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ADOPTED ON JULY 1997

PARAMOUNT HOTELS LIMITED

ARTICLES OF ASSOCIATION



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THE COMPANIES ACT 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF PARAMOUNT HOTELS LIMITED

Adopted by Special Resolution passed on July 1997

A. SHARE CAPITAL

1. The authorised share capital of the Company at the date of adoption of these Articles is £99,000 divided into:

101,600 "A" Ordinary Shares of 1p each ("A" Ordinary Shares");
698,400 "B" Ordinary Shares of 1p each ("B" Ordinary Shares"); and
9,100,000 Preference Shares of 1p each ("Preference Shares").

B. RIGHTS OF THE "A" ORDINARY SHARES

2. **Pari Passu with "B" Ordinary Shares**

Save as otherwise specifically provided in these Articles, the "A" Ordinary Shares and the "B" Ordinary Shares shall rank pari passu, but shall constitute two separate classes of shares.

3. **Restriction on transfer**

The "A" Ordinary Shares and any interest therein shall not be transferable except:

- (a) with the consent of the "B" Directors (as hereinafter defined);
- (b) on and after the admission ("Listing") of any of the Company's shares to the Official List of London Stock Exchange Limited ("The Stock Exchange") or any other recognised investment exchange (as defined by Section 207 of the Financial Services Act 1986);
- (c) when a transfer is required by Article 4;
- (d) pursuant to an offer required to be made by Article 5;
- (e) to the trustees of a trust of which the only beneficiaries (and the only persons capable of being beneficiaries) are the "A" Ordinary Shareholder who established such trust and who is transferring the

relevant "A" Ordinary Shares and/or his spouse and/or his lineal descendants by blood or adoption Provided that the trustees of any such trust shall not be entitled to transfer any "A" Ordinary Shares pursuant to this paragraph (e), other than to replacement trustees of the same trust; and

- (f) a transfer made upon the death of a shareholder to his executors, administrators or beneficiaries.

4. Compulsory transfer

- 4.1 If an "A" Ordinary Shareholder, or an employee of the Company or any of its subsidiaries who transferred "A" Ordinary Shares to a trust in accordance with Article 3(e), ceases for any reason whatsoever to be a director and/or employee of the Company or any of its subsidiaries (and does not continue in such capacity in relation to either of them) then the holders of 75% of "A" Ordinary Shares (excluding the "A" Ordinary Shares held by the Compulsory Transferor (as defined below)) shall have the right within the period of 2 months from such cessation, to require that such "A" Ordinary Shareholder (or his personal representatives in case of death) and the trustees of any trust referred to in Article 3(e) established by him ("Compulsory Transferor") transfer his (or their) entire holding of "A" Ordinary Shares ("the Sale Shares") (free from all liens, charges, encumbrances and third party rights whatsoever and together with all rights then attaching thereto) as set out in articles 4.2 to 4.4 below ("the Transfer Election").
- 4.2 As soon as reasonably practicable after agreement or determination of the Transfer Price in accordance with the provisions of Articles 4.5 and 4.6, the Sale Shares shall be offered forthwith for sale to the holders of 'A' Ordinary Shares pro rata as nearly as may be to the respective numbers of 'A' Ordinary Shares held by such members. Any offer made under this Article will invite the relevant members to state in writing the maximum number of shares they may purchase and will remain open for 21 days ("the First Offer Period").
- 4.3 If at the end of the First Offer Period there are any Sale Shares offered which have not been allocated, such shares shall be offered to such members as have stated in writing their willingness to purchase all the shares previously offered to them.

The offer will state the number of shares allocated and will invite the relevant members to state in writing the maximum number of shares they wish to purchase. If there are insufficient Sale Shares to meet demand then the Directors will allocate the Sale

Shares pro rata as nearly as may be in proportion to the number of 'A' Ordinary Shares held by the relevant members. This offer will remain open for a further period of 21 days.

