acquitted or in connection with any application in which relief is granted to him by the court.

APPENDIX A

TERMS AND CONDITIONS OF MEMBERSHIP

1.0 Obligations on application for membership

1.1 In consideration of the Company proceeding with this application the Applicant:-

- 1.1.1 shall, on signature and return of this application, pay to the Company the sum of US \$1500 by way of a non-refundable deposit which deposit shall be treated by the Company as part-payment of the costs of inspection and verification of the eligibility of the Applicant for membership of the Company in such manner as the Company may, in its absolute discretion, think fit;
- 1.1.2 undertakes to reimburse in full and upon demand any further costs and expenses including travel expenses incurred by the Company or its officers, agents or employees in inspecting, verifying and considering the eligibility of such Applicant whether or not the Applicant is invited to become a member;
- 1.1.3 accepts and agrees to be bound by the Memorandum and Articles and all bye-laws and other regulations made under them from the return of this application until the Applicant is either entered in the register of Members of the Company or receives notice of the failure of its application;
- 1.1.4 warrants and represents to the Company that he has the authority under all the applicable laws, rules and regulations of any country or state in question to enter into this application in the capacity in which this application is executed and he has the authority as aforesaid to require the Manager (as defined in clause 2.1.5) to comply with clause 2.1.5 below.

2.0 Obligations upon becoming a Member

2.1 The Applicant undertakes that, in consideration of being invited to become a Member, it shall:-

- 2.1.1 pay to the Company a subscription fee of US \$750 which shall be held by the Company in a non-interest bearing subscription fund account during the currency of the Applicant's

membership of the Company; and

- 2.1.2 pay to the Company an initial membership fee of US \$75 per room subject to a minimum initial membership fee of US \$5,000; and
- 2.1.3 pay to the Company an annual membership fee of US \$7,300 in respect of each hotel up to 20 rooms, together with a supplement of US \$285 per additional room to a ceiling of 150 rooms; and
- 2.1.4 not serve notice withdrawing from the Company during the first three years of membership commencing on the 1 August immediately following admission; and
- 2.1.5 undertake to procure that where a hotel is under the de facto day to day management of a person or persons other than the Applicant, such other person or persons ("the Manager") shall agree and undertake to abide by and comply with all the terms and conditions of membership as if the Manager were a Member in so far as such terms and conditions are capable of applying to the Manager.

3.0 Continuing Requirements

3.1 The Applicant, on becoming a Member, shall comply and (where applicable) shall ensure compliance by the Manager in all respects with:-

- 3.1.1 the terms and conditions of any agreement entered into by the Company which affects the Applicant and of which the Applicant is aware;
- 3.1.2 hotel standards set by the Company from time to time;
- 3.1.3 the Company reservations policy as established from time to time;
- 3.1.4 such commission or booking fee arrangements as the Company may adopt from time to time in relation to centrally generated business; and
- 3.1.5 all other bye-laws and regulations, made by the Company from time to time;

3.2 The Applicant, on becoming a Member, shall:-

- 3.2.1 submit to inspection by the Company of its hotel(s) at any time and at least every three

years at the full expense of the Applicant;

- 3.2.2 pay within thirty days of invoice the annual membership fee levied by the Company;
- 3.2.3 pay within thirty days of invoice or assessment any other amount required or levied by the Company from time to time;
- 3.2.4 include with sufficient prominence any logo or other artwork or style along with any form of membership wording adopted by the Company from time to time on all written material issued or caused to be issued by the Applicant including, without limitation, notepaper;
- 3.2.5 display the Company hotel directory and quarterly magazine and any other promotional printed material produced by the Company from time to time in each guest room in a prominent place and on a suitable display rack in the reception area or at reception and concierge desks;
- 3.2.6 affix in a prominent place at the principal entrance to the hotel the plaque supplied by the Company;
- 3.2.7 use its best endeavours to recommend the hotels of the other Members of the Company to guests and other members of the public and, where practicable, use the facilities of other Members when facilities of such a type are required;
- 3.2.8 accept all credit cards as required by the Company from time to time;
- 3.2.9 wherever possible allow a substantial discount for accommodation provided to other Members for their personal use and wherever practicable and reasonable provide accommodation for employees or directors of the Company free of charge;
- 3.2.10 appear in airline reservation systems to which the Company subscribes from time to time solely in connection or association with the Company save where, prior to application for membership, the Member or its Manager is already legally obliged to appear otherwise.
- 3.2.11 fully indemnify and hold harmless the Company from and against all and any proceedings, claims, damages, losses, expenses or

liabilities with which the Company may be served, receive, incur or sustain in respect of any reservation booked with any of the Members' hotels, or in respect of any action brought against the Company under the Trades Description Act 1976 or any other relevant consumer legislation anywhere in the world arising from any promotional literature published by the Company the content of which has been supplied by that Applicant.

4.0 Membership Year

- 4.1 The membership year of the Company shall commence on 1st August in any year and shall continue until 31st July in the following year. Membership shall, upon payment of the annual membership fee levied by the Company within thirty days of invoice be deemed to commence on 1st August and shall continue throughout the membership year unless and until terminated in accordance with the Articles or any bye-laws or other regulations made thereunder from time to time.
- 4.2 The Company may at its sole discretion admit any applicant to membership at any time during a membership year; in which case a proportion of the annual membership fee may be charged from the date of such admission to 31st July following.

