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

**(ADOPTED PURSUANT TO A SPECIAL RESOLUTION
PASSED ON 13TH MARCH 1998)**

PRELIMINARY

- 1 The following regulations and (subject to their provisions) the regulations contained in Table A in the Companies (Tables A to F) Regulations 1985 ("Table A") constitute the articles of association of the Company and any references to "the Act" shall mean the Companies Act 1985 including any statutory, modification or re-enactment thereof for the time being in force.
- 2 In regulation 1 of Table A the words 'and the articles' shall be deemed to be added after the words 'these regulations' in each place where they occur.
- 3 Regulations 40, 73 to 80 (inclusive), 87 and 94 to 98 (inclusive) of Table A shall not apply to the Company.

SHARES

- 4 The share capital of the Company is £4,500,000 divided into 4,500,000 deferred shares of £1 each and US\$60,000 divided into 6,000,000 ordinary shares of US\$0.01 each. The respective rights and restrictions attaching to the ordinary shares and the deferred shares are as follows -

- (a) as regards income: the profits which the Company may determine to distribute in respect of any financial year shall be distributed among the holders of the ordinary shares in proportion to the amounts paid up on the ordinary shares held by them respectively and the deferred shares shall not carry the right to any dividend;
- (b) as regards capital: on a return of assets, on liquidation or otherwise, the assets of the Company available for distribution among the members shall be applied first in repaying to the holders of the ordinary shares the amounts paid up on the ordinary shares held by them respectively, and the sum of £10,000,000 per ordinary share, secondly in repaying to the holders of the deferred shares the amounts paid up on the deferred shares held by them respectively with no further rights attaching to the deferred shares and the balance of the assets available for distribution shall belong to and shall be distributed among the holders of the ordinary shares in proportion to the amounts paid up on the ordinary shares held by them respectively; and
- (c) as regards voting: the holders of the deferred shares shall not be entitled to receive notice of or to attend or vote at any general meeting of the Company by virtue of their respective holdings of the deferred shares.

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- (a) The directors are generally and unconditionally authorised for the purpose of section 80 of the Act to exercise any power of the Company to allot relevant securities (as defined in Section 80(2) of the said Act, which expression includes any right to subscribe for or convert securities into shares of the Company) up to the amount of the authorised share capital of the Company, at any time or times during the period of 5 years from the date of adoption of these Articles of Association and the directors may, after that period, allot any shares or grant any such rights under the 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.

- (b) Any new shares or other equity securities proposed to be issued for cash or similar consideration (but not, for the avoidance of doubt, in circumstances where such new shares or other equity securities are proposed to be issued as consideration for the acquisition of any shares or debentures or any assets and/or the undertaking and/or the goodwill of any business or company, or otherwise in connection with a take-over of the Company or where such new shares or other equity securities are to be issued pursuant to the provisions of sub-paragraph (e) of this Article) shall first be offered to the members in proportion as nearly as may be to the number of the existing shares held by them respectively. The offer shall be made by notice specifying the number of shares held by them respectively. The offer shall be made by notice specifying the number of shares or other equity securities offered, and limiting a period (being not less than 7 days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares or other equity securities so deemed to be declined (if any) shall be offered in the proportion aforesaid to the persons who have, within the said period, accepted all the shares or other equity securities offered to them; such further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares or other equity securities not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered as aforesaid except by way of fractions shall be under the control of the directors, who may allot, grant options over or otherwise dispose of the same to such persons, on such terms, and in such manner as they think fit, provided that, in the case of shares or other equity securities not accepted as aforesaid, such shares or other equity securities shall not be disposed of on terms which are more favourable to the subscribers therefor than the terms on which they were offered to the members. The foregoing provisions of this sub-paragraph (b) shall have effect subject to Section 80 of the Companies Act 1985.