- 4.4 If the Company does not find purchasers for all the Sale Shares under the terms of article 4.3, the holders of the 'B' Shares shall have the option to acquire the balance of the Sale Shares, such balance to be acquired at the price determined in accordance with article 4.5 hereof.
- 4.5 The price at which such transfer shall be made ("the Transfer Price") shall be:
- (a) if the relevant "A" Ordinary Shareholder or employee is a Good Leaver (as hereinafter defined), such price as shall be agreed with the directors of the Company ("the Agreed Price") or in default of agreement within 14 days of the Transfer Election it shall be a sum per share certified by the Independent Accountants (as hereinafter defined) to be the market value of the Sale Shares at the date of the Transfer Election ("Market Price");
 - (b) if the relevant "A" Ordinary Shareholder or employee is a Bad Leaver (as hereinafter defined) such price as shall be either the Agreed Price, or, if there is no Agreed Price a sum equal to the lower of the Market Price for such Sale Shares and the amount subscribed for such Sale Shares.
- 4.6 In the event that the Independent Accountants are required to determine the price at which shares are to be transferred pursuant to Articles 4.5(a) or 4.5(b) such price per each Sale Share shall be calculated as follows:

$$X = \frac{(A-B)}{C}$$

Where: A = the value of the Net Tangible Assets of the Company based on a revaluation of such assets at the date of the Transfer Election, such revaluation to be undertaken by a firm of surveyors appointed by agreement between the Compulsory Transferor and the directors of the Company, or failing such agreement within 28 days of the Transfer Election, by such firm as the President of the Institute of Chartered Surveyors in England and Wales may nominate on the application of either the Compulsory Transferor or the directors of the Company;

- B = the aggregate of the nominal value of the Preference Shares in issue (including any premium paid on subscription for the Preference Shares) plus any accrued Preference Dividend (as hereinafter defined) plus any accrued premium due on redemption of any Preference Shares (calculated in accordance with Article 13.7) in each case as at the date of the Transfer Election;
- C = the aggregate number of the issued "A" Ordinary Shares and "B" Ordinary Shares as at the date of the Transfer Election; and
- X = the Market Price per Sale Share.

In so certifying, such accountants shall act as experts and not as arbitrators and their decision shall be final and binding on the parties. The fees of the Independent Accountants and of any surveyors appointed hereunder shall be paid as directed by the Independent Accountants having regard to the amount the Compulsory Transferor and the directors believe to be the market price for the purposes of endeavouring to reach an Agreed Price.

4.7 For the purposes of paragraph 4.5 above:

- (a) "Good Leaver" means any director or employee of the Company or any of its subsidiaries who ceases to be a director or an employee of the Company or any of its subsidiaries and does not continue in such capacity in relation to any of them by reason of:
- (i) his death or the death of his spouse;
 - (ii) his early retirement through ill health or permanent disability either of himself or his spouse;
 - (iii) his voluntary resignation as a director and/or employee of the Company or any of its subsidiaries in any period after 30 June 1999;
 - (iv) his being wrongfully removed as a director and/or employee of the Company and/or any of its subsidiaries in breach of the provisions of his service contract/employment contract (including, for the avoidance of doubt, his constructive dismissal from the Company and/or such subsidiary;

- (v) his ceasing for whatever reason to be a director and/or shareholder of the Company and/or any of its subsidiaries in any period after 30 June 1999; or
 - (vi) the termination of his employment by the Company at any time (save in circumstances which justify his summary dismissal).
- (b) "Bad Leaver" means any director and/or employee of the Company who ceases to be a director and/or employee of the Company and/or any of its subsidiaries and does not continue in such capacity in relation to any of them by any reason other than one specified in paragraph (a) above.
- (c) "Independent Accountants" means the firm of chartered accountants appointed by agreement between the Compulsory Transferor and the directors of the Company or, failing such agreement within 28 days of the relevant Transfer Election, such firm as the President of the Institute of Chartered Accountants in England and Wales may nominate on the application of either the Compulsory Transferor or the directors of the Company.
- (d) "Net Tangible Assets" shall include:-
- (i) the value of each of the properties known as The Angel Hotel, Cardiff, The Palace Hotel, Buxton, The Prince of Wales Hotel, Southport, Shrigley Hall Hotel and Country Club, Macclesfield and Cheltenham Park Hotel, Cheltenham (but excluding any of the above if the same has been disposed of by the Company at the date of the Transfer Election.
 - (ii) the value of any additional properties acquired by the Company since the date of adoption of these Articles

but shall exclude any liabilities incurred by the Company as at the date of the Transfer Election which are outside the ordinary course of its business as owner and manager of hotels.

