

Registered No. 2547498

The Companies Act 1985

Private Company Limited by Shares

NEW
ARTICLES OF ASSOCIATION
of
FIBROGEN LIMITED



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Private Company Limited by shares

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of

FIBROGEN LIMITED

(Adopted by special resolution passed on 12th March 1992)

PRELIMINARY

1. Definitions

In these articles the following words and expressions have the meanings set opposite them:-

"Act"	the Companies Act 1985
"these articles"	these articles of association as originally adopted or as altered from time to time
"Table A"	Table A in the Schedule to the Companies (Tables A to F) Regulations 1985, as amended by the Companies (Tables A to F) Amendment) Regulations 1985

"Statutes"

every statute (including any statutory instrument, order, regulation or subordinate legislation made under it) for the time being in force concerning companies and affecting the Company.

2. Table A

The regulations contained in Table A shall apply to the Company except in so far as they are excluded by or are inconsistent with these articles. Regulations 8, 24, 32(a), 39, 40, 41, 50, 64, 65, 73 to 80 inclusive and 118 of Table A shall not apply to the Company.

3. Definitions and Conflict between these articles and Table A

3.1 In the event of any ambiguity or inconsistency between such regulations and these articles, the provisions of these articles shall prevail.

3.2 Words and expressions used in these articles shall, unless the context otherwise requires, have the same meaning as in the Act.

4. Variation of rights

Any proposed amendment to or variation of these articles shall be deemed to be a variation of the rights attached to the 'A' shares, the 'B' shares, the 'C' shares and the 'O' shares in the capital of the Company.

SHARE CAPITAL

5. Share capital

5.1 The capital of the Company (at the date of adoption of these articles) is £6,501,000 divided into 112,500 'A' Shares of £1 each (the "'A' Shares"), 1,387,500 'B' Shares of £1 each (the "'B' Shares"), 100,000 Ordinary Shares of 1p each (the "'O' Shares") and 5,000,000 "'C' Shares of £1 each (the "'C' Shares").

5.2 'A' Shares, 'B' Shares, 'C' Shares and 'O' Shares shall constitute different classes of shares for the purposes of the Statutes but shall, save as in these articles expressly provided, confer upon the holders thereof the same rights and rank *pari passu* in all respects.

6. Disapplication of statutory pre-emption provisions and power to allot

6.1 In accordance with section 91(1) of the Act the provisions of sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.

6.2 The directors are (save as provided in this Article 6.2) generally and unconditionally authorised for the purposes of section 80 of the Act, to exercise any power of the Company to allot and grant rights to subscribe for or convert securities into shares of the Company up to the amount of the authorised share capital of the Company on the date of adoption of these articles at any time or times during the period of five years from the date of adoption of these articles provided that they have the written consent of the holders from time to time of the 'B' Shares and the directors may, after that period but provided as aforesaid, allot any shares or grant such rights under this authority in pursuance of an offer or agreement so to do made by the Company within that period. The authority hereby given may at any time (subject to the said section 80) be renewed, revoked or varied by ordinary resolution of the Company in general meeting.

7. Rights attaching to the shares

In this Article 7 the following words and expressions have the meanings set opposite them:-

"A' Dividend"	an 18.75% 'A' Dividend, a 9.5% 'A' Dividend or a 4% 'A' Dividend (each as defined in this Article 7) as the case may be;
"A' Subscription Date"	the date upon which 112,500 'A' Shares are subscribed for;
"Annual Distributable Profits"	the after tax operating profits of the Company for a financial year which the Company may, in accordance with its constitutional documents and any agreement pursuant to which it has borrowed or is entitled to borrow monies, legally distribute (as determined from the Company's audited accounts for that financial year) which shall, for the avoidance of doubt, not include any profits from previous financial years of the Company;
"financial year"	any period in respect of which the Company prepares audited financial statements and delivers such statements to the Registrar of Companies;
"net of ACT"	exclusive of any advance corporation tax or other taxation payable in respect of the making of any distribution;

"number of years"

a number of calendar years (so that one calendar year shall be expressed as 1.0000) and any fraction of a year shall be calculated to the nearest 0.0001 of a year by dividing the number of days in question by 365;

"RPI"

the retail price index applicable at the relevant date established by reference to the Retail Price Index (all items) published by the Department of Employment for the month in which the relevant date occurs; and

"Surplus Revenues"

all monies which are at any time legally available for distribution by the Company (including the proceeds of a fresh issue of shares) and which may, in accordance with the provisions of any agreement to which the Company is a party pursuant to which the Company has borrowed or is entitled to borrow monies, be utilised by the Company in the payment of any dividend or redemption of any 'B' Share.

The purpose of the equations in this Article 7 is to ensure that the holder of the 'B' Shares receives an internal rate of return ("IRR") of 20% real, post tax, over a period of greater than 4 years. After this IRR has been achieved the 'B' Shares will be fully redeemed, but no 'B' Share may be redeemed until the 4 year period has elapsed.

The equations also ensure that the holder of the 'A' Shares receives an IRR of 22% real, post tax, before the payments to the 'A' Shareholders

reduce to a fixed 4% of Annual Distributable Profits. The 22% return is not guaranteed to the 'A' Shareholders, but the IRR will not be capped for these Shares. The 'A' Shares are not redeemable at the Company's option.

IRR shall have the commonly accepted definition, as adopted in Lotus 123 software of:

the annual discount rate (%) which when applied to a stream of cash (negative = investment, positive = reward) gives a net present value of zero.