5.0 Probation

- 5.1 Any Applicant whose hotel or resort is incomplete, unable to trade for any reason, is unsuitable for public use or falls below the hotel standards set by the Company from time to time may be admitted to membership on probation in accordance with the Articles. The probationary period shall be six months and may, notwithstanding anything contained in clause 5.3 hereof, be extended for a further period of six months but for no longer.
- 5.2 Any Member whose hotel or resort becomes unable to trade for any reason or becomes unsuitable for public use or falls below the hotel standards set by the Company from time to time shall be placed on probation in accordance with the Articles. The probationary period shall be three months which period may not be extended.
- 5.3 Probation shall continue until the end of the appropriate probationary period. At that time it may either be lifted or the application will fail or the membership will terminate (as the case may be).
- 5.4 In the event of any complaint about any Member's hotel being received by the Company, it will be acknowledged forthwith and passed to the Member in question for

investigation and reply. All correspondence about such a complaint must be copied to the Managing Director, who shall inform the International Board of the complaint with a view to deciding whether or not the matter is such as to justify placing the Member on probation.

6.0 Termination

- 6.1 Membership may be terminated in accordance with the Articles at any time during a membership year.
- 6.2 Where membership is terminated or an application fails after probation all materials supplied by the Company shall be immediately returned to the Company and Applicants and Members undertake to ensure that in such event no hotel or resort under their ownership and/or control shall continue to display any brochures or other promotional literature of or concerning the Company or use on any note paper or in any other form of advertisement, whether written or otherwise, any logo, artwork, style, membership wording, telephone number or any other distinctive mark or thing which may imply current membership of or access to the resources of or any other association with the Company.
- 6.3 The subscription fee of US \$750 paid by the Member on admission to the Company shall be subject to a refund of US \$500 provided that the brass plaque is returned to the Company in good condition.

7.0 General

- 7.1 These terms and conditions of membership shall be governed by and construed in accordance with the laws of England.
- 7.2 The parties irrevocably submit for the exclusive benefit of the Company to the exclusive jurisdiction of the courts of England and Wales in respect of any claim, dispute or difference arising out of or in connection with the Agreement. Nothing in this clause shall be taken to have limited the right of the Company to proceed in the courts of any other competent jurisdiction.
- 7.3 Any notice shall be in writing and signed by or on behalf of the person giving it. Except in the case of personal service, any notice shall be sent or delivered to a member at the address contained in the register of Members, to an Applicant at the address contained in the form of application and to the Company at its registered office from time to time.
- 7.4 Service of a notice must be effected either personally on an individual or on a director or the secretary of a body corporate; or by pre-paid first class post (or

airmail if from one country to another) and shall be treated as served on the second (or if by airmail on the fourth) day after the date of posting. In proving service, it shall be sufficient to prove that the envelope containing the notice was correctly addressed, postage paid and posted.

APPENDIX B
ELECTION PROCEDURES

1. Nomination procedures for elections under Article 11

- (a) Not later than 60 days before the end of the fiscal year of the Company in each year the Secretary shall send an election self-nomination form to all Members in each Region requesting from them the following information:-
 - (i) the Region to which they belong;
 - (ii) whether they wish to stand for election as Regional Directors of the International Board.
- (b) The form will state that any Member failing to return a positive or negative declaration by the appointed day shall be deemed to have declared that such Member is not prepared to stand for the said election during the forthcoming year.

2. Annual Election Procedure for Regional Directors

- (a) Not later than 45 days before the end of the fiscal year of the Company in each year the Secretary shall dispatch numbered voting papers to each Member in each Region, and convene meetings of the Regional Members to take place no later than 30 days before the end of the fiscal year of the Company in each year, such meetings to be known as Annual Regional Meetings. The voting papers will list separately the names of Members in each Region who have declared their intentions to stand for and are eligible for election as Regional Directors of the International Board.
 - (b) At the Annual Regional Meetings, the Members shall return their completed voting papers in the envelopes provided to the Secretary.
 - (c) The votes shall be counted by the Secretary, the results will be announced forthwith and the persons so elected will assume their seats at the first meeting of the newly-elected International Board following the election.
 - (d) In the event the nominations for any post equal the vacant appointments for any post then the nominees will be elected ipso facto and the election procedure in (a) - (c) above will not take place for the posts concerned.
3. Where in the opinion of the International Board it is not possible or desirable to adhere to the time limits and procedures referred to in any of the paragraphs

above, the Secretary of the Company shall have a discretion to be approved in all cases by a resolution of the International Board of not less than two-thirds of those present and voting to vary such time limits and procedures provided that they shall not be extended by longer than three calendar months.

4. Any persons elected to a post shall be elected in their own name and in their personal capacity, not in the name of, or as nominee for, any corporate or non-corporate body which is itself a Member, and of which such elected person may be the nominated representative.

5. First elections of Regional Directors

The first elections of Regional Directors shall take place at the end of the first fiscal year of the Company in accordance with the procedures set out in this Appendix B.