- 4.8 The Compulsory Transferor shall deliver a duly executed stock transfer form and the relative share certificate to the Company within 14 days of being

requested to do so by the Company in exchange for payment of the Transfer Price.

- 4.9 If a Compulsory Transferor fails to transfer such "A" Ordinary Shares in accordance with Article 4.8 the directors may authorise any person to execute and deliver on his behalf the necessary stock transfer form and the Company shall receive the purchase money in trust for the Compulsory Transferor and cause the purchaser to be registered as the holder of such shares (subject to payment of any stamp duty). The receipt of the Company for the purchase money shall be a good discharge to the purchaser (who shall not be bound to see to the application thereof). The Compulsory Transferor shall in such case be bound to deliver up his certificate for the Sale Shares to the Company whereupon he shall be entitled to receive the purchase price without interest.

5. Right to receive an offer in the event of a Sale

- 5.1 If a transfer of any "B" Ordinary Shares would result if made and registered in a person (and any other person who in relation to him is a connected person as defined by Section 839 Income and Corporation Taxes Act 1988) holding, or increasing a holding of, more than 75 per cent of the "B" Ordinary Shares (a "Sale") then before such transfer is registered by the Company, the proposed transferee must have:

(a) made an offer in writing to acquire all the "A" Ordinary Shares on exactly the same terms as it is proposing to acquire such "B" Ordinary Shares, except that:

(i) such offer must be open for acceptance for at least 21 days; and

(ii) if the proposed transferee has acquired any other "A" Ordinary Shares or "B" Ordinary Shares within the period of six months prior to such offer for a greater consideration than the terms of such offer shall be increased to equal such greater consideration;

(b) made an offer to acquire any Preference Shares which cannot for any reason be redeemed upon such Sale in accordance with Article 13.4 in cash for the amount which would be payable if such Preference Shares were to be redeemed under Article 13.4.

- 5.2 Article 5.1 shall not apply to any transfer:

(a) to which the provisions of Article 8 apply; or

- (b) made with the consent of the holders of 90 per cent of the "A" Ordinary Shares and 90 per cent of the "B" Ordinary Shares.

6. Variation of class rights and issues of "A" Ordinary Shares

6.1 The rights attaching to the "A" Ordinary Shares shall only be adversely varied with the consent in writing of the holders of not less than 75 per cent of the "A" Ordinary Shares or by an extraordinary resolution passed at a separate class meeting of the holders of the "A" Ordinary Shares. Any variation which does not adversely affect their rights shall not require such consent. Events which shall be deemed to be a variation of the rights attaching to the "A" Ordinary Shares shall include:-

- (a) any alteration to the Memorandum or Articles of Association of the Company; or
- (b) the passing of any resolution for the winding up of the Company.

C. RIGHTS AND OBLIGATIONS OF THE "B" ORDINARY SHARES

7. Pari passu with "A" Ordinary Shares

Save as otherwise specifically provided in these Articles, the "B" Ordinary Shares and the "A" Ordinary Shares shall rank pari passu, but shall constitute two separate classes of shares.

8. Permitted Transfers of "B" Ordinary Shares

Article 5.1 shall not apply to any transfer made on or after Listing or to any transfer by a "B" Ordinary Shareholder to its holding company or to a subsidiary of its holding company or to any of its own subsidiary companies.

9. Variation of class rights

The rights attaching to the "B" Ordinary Shares shall only be adversely varied with the consent in writing of the holders of not less than 75 per cent of the "B" Ordinary Shares or by an extraordinary resolution passed at a separate class meeting of the holders of the "B" Ordinary Shares. Any variation which does not adversely affect their rights shall not require such consent.

D. RIGHTS OF THE PREFERENCE SHARES

10. Dividends

10.1 The holders of the Preference Shares are entitled to receive, in priority to the transfer of any sum to reserves and to any rights of the holders of any

other class of shares in the Company to receive any dividend or other distribution and payable without any resolution of the directors or shareholders, a fixed cumulative preferential dividend ("Preference Dividend") of 10 per cent per annum (exclusive of any associated tax credit) on the nominal amount plus any premium paid on subscription on the Preference Shares. The Preference Dividend shall accrue from day to day and be paid half-yearly on each 1 November and 1 May (or, in the event that the accounting reference date of the Company is changed to 31 December, then the Preference Dividend shall be paid half yearly on each 1 January and 1 July) (a "Preference Dividend Payment Date") in respect of the half-years ending on those dates and, any amount unpaid shall be carried forward and be payable in priority to the Preference Dividend payable on any later date.