7.1 Income

No distribution of the profits of the Company will be made before the Date of Early Redemption as defined in Article 7.3.1. After that date, the profits of the Company which are available for distribution shall be applied:-

7.1.1 first, to the extent that there are Surplus Revenues available in redeeming at par and in accordance with Article 7.3 1,387,400 'B' Shares;

7.1.2 second, in paying as a dividend to holders of 'B' Shares from time to time in issue all Surplus Revenues until the aggregate of all payments (net of ACT) made to the holders of the 'B' Shares by the Company in respect of the 'B' Shares causes the result of part (ii) of the following formula to equal the result of part (i) of that formula:

$$(i) \quad \frac{£500,000}{(1.2 + iS1)^{yS1}} + \frac{£887,500}{(1.2 + iS2)^{yS2}}$$

equals

$$(ii) \quad \frac{B1}{(1.2 + i1)^{y1}} + \frac{B2}{(1.2 + i2)^{y2}} + \dots + \frac{Bn}{(1.2 + in)^{yn}}$$

Where B1 equals the first payment made by the Company to the holders of the 'B' Shares (whether by way of a 'B' Dividend or by way of redemption of 'B' Shares or pursuant to Article 7.2.5) in respect of the 'B' Shares (such payment being made y1 years after the 'A' Subscription Date) and so that Bn equals the nth payment made. The terms "i" and "y" in the above formula shall be defined so that

i (with a suffix) = the annual compounded movement in RPI from the 'A' Subscription Date to the date of making of the relevant payment in respect of the 'B' Shares such that

$$i_{S1} = y_{S1} \sqrt[y_{S1}]{\frac{\text{RPI @ } y_{S1} \text{ date} - \text{RPI @ 'A' Subscription Date}}{\text{RPI @ 'A' Subscription Date}}} + 1 - 1$$

$$i_{S2} = y_{S2} \sqrt[y_{S2}]{\frac{\text{RPI @ } y_{S2} \text{ date} - \text{RPI @ 'A' Subscription Date}}{\text{RPI @ 'A' Subscription Date}}} + 1 - 1$$

$$i_1 = y_1 \sqrt[y_1]{\frac{\text{RPI @ date of payment of B1} - \text{RPI @ 'A' Subscription Date}}{\text{RPI @ 'A' Subscription Date}}} + 1 - 1$$

and so on until

$$i_n = y_n \sqrt[y_n]{\frac{\text{RPI @ } y_n \text{ date} - \text{RPI @ 'A' Subscription Date}}{\text{RPI @ 'A' Subscription Date}}} + 1 - 1$$

and

y (with a suffix) = the number of years elapsed from the 'A' Subscription Date to the date of payment of the relevant payment to the holders of the 'B' Shares such that

y_{S1} = the number of years elapsed from the 'A' Subscription Date to the date upon which 500,000 'B' Shares have been allotted and fully paid up ("y_{S1} date")

yS2 = the number of years elapsed from the 'A' Subscription Date to the date upon which 1,387,500 'B' Shares (in aggregate) have been allotted and fully paid up ("yS2 date")

y1 = the number of years elapsed from the "A" Subscription Date to the date of payment of B1

and so on until

yn = the number of years elapsed from the 'A' Subscription Date to the date of payment of Bn ("yn date");

7.1.3 third, in redeeming at par and in accordance with Article 7.3 the remaining 100 'B' Shares in issue;

7.1.4 fourth, if there are any Surplus Revenues available for distribution in respect of the financial year in which the redemption of 'B' Shares occurs which results in all of the 'B' Shares then in issue being redeemed (the "'B' Redemption Year"), in paying to holders of 'O' Shares pro rata to their respective holdings of 'O' Shares all such Surplus Revenues available for distribution;

7.1.5 fifth, but only in respect of the financial years after the 'B' Redemption Year, in paying to holders of 'A' Shares in respect of that financial year a dividend which (net of ACT) is in aggregate equal to 18.75 per cent of Annual Distributable Profits for that financial year (the "18.75% 'A' Dividend") provided that the final 18.75% 'A' Dividend paid by the Company shall in any event equal 18.75Divn calculated in accordance with the following formula:-

$$£112,500 = \frac{18.75\text{Div1}}{(1.2 + i1)^{y1}} + \frac{18.75\text{Div2}}{(1.2 + i2)^{y2}} + \dots + \frac{18.75\text{Divn}}{(1.2 + in)^{yn}}$$

Where 18.75Div = each 18.75% 'A' Dividend with the intent that 18.75Div1 shall be the first sum so paid, 18.75Div2 shall be the second sum so paid and so on for each 18.75% 'A' Dividend until 18.75Divn is paid yn years after the 'A' Subscription Date

i (with a suffix) = the annual compounded movement in RPI from the 'A' Subscription Date to the date of payment of the relevant 18.75% 'A' Dividend such that

$$i1 = y1 \sqrt[n]{\frac{\text{RPI @ date of payment of 18.75Div1} - \text{RPI @ 'A' Subscription Date}}{\text{RPI @ 'A' Subscription Date}}} +1 -1$$

and so on until

$$in = yn \sqrt[n]{\frac{\text{RPI @ date of payment of 18.75Divn} - \text{RPI @ 'A' Subscription Date}}{\text{RPI @ 'A' Subscription Date}}} +1 -1$$

y (with a suffix) = the number of years elapsed from the 'A' Subscription Date to the date of payment of the relevant 'A' Dividend, with the intent that y1 shall be the number of years elapsed from the 'A' Subscription Date to the date of payment of 18.75Div1, y2 shall be the number of years elapsed from the 'A' Subscription Date to the date of payment of 18.75Div2 and so on;

7.1.6 sixth, but only in respect of the financial years after the financial year in respect of which the final 18.75% 'A' Dividend (18.75Divn) is paid, in paying to holders of 'A' Shares in respect of that financial year a dividend which (net of ACT) is in aggregate equal to 9.5% of Annual Distributable Profits for that financial year (the "9.5% 'A' Dividend") provided that the final 9.5% 'A' Dividend paid by the Company shall in any event equal 9.5Divn calculated in accordance with the following formula:-

$$£112,500 = \frac{18.75\text{Div1}}{(1.22 + i1)^{Y1}} + \frac{18.75\text{Div2}}{(1.22 + i2)^{Y2}} + \dots + \frac{18.75\text{Divn}}{(1.22 + in)^{Yn}}$$

$$\text{plus} \quad \frac{9.5\text{Div1}}{(1.22 + i1)^{Y1}} + \frac{9.5\text{Div2}}{(1.22 + i2)^{Y2}} + \dots + \frac{9.5\text{Divn}}{(1.22 + in)^{Yn}}$$