- (c) In circumstances where new shares or other equity securities are proposed to be issued as consideration for the acquisition of any shares or debentures or any assets and/or the undertaking and/or the goodwill of any business or company, or otherwise in connection with a take-over of the Company the directors shall be entitled to allot such new shares or other equity securities as the Company in General Meeting shall by Ordinary Resolution direct. The foregoing provisions of this sub-paragraph (c) shall have effect subject to Section 80 of the Companies Act 1985.
- (d) In accordance with Section 91(1) of the Companies Act 1985, Sections 89(1) and 90(1) to (6) (inclusive) of the said Act shall not apply to the Company.
- (e) Subject to the provisions of sub-paragraph (a) of this Article, the directors are empowered, pursuant to Section 95 of the Companies Act 1985, to allot:-
 - (i) options or other rights to subscribe for or convert securities into shares of the Company to directors and/or employees, from time to time of the Company; and
 - (ii) shares or other equity securities of the Company pursuant to the exercise of options or other rights granted or to be granted to directors and/or employees, from time to time, of the Company (whether pursuant to sub-clause (i) above or otherwise)

without regard to the provisions of sub-paragraph (b) of this Article or Section 89(1) of the said Act.

SHARE WARRANTS

- 6 Subject to any restrictions for the time being imposed by law, the directors on behalf of the Company may exercise the power of issuing warrants in respect of fully paid

shares conferred by section 188 of the Act, and may determine and from time to time vary the conditions on which -

- (a) share warrants may be issued and replaced; provided that no fresh warrant will be issued except on proof to the satisfaction of the directors that the original warrant has been destroyed;
- (b) the bearer of a share warrant is to be entitled to attend and vote at meetings of the Company or of any class of its members; and
- (c) a share warrant may be surrendered and the name of the bearer entered into the register in respect of the shares specified in the warrant.

7 The bearer of a share warrant shall be subject to the Conditions For Issue of Share Warrants for the time being in force, whether made before or after its issue; but subject to those conditions and to the provisions of the Act the bearer of a share warrant shall be deemed to be the holder of the shares specified in it and shall be deemed to be a member for all the purposes of these Articles and of the conditions for issue of share warrants.

8 The directors shall secure that on the issue of a share warrant, the Company complies with the provisions of section 355 of the Act with respect to the making and deletion of entries in the Register of Members.

TRANSFER OF SHARES

9 The right of a member or other person entitled or seeking to transfer shares of any class or share warrant (herein together called "shares") or any interest in shares shall be subject to the following restrictions:-

- (a) A member, or other person entitled or seeking to transfer a share registered in the name of a member, who wishes to transfer or otherwise dispose of any shares or any interest in shares (called the "transferor") shall give a notice in

writing (called a "sale notice") to the directors of the Company at its registered office for the time being that he wishes to transfer the same. Every sale notice shall be in respect of only one class of share and shall specify the number and class of shares or interest therein which the transferor wishes to sell and shall constitute the Company his agent for the sale of those shares or interest therein in accordance with the following provisions of this Article 9 at the prescribed price ascertained in accordance with the provisions of sub-paragraphs (b) and (c) of this Article. Other than in the circumstances described in sub-paragraphs (c) and (f) of this Article, a sale notice shall not be withdrawn except with the consent of the directors.

- (b) If the transferor has been offered a bona fide price by a third party (whether a member of the Company or otherwise) then that will form the prescribed price comprised in a sale notice. The Company shall have the right to call upon the transferor to produce evidence satisfactory to the directors (acting reasonably) as to the bona fides of such offer and that such third party has the relevant cash or other consideration available to settle payment therefor referred to in sub-paragraph (d) of this Article.
- (c) If no third party has made an offer to the transferor specifying a price which he is willing to pay (and which the transferor is willing to accept), then the prescribed price for the shares or interest therein comprised in a sale notice shall be the price certified by the auditor for the time being of the Company (on application to be made by the Company immediately after the receipt of the sale notice) as the value of those shares or interest therein having regard to the following principles:-
 - (i) that the sale should be between a willing seller and a willing buyer;
 - (ii) that the Company's business should continue to be operated as a going concern; and

- (iii) that, having established the value of all shares in the Company of classes other than those of the shares or interest therein comprised in the sale notice, the balance of the value attributed to all shares in the Company should be allocated to the shares of the class or interest therein comprised in the sale notice on the basis that all such shares have a proportionately equal value (without any discount or premium being attributed to the percentage of shares or interest therein being sold).