- 10.2 The rate at which the Preference Dividend is payable shall be a rate per annum compounded with rests on the Preference Dividend Payment Dates, and the amount payable in respect of any overdue dividend shall be increased accordingly.
- 10.3 The "B" Directors have the right to waive any Preference Dividend and the right to elect that such waived Preference Dividend be paid on any future date.
- 10.4 Any Preference Dividend not paid on its due date which has not been waived in accordance with Article 10.3 above shall itself be entitled to receive a fixed cumulative preferential dividend of 10% per annum (compounded on each Preference Dividend Payment Date) on the amount of such arrears.

11. Return of capital

On a return of capital on liquidation or otherwise the assets of the Company available for distribution amongst its shareholders shall be applied, in priority to any payment to the holders of any other class of shares in the Company, in paying to the Preference Shareholders:

- (i) first, the nominal amount plus any premium paid on subscription of the Preference Shares;
- (ii) secondly, a sum equal to any accrued, unpaid Preference Dividend including any cumulative preferential dividends on any unpaid Preference Dividends, in each case calculated down to the date of return of capital and to be payable irrespective of whether the Company has sufficient distributable profits out of which to pay such sum; and

- (iii) thirdly, the redemption premiums payable pursuant to Article 13.7(b).

12. Further participation

The Preference Shares shall not confer any further right of participation in the profits or assets of the Company.

13. 13.1 Scheduled redemption

The Company shall redeem on the following dates the following number of Preference Shares, namely

Date	Number
1 November 1999	half the Preference Shares in issue
1 November 2000	the remainder of the Preference Shares in issue

13.2 Waiver of scheduled redemption

Notwithstanding the provisions of Article 13.1, the holders of a majority of the Preference Shares may elect to defer redemption of all or some only of the Preference Shares due for the redemption, to a date not later than 31 December 2010.

13.3 Early voluntary redemption by the Company

The Company may at any time redeem all or any of the Preference Shares by serving notice of such redemption upon the Preference Shareholders specifying a date upon which redemption is to take place being not less than 14 days nor more than 30 days from the date of such notice and stating the number of Preference Shares to be redeemed.

13.4 Redemption on a Listing or Sale

Unless otherwise agreed between the Company and the holders of 75% of the Preference Shares the Company shall redeem all the Preference Shares immediately prior to a Listing or a Sale.

13.5 Early redemption required by Preference Shareholders

The Preference Shareholders shall be entitled by notice in writing to the Company given by the holders of a majority of the Preference Shares to require redemption of all or any of the Preference Shares in the event that:

- (a) any sum due in respect of Preference Shares is not paid on the date specified in these Articles (other than a Preference Dividend waived pursuant to Article 10.3 or a waived redemption of Preference Shares pursuant to Article 13.2) irrespective of whether the Company had sufficient distributable profits or reserves out of which to pay such sum save that there shall be a grace period of 3 days for failure to pay which is due to technical or administrative delays in funds transmission in the banking system; and
- (b) any indebtedness of the Company or any of its subsidiaries shall become repayable prior to its specified maturity or demand shall be made for repayment thereof.

13.6 Provisions applicable to all redemptions

Each such redemption of some but not all of the Preference Shares shall be made amongst the holders thereof pro-rata as nearly as possible to their then holdings of Preference Shares.

13.7 Upon the date of redemption of Preference Shares in accordance with these Articles ("a Redemption Date") the Company shall pay the following amount in cash in respect of each Preference Share to be redeemed:

- (a) the nominal amount plus any premium paid on subscription of such Preference Share; and
- (b) a redemption premium equal to 10 per cent of the amount specified in (a) above compounded annually for each year or part of a year to the Redemption Date.
- (c) any unpaid Preference Dividend accrued up to the Redemption Date.

13.8 On each Redemption Date the redemption moneys payable thereon shall (irrespective of whether the Company has sufficient distributable reserves out of which to pay such sum) become a debt due and payable by the Company to the Preference Shareholders and subject to receipt of the relevant share certificates (or an indemnity in respect thereof in a form reasonably satisfactory to the Company) the Company shall forthwith upon such Redemption Date pay the redemption moneys to the Preference Shareholders.