Where 18.75Div shall bear the meaning set out in Article 7.1.5

y (with a suffix) shall bear the meaning set out in Article 7.1.5

Y (with a suffix) = the number of years elapsed from the 'A' Subscription Date to the date of payment of the relevant 9.5% 'A' Dividend

9.5Div = each 9.5% 'A' Dividend with the intent that 9.5Div1 shall be the first sum so paid, 9.5Div2 shall be the second sum so paid and so on for each 9.5% 'A' Dividend

I (with a suffix) = the annual compounded movement in RPI from the 'A' Subscription Date to the date of payment of the relevant 9.5% 'A' Dividend such that

$$I1 = Y1 \sqrt[+1]{\frac{\text{RPI @ date of payment of 9.5Div1} - \text{RPI @ 'A' Subscription Date}}{\text{RPI @ 'A' Subscription Date}} - 1}$$

and so on until

$$In = Yn \sqrt[+1]{\frac{\text{RPI @ date of payment of 9.5Divn} - \text{RPI @ 'A' Subscription Date}}{\text{RPI @ 'A' Subscription Date}} - 1}$$

7.1.7 seventh, but only in respect of each financial year after the financial year in respect of which the final 9.5% 'A' Dividend (9.5Divn) is paid, in paying to holders of 'A' Shares in respect of that financial year a dividend which (net of ACT) is in

aggregate equal to four per cent of Annual Distributable Profits for that financial year (the "4% 'A' Dividend");

7.1.8 eighth, to the extent that the Company may by Ordinary Resolution determine, in making any distribution in respect of any financial year of the Company after any payment to the holders of the 'B' Shares or of any 'A' Dividend, pro rata amongst the holders of the 'O' Shares according to the amounts paid up or credited as paid up (including any premium paid up thereon at the date of issue) on the 'O' Shares held by them respectively PROVIDED THAT no dividend may be declared or paid or profits distributed on or in relation to the 'O' Shares whilst any 'B' Shares shall be in issue;

7.1.9 ninth, to the extent that the Company may by Ordinary Resolution determine, in making any distribution in respect of any financial year of the Company after making any payment to the holders of the 'B' Shares or of any 'A' Dividend, amongst the holders, if any, of the 'C' Shares pro rata according to the amounts paid up or credited as paid up (including any premium paid up thereon at the date of issue) on the 'C' Shares held by them respectively PROVIDED THAT no dividend may be declared or paid or profits distributed on or in relation to the 'C' Shares whilst any 'B' Shares shall be in issue;

7.1.10 each payment to the holders of the 'B' Shares and each 'A' Dividend shall be paid as soon as reasonably practical after the information necessary to calculate each such payment or dividend is available to the directors.

7.2 Capital

On a winding up, the assets of the Company available to shareholders shall in priority to any other application thereof, be applied:-

- 7.2.1 first, in paying to each holder of a 'B' Share in issue from time to time a sum equal to the amount paid up or credited as paid up on such Share (including any premium);
- 7.2.2 second, in paying to each holder of an 'A' Share in issue from time to time a sum equal to the amount paid up or credited as paid up on such Share (including any premium);
- 7.2.3 third, in paying to each holder of an 'O' Share in issue from time to time a sum equal to the amount paid or credited as paid up on such Share (including any premium);
- 7.2.4 fourth, in paying to each holder of a 'C' Share in issue from time to time a sum equal to the amount paid or credited as paid up on such share (including any premium);
- 7.2.5 fifth, in paying to each holder of a 'B' Share in issue from time to time a sum which causes the result of part (ii) of the formula set out in Article 7.1.2 to equal the result of part (i) of that formula; and
- 7.2.6 sixth, the balance of such assets shall belong to and be distributed amongst the holders of the 'A' Shares, the 'O' Shares and the 'C' Shares pro rata according to the amount paid up or credited as paid up on such shares (including any premium).

7.3 Redemption

- 7.3.1 At any time between the Date of Early Redemption and 31st December 2500 a holder of a 'B' Share may be required by notice in writing from the Company (a "B Redemption Notice") to redeem at par any 'B' Shares he holds where the "Date of Early Redemption" shall be the date which is X number of years after the 'A' Subscription Date where:

$$X \quad \text{equals} \quad \frac{(500,000 \times yS1) + (887,500 \times yS2)}{(500,000 + 887,500)} + 4$$

and:

yS1 shall bear the meaning set out in Article 7.1.2; and

yS2 shall bear the meaning set out in Article 7.1.2.

7.3.2 The 'B' Redemption Notice shall specify a date on which such redemption shall take effect (the "'B' Redemption Date") being a date not earlier than thirty days after the date of service thereof and the Company shall on such date or so soon thereafter as the law permits redeem at par the 'B' Shares specified in such notice.

7.3.3 The holders of the 'B' Shares which are the subject of a 'B' Redemption Notice shall be obliged immediately upon redemption to surrender to the Company at its registered office the share certificate(s) relating to the relevant 'B' Shares, and if such share certificate(s) relate to a greater number of shares than those which are the subject of the 'B' Redemption Notice the Company shall issue a share certificate for the balance. In the event that any holder of the 'B' Shares which are the subject of the 'B' Redemption Notice fails to comply with his obligations under this Article 7.3 the Company may receive payment of a sum equal to the par value of each relevant 'B' Share as trustee for such holder and any director may act as attorney of the 'B' Shares which are the subject of the 'B' Redemption Notice.