In so certifying, the auditor shall be deemed to be acting as an expert and not as an arbitrator and his certificate shall be conclusive and binding on all the members. The Company shall notify the transferor of the prescribed price, as certified by the auditor, as soon as reasonably practicable following receipt of such certification, whereupon the transferor shall have a period of 7 days during which he may approve the prescribed price, or elect by notice in writing to the Company, to withdraw the sale notice. In the event that the transferor so elects to withdraw the sale notice, he shall be solely liable for the auditor's costs in connection with the preparation of such certificate (and shall, if necessary, reimburse the Company accordingly). In the absence of any such election by the transferor within the time limit referred to in this sub-paragraph (c), he shall be deemed to have approved the prescribed price and the Company shall proceed with its efforts to sell the relevant shares or interest therein in accordance with this Article.

- (d) The Company shall, within 7 days after the prescribed price for the shares or interest therein comprised in the sale notice has been ascertained in accordance with paragraph (b) of this Article or has been approved or deemed to have been approved by the transferor in accordance with paragraph (c) of this Article (as appropriate), offer those shares or interest therein for purchase at such prescribed price to the members (excluding the transferor), on the terms that, in the case of competition as to numbers, the shares or interest therein so

offered shall be sold to the persons accepting the offer in proportion (as nearly as may be and without increasing the number sold to any person beyond the number applied for by him) to their existing holdings of shares of the class on offer. Every such offer shall be in writing and shall remain open for acceptance for the period of 30 days from the date of the offer (the "offer period").

- (e) Provided that, as a result of the procedure referred to in sub-paragraph (d) of this Article, the Company succeeds in finding a member or members (called the "purchaser" or "purchasers") willing to purchase all of the shares or interest therein comprised in a sale notice, the Company shall give written notice to the transferor of the name and address of each purchaser and the number of shares or interest therein in which they have respectively expressed a willingness to purchase, whereupon the transferor shall be bound, upon payment of the prescribed price, to transfer to the purchaser or purchasers the shares or interest therein to be purchased by him or them respectively. The sale and purchase shall be completed at a place and time (being not less than 14 days nor more than 21 days after the expiry of the offer period) to be appointed by the directors.
- (f) If, as a result of the procedure referred to in sub-paragraph (d) of this Article, the Company fails to find a purchaser or purchasers willing to purchase all the shares or interest therein comprised in a sale notice, the Company shall, immediately thereafter, give notice of such failure to the transferor, whereupon the transferor may, at any time within 30 days of such notice, transfer to the third party referred to in sub-paragraph (b) of this Article (where the terms of that sub-paragraph are applicable) all of the shares or interest therein comprised in the sale notice or, where the provisions of sub-paragraph (c) are applicable, may transfer all of the shares or interest therein on offer to a third party (not being a member), in each case at the relevant prescribed price per share or interest therein. Alternatively, the transferor may retain all the shares

or interest therein on offer, or at his option transfer to a purchaser or purchasers, whether member(s) of the Company or otherwise, at the prescribed price per share or interest therein, those shares or interest therein which he/they wish to purchase and the transferor may then retain the balance or transfer that balance to the relevant third party, whether a member of the Company or otherwise, at the prescribed price per share or interest therein; provided always that no shares or interest therein shall be transferred to a person who is not a member of the Company if a member of the Company has within the requisite period, notified the Company of his desire to purchase the shares or interest therein on offer and is able to complete such a purchase. Any transfer to be effected pursuant to this sub-paragraph (f) shall be completed at a place and time to be appointed by the directors.