7.3.4 In the event that either the profits or assets (including, for the avoidance of doubt, capital) of the Company available for use in the redemption of the 'B' Shares are insufficient to permit any or all of the 'B' Shares to be redeemed at the 'B' Redemption Date, or the Company shall be otherwise unable in compliance with the provisions of the Act to redeem any

of the 'B' Shares in respect of which a 'B' Redemption Notice has been served, then the Company shall redeem the maximum number of 'B' Shares permissible having regard to the profits or assets available for such purpose as soon as possible after the 'B' Redemption Date. Notwithstanding this, each member undertakes to vote any rights attached to its shares and take any other step as is necessary to procure that the maximum number of 'B' Shares shall be redeemed in respect of which a 'B' Redemption Notice has been served, including, without limitation, where it is necessary to redeem 'B' Shares out of capital as provided in Section 171 of the Act.

7.3.5 At any time between the date of adoption of these articles and 31st December 2500 a holder of an 'A' Share may by notice in writing to the Company call for the redemption of all (but not some only) of the 'A' Shares he holds and the Company shall upon receipt of such notice be bound to redeem such 'A' Shares in accordance with Article 7.3.6 PROVIDED THAT sufficient Surplus Revenues are available to do so and at the date of receipt of such notice all of the 'B' Shares have been fully redeemed.

7.3.6 In respect of the redemption of 'A' Shares the provisions of Article 7.3.2 to Article 7.3.4 shall apply mutatis mutandis with the deletion of the designation 'B' and the insertion of the designation 'A'.

7.4 As to voting rights

7.4.1 On a show of hands every member holding an 'A' Share or an 'O' Share shall have one vote and on a poll every 'O' Share shall carry such number of votes (including fractions of a vote) which shall ensure that when the votes attached to all of the 'O' Shares then in issue are aggregated such number of votes shall equal 74.9 per cent of the aggregate number of the 'O' Shares and the 'A' Shares then in issue (such number

being "X") and every 'A' Share shall carry such number of votes (including fractions of a vote) which shall ensure that when the votes attached to all of the 'A' Shares then in issue are aggregated such number of votes shall equal 25.1 per cent of X.

7.4.2 The 'B' Shares and the 'C' Shares shall not carry any rights to vote whether on a show of hands or on a poll.

7.4.3 Any member holding an 'A' Share or an 'O' Share shall be entitled to call for a poll at any meeting at which that member is entitled to vote.

8. Allotment of shares

8.1 Unissued 'B' Shares from time to time shall only be allotted in such manner and upon such terms as may be agreed in writing by the members.

8.2 Unissued 'C' Shares from time to time shall only be allotted in such manner and upon such terms as may be agreed in writing by the members.

8.3 Only where authorised by a special resolution may the Company, whether or not all the shares for the time being authorised shall have been issued or all the shares for the time being issued have been fully paid up, increase its share capital by new shares of such amount as the special resolution prescribes.

8.4 Unless otherwise provided in this Article 8 or in Article 6.2 the directors shall have full power to issue unissued shares to allot, grant options or subscriptions or conversion rights over or otherwise dispose of the same.

9. Company's lien and calls

9.1 The Company shall have a first and paramount lien on every share for all monies (whether presently payable or not) called or payable at a fixed

time and in respect of that share, and the Company shall also have a first and paramount lien on all shares registered in the name of any person (whether solely or jointly with others) for all monies owing to the Company from him or his estate either alone or jointly with any other person whether as a member or not and whether such monies are presently payable or not. The directors may at any time declare any share to be wholly or partly exempt from the provisions of this article. The Company's lien on a share shall extend to any amount payable in respect of it.

- 9.2 The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment".

TRANSFER OF SHARES

10. Instrument of transfer

The instrument of transfer of any share shall be executed by or on behalf of the transferor, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect thereof, provided that in the case of a nil or partly-paid share the instrument of transfer must also be executed by or on behalf of the transferee.

11. Rights of pre-emption - 'O' Shares and 'C' Shares

- 11.1 No transfer of any 'O' Shares or 'C' Shares or any interest in such shares shall be made by any member unless the following provisions are complied with in respect of such transfer or, in the case of 'O' Shares, the transfer is in accordance with Article 13.
- 11.2 No transfer of any 'C' Shares shall take place without the prior written approval of all the members which approval may be given generally or on the terms specified therein.

- 11.3 Every holder of 'O' Shares who wishes to transfer his interest in all or any of his shares (the "Vendor") shall forthwith notify the directors in writing of his wish so to do. Such notification (the "Transfer Notice") shall constitute the directors his agents for the sale of such shares (the "Transfer Shares") at (as the case may be) the Sale Price, the Discounted Sale Price or the Purchase Price (all as defined below) and shall not be revoked or withdrawn save insofar as provided below.
- 11.4 For the purposes of this Article 11 the expression the "Sale Price" shall mean such price as may be agreed between the Vendor and the directors or, in default of agreement between them within fourteen days of the date of service of the Transfer Notice, as the auditors of the Company (acting as experts and not as arbitrators) shall certify to be in their opinion the fair value (the "Fair Value") of the Transfer Shares having regard to the fair value of the business of the Company as a going concern as between a willing vendor and a willing purchaser contracting on arm's length terms. The fees and expenses of the auditors in connection with such certificate (the "Auditors' Certificate") shall be borne as to half by the Vendor and as to the other half amongst the purchasers (if any) of the Transfer Shares in proportion to the numbers of Transfer Shares to be purchased by them respectively or if there are no such purchasers or if the Vendor withdraws the Transfer Notice under Article 11.5 or Article 11.7 below the whole of such fees and expenses shall be borne by the Vendor. PROVIDED THAT if the Vendor serves a Transfer Notice on or before the fourth anniversary of 30th November 1991 the Sale Price shall not apply as above but shall mean the Fair Value discounted (the "Discounted Sale Price") as follows:-

Transfer Notice served on or before the following anniversaries of 30th November 1991	Percentage by which Fair Value to be discounted
1st	80%
2nd	60%
3rd	40%
4th	20%

- 11.5 A copy of the Auditors' Certificate shall be supplied by the directors to the Vendor within seven days of its issue by the auditors. If the Fair Value so certified is not acceptable to the Vendor, he shall be entitled, save in the case where a Transfer Notice shall have been deemed to have been served pursuant to these Articles, to give counternotice in writing to the directors within fourteen days of the issue of the Auditors' Certificate electing to withdraw the Transfer Notice.
- 11.6 Upon the Sale Price being so agreed, or (if it is certified) upon the expiry of the period of fourteen days from the date of the issue of the Auditors' Certificate, the directors shall forthwith offer the Transfer Shares to all the then holders (other than the Vendor) of 'O' Shares for purchase at the Sale Price or the Discounted Sale Price (as the case may be). The directors shall invite each such holder to state in writing within twenty-one days from the date of such invitation (the "Notice Date") whether he is willing to purchase any of the Transfer Shares so offered to him and, if so, the maximum number thereof. If such holders of 'O' Shares shall within such period apply for all or any of the Transfer Shares the directors shall allocate the same amongst such applicants, in the case of competition in proportion (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by him) to their then existing holdings of 'O' Shares. For the purposes of this Article 11 any shares held by any person by way of security only shall be deemed to be held by the person or persons for the time being entitled to the equity of redemption in relation to such shares. If any of the Transfer Shares shall not be taken up by such holders of 'O' Shares to whom they are offered within twenty-one days of the Notice Date, the directors shall forthwith endeavour to identify a bona fide third party purchaser (who shall be any person other than a member of the Company or a person of such description of the members may from time to time agree in writing) (such bona fide third party purchaser being referred to in this Article 11 as a "Purchaser") for all of the Transfer Shares not taken up (the "Surplus Shares") and to agree the price at which the Purchaser agrees (conditionally on them being available) to purchase the Surplus Shares which price shall in the directors' reasonable opinion be a fair value for each Surplus Share as between a willing vendor and a willing purchaser contracting on arms

length terms. Upon the expiry of fifty days from the Notice Date the directors shall notify the Vendor whether they have identified a Purchaser and, if they have, the price at which the Purchaser is prepared to purchase each Surplus Share (the "Purchase Price"). If the Purchase Price is not acceptable to him the Vendor may within seven days of such notification withdraw the Transfer Notice insofar as it relates to the Surplus Shares. If no such withdrawal is served upon the directors within such period, the directors shall then offer the Surplus Shares at the Purchase Price to all the then holders of 'A' Shares for purchase at the Purchase Price. The directors shall invite each such holder to state in writing within seven days from the date of such offer whether he is willing to purchase any of the Surplus Shares so offered to him and, if so, the maximum number thereof. If such holders of 'A' Shares shall within such period apply for all or any of the Surplus Shares the directors shall allocate the same amongst such applicants, in the case of competition in proportion (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by him) to their existing holdings of 'A' Shares. Forthwith upon such allocation each accepting holder of 'A' Shares shall become bound to purchase at the Purchase Price such number of the Surplus Shares as are allocated to him and any Surplus Shares remaining unpurchased shall forthwith be purchased by the Purchaser. If the directors shall pursuant to the provisions of this Article 11.6 not find a Purchaser for the Surplus Shares within fifty days from the Notice Date the directors shall then offer the same at the Sale Price to all the then holders of 'A' Shares for purchase at the Sale Price. The directors shall invite each such holder to state in writing within seven days from the date of the notice whether he is willing to purchase any of the Surplus Shares so offered to him and, if so, the maximum thereof. If such holders of 'A' Shares shall within such period apply for all or any of the Surplus Shares the directors shall allocate the same amongst such applicants, in the case of competition in proportion (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by him) to their existing holdings of 'A' Shares.

- 11.7 If the directors shall pursuant to the provisions of Article 11.6 find a person or persons willing to purchase all or any of the Transfer Shares pursuant to the foregoing provisions of this Article, or if they shall have been unable within six months from the date on which the Sale Price shall have been agreed or certified as aforesaid to find any person or persons willing to purchase the same, they shall thereupon give notice of such fact to the Vendor. Such notice shall (where appropriate) specify the name and address of each person willing to purchase any of the Transfer Shares and the number thereof agreed to be purchased by him. If such persons are willing to purchase some but not all of the Transfer Shares, the Vendor may within twenty-one days of receipt of such notice from the directors give a counternotice in writing to the directors electing to withdraw the Transfer Notice, but if such persons are willing to purchase all of the Transfer Shares, or if no such counternotice shall have been given by the Vendor within such period, the Vendor shall be bound to transfer the Transfer Shares (or such number thereof as such persons are willing to purchase) at a time and place to be appointed by the directors. Payment of the Sale Price, Discounted Sale Price or Purchase Price (as appropriate) for the Transfer Shares so sold shall be made to the directors as agents for the Vendor and the directors shall promptly apply the same in settling the fees or expenses of the auditors (if any) falling to be borne by the Vendor pursuant to Article 11.4 above and the reasonable costs of the Company incurred in identifying a Purchaser and agreeing the Purchase Price and shall account to the Vendor for the balance of the sale proceeds.
- 11.8 If the Vendor shall fail or refuse to transfer any of the Transfer Shares to the purchaser(s) under this Article 11, the directors may authorise any officer of the Company to execute and deliver on his behalf transfers of the Transfer Shares in favour of the relevant purchasers and the Company may receive the purchase consideration in trust for the Vendor (subject to applying the same on his behalf in settling any fees or expenses of the auditors or the costs of the Company falling to be borne by the Vendor) and shall cause each purchaser to be registered as the holder of such number of the Transfer Shares as shall have been transferred to him. The receipt of the directors for the purchase consideration shall be a good discharge to each purchaser (who shall not

be concerned with the application thereof) and after such purchaser has been registered in exercise of such powers the validity of the relevant proceedings shall not be questioned by any person.