- (g) Any member seeking to create a legal or equitable mortgage or charge over any of his shares in the Company shall give written notice to the Company, at its registered office from time to time, such notice to be given at least 14 days prior to the date on which such mortgage or charge is to be created and shall specify the full name and address of the mortgagee or chargee and details of the number of shares to be so mortgaged or charged. Any mortgagee or chargee shall take such mortgage or charge subject to any lien or charge which the Company may have over such shares at the time that such mortgage or charge is created. Within 21 days following the creation of the relevant mortgage or charge, the mortgagee or chargee or the member concerned shall give written notice to the Company of the mortgage or charge concerned including the full name and address of the mortgagee or chargee, the number of shares and the amount in respect of which the charge or mortgage has been made.
- (h) In the event that any mortgagee or chargee of shares in the Company wishes or intends to exercise his power of sale or foreclosure or any rights in respect of any of the shares so mortgaged or charged, he shall give notice thereof to the

directors of the Company, whereupon the provisions of sub-paragraph (a) of Article 9 shall take effect accordingly.

- (i) The Company shall be under no obligation to note the terms of any mortgage or charge so created by any member on the Company's register of charges or any other register or record, and the Company shall not be bound to consider the relative merits of any competing claims in respect of any shares or entitlements thereunder, as between that member and the mortgagee or chargee nor shall any right of recovery against the Company or its directors vest in either party in circumstances where the other benefits from any action taken by the directors pursuant to the terms of these Articles, nor shall the Company be obliged to ensure that the terms of any mortgage or charge are duly observed.
- (j) In consequence of the death or bankruptcy of a member and/or if any right of sale or right to vest shares or interest therein in any person is claimed by any mortgagee or chargee of shares, the directors may, within 60 days of becoming aware of such event, serve a notice on the person who has become entitled to or claims to be entitled to the shares of that member or interest therein, to the effect that 42 days from the service of such notice, a sale notice shall be deemed to have been given in respect of all of the shares or interest therein registered in the name of that member or, if relevant, the shares the subject of any mortgage or charge (except any share or interest therein in respect of which a transfer authorised by the preceding sub-paragraphs of this Article is lodged for registration within that period of 42 days), whereupon the provisions of sub-paragraph (a) of this Article shall take effect accordingly.
- (k) The directors may require any member or other person entitled or seeking to transfer a share or interest therein or any person named as the transferee in any transfer lodged for registration to provide the Company with such information and evidence as the directors may consider necessary to ensure that any transfer lodged for registration is authorised under this Article or that no

circumstances have arisen in which a notice ought to be given under sub-paragraph (j) of this Article. If such information or evidence shall not be provided to the satisfaction of the directors within a reasonable time, the directors shall be entitled to refuse to register the transfer concerned and/or to give a notice under sub- paragraph (j) of this Article as if such a circumstance had arisen, whereupon the provisions of sub-paragraph (j) of this Article shall apply accordingly.

(l) The directors may in their absolute discretion and without assigning any reason decline to register:-

(i) any transfer of a share or interest therein not authorised by this Article;
and

(ii) any transfer of a share or interest therein on which the Company has a lien.

(m) The provisions of this Article shall apply (*mutatis mutandis*) to a renunciation of the allotment of a share by the allottee and to any transfer and/or, for the avoidance of doubt, any agreement to transfer any interest in any share.

LIEN

10 The Company shall have a first and paramount lien on every share (whether or not it is a fully paid share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that share. Subject to the provisions of the Act, the Company shall also have a first and paramount lien on all the shares (whether fully paid or not) registered in the name of any member (whether solely or jointly with others) for all moneys (whether presently payable or not) due to the Company from him or his estate, whether solely or jointly with any other person (whether a member or not) and whether the debt in respect of which the moneys are due was incurred before or after notice to the Company of any equitable or other interest of any person other than the member. The Company's lien on a share shall extend to all dividends

or other moneys payable thereon or in respect thereof. The directors may at any time resolve, upon such terms as they may think fit, that any share shall be wholly or partially exempt from the provisions of this Article.