11.9 If the directors shall pursuant to Article 11.6 find a purchaser or purchasers for part only of the Transfer Shares and the Vendor shall not have withdrawn the Transfer Notice pursuant to Article 11.7 or if the directors shall have failed to find a purchaser for any of the Transfer Shares, the Vendor shall be at liberty to sell and transfer all or any of the Transfer Shares not so sold pursuant to this Article at any time within six months after the expiry of the notice given by the directors to the Vendor pursuant to Article 11.7 to any person (other than a person of such description as the members may from time to time agree in writing) on a bona fide sale at any price not being less than the Sale Price. PROVIDED THAT the directors may require to be satisfied that:-

- (i) such shares are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance of any kind to the purchaser; and
- (ii) that the person is not of a description as aforesaid;

and if not so satisfied may refuse to register the relevant instrument of transfer.

11.10 If any member which is a body corporate shall at any time cease to be controlled by the person or persons who at the time when the body corporate became a member had control, the member shall be deemed to have served a Transfer Notice pursuant to Article 11.3 in respect of all the 'O' Shares held by it, unless the members holding shares representing a majority of the voting rights attached to all shares in the Company shall otherwise agree in writing. For the purposes of this Article 11.10:-

- (i) a person shall be deemed to have control of a body corporate if by reason of the ownership of shares in that body corporate or otherwise, the person concerned is able directly or

indirectly to secure that the affairs of that body corporate are conducted in accordance with the wishes of that person; and

(ii) a body corporate shall be deemed not to cease to be controlled by the person or persons who at the time when the body corporate became a member had control of it (the "Owner") if the Owner and the person or persons gaining control of the body corporate (the "New Owner") are both controlled by the same person or persons or the New Owner is itself controlled by the Owner; and

(iii) a member shall be deemed to have ceased to be controlled by the person or persons who at the time when the body corporate became a member had control if the body corporate which is the ultimate holding company of that member at that time itself becomes a subsidiary or a subsidiary undertaking of any undertaking.

11.11 If a member is an employee of the Company, and it is a condition of his employment contract with the Company that on termination of his employment contract for whatever reason he shall transfer his interest in his shares and any and all shares which he has transferred to such permitted transferees in accordance with Article 13.3 in the Company, on such termination the member and such permitted transferees shall be deemed to have served a Transfer Notice pursuant to Article 11.3 in respect of all 'O' Shares held by him, unless all the holders of the 'O' Shares shall otherwise agree in writing. PROVIDED THAT if the member's employment is actually or constructively terminated by the Company on or before the fourth anniversary of 30th November 1991 without good cause the Transfer Shares shall be offered for sale in accordance with this Article at the Sale Price and not at the Discounted Sale Price.

12. Rights of pre-emption - 'A' Shares and 'B' Shares

12.1 No transfer of any 'A' Shares or 'B' Shares or any interest in any such shares shall be made by any member unless the following provisions are complied with in respect of such transfer or the transfer is in accordance with Article 14.

12.2 The provisions of Article 11 shall apply mutatis mutandis in respect of the 'A' Shares with the deletion of the designation of 'O' and the insertion of the designation of 'A' (and vice versa) and mutatis mutandis in respect of the 'B' Shares with the deletion of the designation 'O' and the insertion of the designation 'B' and the deletion of the designation 'A' and the insertion of the designation 'O' PROVIDED THAT (in either case):-

(i) the 'Sale Price' shall mean such price as may be agreed between the Vendor and the directors or the Fair Value and all references to the Discounted Sale price shall not apply; and

(ii) the terms of Article 11.11 shall not apply.

13. Permitted Transfer of 'O' Shares

13.1 A member being a body corporate may (subject as provided below) at any time transfer all or any of the 'O' Shares for the time being held by it to a member of the same group. PROVIDED THAT where 'O' Shares have been so transferred (whether directly or by a series of transfers) from a body corporate (the "Transferor Company"), which expression shall not include a second or subsequent transferor in such a series of transfers, to a member of the same group (the "Transferee Company") and subsequently the Transferee Company ceases to be a member of the same group as the Transferor Company, then the transferee Company shall be deemed to have given a Transfer Notice for the purposes of Article 11 in respect of all such 'O' shares.

13.2 For the purpose of this Article 13, the expression "a member of the same group" means any wholly owned subsidiary of the Transferor Company, any company of which the Transferor Company is the wholly owned subsidiary, or any other wholly owned subsidiary of any such company.

13.3 A member may (subject as hereinafter provided) at any time transfer all or any of the 'O' Shares:-

13.3.1 to a Privileged Relation of such member; or

13.3.2 to trustees to be held upon the member's Family Trusts; or

13.3.3 to any person with the consent in writing of all other members of the Company; or

13.3.4 by will, to any other member of the Company or, in the case of any life interest in the 'O' Shares, to any person;

Provided always that where 'O' shares have been transferred under paragraph 13.3.2 above to trustees the Relevant Shares may on any change of trustees be transferred to the trustees for the time being of the Family Trusts concerned and paragraph 13.3.1 above shall be deemed to permit transfers of any of the Relevant Shares to Privileged Relations of the member or former member concerned and not to Privileged Relations of any such trustee. If and whenever any of the Relevant Shares come to be held otherwise than upon Family Trusts (otherwise than in connection with a transfer by the trustees authorised under this Article 13) it shall be the duty of the trustees to notify the directors in writing that such event has occurred and the trustees shall be bound if and when required in writing by the directors so to do, to give a Transfer Notice in respect of the 'O' Shares concerned.

13.4 For the purpose of this Article 13:-

13.4.1 the expression "Privileged Relation" means and includes husband or wife or widower or widow and all lineal descendants in direct line and spouses, widows or widowers of

such lineal descendants and for the purpose aforesaid a step-child or adopted child of any person shall be deemed to be a lineal descendant of such person and his forbears;

13.4.2 the expression "Family Trusts" means trusts (whether arising under a settlement or a testamentary disposition by whomsoever made or on any intestacy) under which no immediate beneficial interest in the shares in question is for the time being vested in any person other than a particular member or deceased or former member and his Privileged Relations and no power of control over the voting powers conferred by such shares is for the time being exercisable by or subject to the consent of any person other than the trustees or a member or a Privileged Relation; and

13.4.3 the expression the "Relevant Shares" means and includes (so far as the same remain for the time being held by the trustees) the shares originally transferred and any additional shares issued or transferred to the trustees by virtue of the holding of the Relevant Shares or any of them or the membership thereby conferred.

14. Permitted Transfers of 'A' and 'B' Shares

14.1 A member being a body corporate may (subject as provided below) at any time transfer all or any of the 'A' Shares or the 'B' Shares for the time being held by it to a member of the same group PROVIDED THAT where shares have been so transferred (whether directly or by a series of transfers) from a body corporate (the "Transferor Company"), which expression shall not include a second or subsequent transferor in such a series of transfers, to a member of the same group (the "Transferee Company") and subsequently the Transferee Company ceases to be a member of the same group as the Transferor Company, then the Transferee Company shall, prior to ceasing to be a member of the same group, transfer all shares acquired by it from the Transferor Company back to the Transferor Company.

- 14.2 For the purposes of this Article 14, the expression "a member of the same group" means any wholly owned subsidiary of the Transferor Company, any company of which the Transferor Company is the wholly owned subsidiary, or any other wholly owned subsidiary of any such company.

15. General

- 15.1 If any member dies or becomes bankrupt or in the case of a corporate member enters into liquidation (except a members' voluntary liquidation for the purpose of reconstruction or amalgamation without insolvency), or suffers a receiver to be appointed of any of its assets, or enters into any transaction mentioned in Article 15.2 or otherwise attempts to transfer any of the shares held by him otherwise than in accordance with Articles 11 to 14, such member shall be deemed to have served a Transfer Notice pursuant to Article 11 or Article 12 (as the case may be) in respect of all the shares held by such member or by any nominee for him immediately prior to such event, unless all the members shall otherwise agree in writing and the Transfer Shares shall be offered for sale in accordance with Article 11 or Article 12 (as the case may be, in respect of any 'O' Shares at the Sale Price and not at the Discounted Sale Price).
- 15.2 For the purposes of Article 11 and Article 12 the following shall be deemed (without limitation) to be a transfer:-
- 15.2.1 any direction (by way of renunciation, nomination or otherwise) by a member entitled to an allotment or transfer of shares to the effect that such shares or any of them be allotted or issued or transferred to another person;
- 15.2.2 any sale or other disposition of any beneficial interest in a share (whether or not for consideration or otherwise) by any person and irrespective of whether or not it is effected by instrument in writing.

- 15.3 The directors shall register any transfer permitted by Article 13 or Article 14 or made pursuant to the provisions of Article 11 or Article 12, but shall refuse to register any other transfer.
- 15.4 For the purpose of ensuring that a transfer of shares is duly authorised under this Article 11 or Article 12 or Article 13 or Article 14, or that no circumstances have arisen whereby a Transfer Notice is deemed to have been given hereunder, the directors may require any member or the legal representatives of a deceased member or the liquidator of any corporate member or any person named as transferee in a transfer lodged for registration, to furnish to the Company such information and evidence as the directors may think fit regarding any matter they deem relevant to such purpose. Failing such information or evidence being furnished within twenty-one days after such request, the directors shall be entitled to refuse to register the transfer concerned or (where no transfer has been effected or lodged) to require by notice in writing that a Transfer Notice be given in respect of the shares concerned. The directors may likewise so require if any such information or evidence discloses that a Transfer Notice falls to be given in respect of any shares. If the directors do so require and a Transfer Notice is not duly given within fourteen days from the date of it being so required, such Transfer Notice shall be deemed to have been given at the expiration of such period and the provisions of Article 11 or Article 12 (as the case may be) shall apply as if such Transfer Notice were voluntarily given.
- 15.5 Where any Transfer Notice is deemed to have been given under Article 11 or Article 12, the foregoing provisions of those Articles shall not entitle the Vendor to withdraw or revoke any Transfer Notice or otherwise cancel the director's authority to sell the Transfer Shares in any circumstances.
- 15.6 "Notwithstanding anything contained in these Articles, the Directors shall not decline to register any transfer of shares, nor may they suspend registration thereof, where such transfer is executed by any bank or institution to whom such shares have been charged by way of security, or by any nominee or nominees of such a bank or institution, pursuant to the power of sale under such security where such security is delivered to the Company for registration in order for such bank or institution to perfect its security, and a certificate by any official of such bank or institution that the shares were so charged and the transfer was so executed shall be conclusive evidence of such facts and to this end the rights of pre-emption contained in Articles 11 and 12 shall not apply to any such transfer."

GENERAL MEETINGS

16. Consolidation, division, sub-division and cancellation

The powers of consolidation, division, sub-division and cancellation of the share capital of the Company conferred by regulation 32(b), (c) and (d) of Table A shall be exercised by special resolution.

17. Quorum for a general meeting and adjournments

- 17.1 No business shall be transacted at any general meeting unless the requisite quorum is present when the meeting proceeds to business. Two members present in person or by proxy (or, in the case of a member being a corporation, by representative) shall be a quorum for all purposes.
- 17.2 If within half an hour from the time appointed for any general meeting a quorum is not present the meeting shall stand adjourned to the same day in the next week but one (or if that day be a holiday to the next working day thereafter) and at the same time and place or to such other date time and place (not being more than 30 days nor less than 10 days after the date appointed for the adjourned meeting unless so agreed by the holders of not less than nine tenths in nominal value of the shares entitled to vote at the meeting) as the directors may determine.
- 17.3 If at such adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the member or members present shall be a quorum.
- 17.4 Where a meeting is adjourned under Article 17.2 for 10 days or more not less than 7 days notice of the adjourned meeting shall be given as in the case of an original meeting.