CALLS

- 11 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".

REDEMPTION OF SHARES

- 12 Subject to the provisions of the Act, shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the holder, provided that the terms on which and the manner in which any such redeemable shares shall or may be redeemed shall be specified by Special Resolution before the issue thereof.

GENERAL MEETINGS

- 13 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. Two persons or, if the Company has only one member, one person entitled to vote at the meeting, being or each being a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum.
- 14 Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Companies Act 1985 as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any member is entitled to receive shall be sent to the directors and to the auditor for the time being of the Company.

- 15 In Regulation 41 of Table A there shall be inserted at the end of the words "and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum".

APPOINTMENT AND REMOVAL OF DIRECTORS AND ALTERNATE DIRECTORS

- 16 The number of the directors may be determined by Ordinary Resolution of the Company but unless and until so fixed there shall be no maximum number of directors and the minimum number of directors shall be one. In the event of the minimum number of directors fixed by or pursuant to these Articles or Table A being one, a sole director shall have authority to exercise all the powers and discretions by Table A or these Articles expressed to be vested in the directors generally and the quorum for the transaction of the business of the directors shall be one. Regulation 64 in Table A shall not apply to the Company.
- 17 The directors shall not be required to retire by rotation and accordingly Regulations 73, 74 and 75 in Table A shall not apply to the Company and Regulations 76, 77, 78 and 79 in Table A shall be modified accordingly.
- 18 In circumstances where a director wishes to appoint a person who is himself not a director of the Company to be his alternate, the board may at its discretion resolve not to approve such appointment and shall not be obliged to give any reasons for its decision. Regulation 65 in Table A shall be modified accordingly.
- 19 Any appointment or removal of an alternate director may be made by letter, telex, telegram, facsimile or in any other manner approved by the directors. Any telex, telegram or facsimile shall be confirmed as soon as possible by letter but is a valid appointment in the meantime. Accordingly, Regulation 68 in Table A shall not apply to the Company.

- 20 No director shall be required to vacate his office as a director and no person shall be disqualified from being appointed as a director by reason of his attaining or having attained the age of seventy or any other age.

POWERS OF DIRECTORS

- 21 In addition to and without prejudice to the generality of the powers conferred by Regulation 70 of Table A, the directors may exercise all the powers of the Company to borrow money and to mortgage or charge all the undertaking and property of the Company including the 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.
- 22 A director may vote as a director in regard to any contract or arrangement in which he is interested or upon any matter arising thereout, and if he shall so vote his vote shall be counted and he shall be reckoned in estimating a quorum when any such contract or arrangement is under consideration and Regulations 94 to 97 in Table A shall be modified accordingly.
- 23 Any director or member of a committee of the directors may participate in a meeting of the directors or such committee by means of conference telephone or similar communications equipment whereby all persons meeting in this manner shall be deemed to constitute presence in person at such meeting.
- 24 The directors may pay, or agree to pay, gratuities, pensions and other retirement, superannuation, death or disability benefits to any director or former director, to his spouse or former spouse and to any of his dependants and may contribute to any scheme or fund and pay premiums for the purchase or provision of any such benefits.

THE SEAL

- 25 Regulation 101 of Table A shall only apply if the Company has a common seal. Whether it does or not, a document expressed to be executed by the Company and

intended to be signed in accordance with Section 36A(4) of the Act so that it has the same effect as if executed under the common seal of the Company shall only be signed with the authority of the directors or of a committee of the directors authorised by the directors.

INDEMNITY

- 26 Every director or other officer 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 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 be incurred by the Company in the execution of the duties of his office or in relation thereto. This Regulation shall have effect only in so far as its provisions are not avoided by Section 310 of the Companies Act 1985. Regulation 118 in Table A shall not apply to the Company.