18. Votes

- 18.1 No 'A' Share shall confer any right to vote either on a show of hands or on a poll upon a resolution for the appointment or removal from office of an 'O' director (as defined in Article 20).
- 18.2 No 'O' Share shall confer any right to vote either on a show of hands or on a poll upon a resolution for the appointment or removal from office of the 'A' director (as defined in Article 20).

DIRECTORS

19. Number of directors

The directors shall unless otherwise determined by a special resolution of the Company be not more than eight in number.

20. Appointment of 'A' and 'O' directors

- 20.1 The holders of a majority in nominal value of the 'A' Shares may from time to time appoint any person to be a director but so that not more than one person shall at any one time hold office by virtue of an appointment by holders of 'A' Shares under this Article. A person holding office pursuant to this Article is herein called an 'A' director.
- 20.2 Each 'A' director shall hold office subject to Article 25 and may at any time be removed from office by the holders of a majority in nominal value of the 'A' Shares.
- 20.3 The holders of a majority in nominal value of the 'O' Shares may from time to time appoint any person to be a director but so that not more than seven persons shall at any one time hold office by virtue of an appointment by the holders of 'O' Shares under this Article. Each person holding office pursuant to this Article is herein called an 'O' director.
- 20.4 Each 'O' director shall hold office subject to Article 25 and may at any time be removed from office by the holders of a majority in nominal value of the 'O' Shares.
- 20.5 Any such appointment or removal shall be made in writing under the hands of the holders for the time being of the shares in whom the power of appointment or removal is vested, or their duly authorised agents and shall take effect on and from the date on which notice in writing thereof is lodged at the registered office for the time being of the Company or delivered to the secretary or to a meeting of the directors.

21. Remuneration of directors

Regulation 82 of Table A shall be amended by the addition of the following:-

"Such remuneration shall be divided between the directors in such proportion and manner as the directors may determine or in default of such determination equally, except that any director holding office for less than a year or other period for which remuneration is paid shall rank in such division in proportion to the fraction of such year or other period during which he has held office. Any director who, at the request of the directors, performs special services or goes or resides abroad for any purpose of the Company may receive such extra remuneration by way of salary, commission or participation in profits, or partly in one way and partly in another, as the directors may determine."

22. No directors' shareholding qualification

A director (including an alternate director) shall not require any shareholding qualification.

POWERS AND DUTIES OF DIRECTORS

23. Directors' interests

Subject to the provisions of the Statutes a director (including an alternate director) may contract with and participate in the profits of any contract or arrangement with the Company as if he were not a director provided that the terms of any such contract or arrangement are on arms length terms. A director shall also be capable of voting in respect of such contract or arrangement, where he has previously disclosed his interest to the Company, or in respect of his appointment to any office or place of profit under the Company and the terms thereof and may be counted in the quorum at any meeting at which any such matter is considered. Regulations 94 and 97 of Table A shall not apply to the Company.

ALTERNATE DIRECTORS

24. Alternate directors

24.1 The holders of a majority in nominal value of the 'A' shares may from time to time appoint any person or more than one severally to be an alternate director of any 'A' director and may remove from office an alternate director so appointed by them. When an alternate director is also a director or acts as an alternate director for more than one director, such alternate director shall have one vote for every director so represented by him (in addition to his own vote if he is himself a director) and when so acting shall be considered as two directors for the purpose of making a quorum if the quorum exceeds two. The provisions of Article 20.5 shall apply to any such appointment or removal.

24.2 The provisions of Article 24.1 shall apply mutatis mutandis to the holders of the 'O' Shares in respect of any 'O' director.

DISQUALIFICATION OF DIRECTORS

25. Disqualification

Regulation 81 of Table A shall be amended by the deletion of paragraph (c) thereof and by substituting for paragraph (e) thereof the following provision:-

"(e) he is otherwise duly removed from office."

26. No age limit for directors

No director shall vacate his office or be ineligible for re-election, nor shall any person be ineligible for appointment as a director, by reason only of his attaining or having attained any particular age.

PROCEEDINGS OF DIRECTORS

27. No power to fill vacancies

The words "of filling vacancies, or" shall be omitted from regulation 90 of Table A.

28. Notice to directors outside the United Kingdom

Regulation 88 of Table A shall be amended by substituting for the sentence:-

"It shall not be necessary to give notice of a meeting to a director who is absent from the United Kingdom."

the following sentences:-

"Notice of every meeting of directors shall be given to each director or his alternate director, including directors and alternate directors who may for the time being be absent from the United Kingdom and have given the Company their address outside the United Kingdom. Directors who are for the time being absent from the United Kingdom shall be entitled to receive 48 hours' notice of every meeting."

NOTICES

29. Form of notice

Any notice required by these articles to be given by the Company may be given by any visible form on paper, including telex, facsimile and electronic mail and a notice communicated by such forms of immediate transmission shall be deemed to be given at the time it is transmitted to the person to whom it is addressed. Regulations 111 and 112 of Table A shall be amended accordingly.

BORROWING POWERS

30. Borrowing etc

The directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and subject (in the case of any security convertible into shares) to section 80 of the Act to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

GRATUITIES AND PENSIONS

31. Pensions etc

31.1 The directors may exercise the powers of the Company conferred by Clause 3(t) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

31.2 Regulation 87 in Table A shall not apply to the Company.

THE SEAL

32. Seal

32.1 If the Company has a seal it shall only be used with the authority of the directors or of a committee of directors. The directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a director and by the secretary or a second director. The obligation under Regulation 6 of Table A relating to the sealing of share certificates shall apply only if the Company has a seal. Regulation 101 of Table A shall not apply to the Company.

- 32.2 The Company may exercise the powers conferred by section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the directors.

INDEMNITY

33. Officers' indemnity and insurance

- 33.1 Every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under section 144 or section 727 of the Act in which relief is granted to him by the Court, and no director or other officer shall be liable for any loss, damage or misfortune which may happen to or incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by section 310 of the Act.
- 33.2 The directors shall have power to purchase and maintain for any director, officer or auditor of the Company insurance against any such liability as is referred to in section 310(1) of the Act.