13.9 On redemption the Company shall cancel the share certificate of the shareholder concerned and, in the case of a redemption of part of the shares included

in the certificate, without charge issue a fresh certificate for the balance of shares not redeemed.

13.10 The Preference Dividend shall continue to accrue from the due date for redemption to the date of actual redemption.

13.11 As regards voting

Preference Shareholders shall be entitled to receive notice of and attend but not to speak or vote at all general meetings of the Company unless any of the events set out in Article 13.5 exist when the Preference Shareholders shall while such event exists be entitled to speak and vote at any general meeting of the Company and on a show of hands each Preference Shareholder present in person or by proxy shall have one vote and on a poll each Preference Shareholder shall have one vote for every Preference Share of which he is the holder.

E. GENERAL PROVISIONS

14. Table A

14.1 The regulations contained in Table A in the Schedule to the Companies (Table A to F) Regulations 1985 (as amended) ("Table A") shall apply to the Company save insofar as they are excluded or modified hereby. No other regulations contained in any statute, statutory instrument or other subordinate legislation shall apply as the regulations or the articles of the Company.

14.2 The regulations of Table A numbered 24, 38, 60, 61, 64, 73, 74, 75, 76, 77, 78, 80, 81, 90, 94, 95, 96, 97, 98, 115 and 118 shall not apply. The regulations of Table A numbered 35, 37, 46, 53, 57, 59, 62, 68, 79, 88, 89, 91, 92, 93, 110, 112 and 116 shall be modified. Subject to such exclusions and modifications, and in addition to the remaining regulations of Table A, the provisions hereof shall be the articles of association of the Company.

14.3 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution shall also be effective, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution shall also be effective.

15. Private Company

The Company is a private company limited by shares and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

16. Authority to issue shares

- 16.1 Subject always to the provisions of Article 17.2 below the directors shall have unconditional authority to allot, grant options over, offer or otherwise deal with or dispose of any unissued shares of the Company (whether forming part of the original or any increased share capital) to such persons, at such times and generally on such terms and conditions as the directors may determine. Further, the directors shall have general and unconditional authority pursuant to section 80 of the Companies Act 1985 ("the Act") to exercise all or any of the powers of the Company to allot relevant securities (within the meaning of that section) for a period expiring on the fifth anniversary of the date of adoption of these Articles unless previously renewed, varied or revoked by the Company in general meeting, and the maximum amount of relevant securities which may be allotted pursuant to such authority shall be the authorised but as yet unissued share capital of the company at the date of adoption of these Articles or, where the authority is renewed, at the date of that renewal.
- 16.2 The directors shall be entitled, pursuant to the authority conferred by paragraph 16.1 of this article or under any renewal of such authority, to make at any time prior to its expiry any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority and to allot relevant securities pursuant to such offer or agreement.

17. Pre-emption rights on issue of shares

- 17.1 The pre-emption provisions of section 89(1) of the Act and the provisions of sub-sections (1) to (6) inclusive of section 90 of the Act shall not apply to any allotment of the Company's equity securities.
- 17.2 The Company shall not allot any equity securities unless:
- (a) such allotment is of "A" Ordinary Shares and "B" Ordinary Shares allotted as nearly as practicable in the same proportions in which they were in issue immediately prior to such allotment;
 - (b) such "A" Ordinary Shares are first offered to the holders of the "A" Ordinary Shares and such "B" Ordinary Shares are first offered to the holders of the "B" Ordinary Shares, in each case as nearly as practicable in the proportions in which they held "A" Ordinary

Shares or, as the case may be, "B" Ordinary Shares immediately prior to such allotment.

Such offer shall be open for a period of 14 days. Any shares which are not accepted by any shareholder may be allotted to such other person as the Directors determine.

18. Purchase of own shares

Regulation 35 of Table A shall be modified by the deletion of the words "otherwise than out of distributable profits of the company or the proceeds of a fresh issue of shares" and the substitution for them of the words ", whether out of its distributable profits or out of the proceeds of a fresh issue of shares or otherwise".

19. Notice of general meetings

Regulation 37 of Table A shall be modified by the deletion of the words "eight weeks" and the substitution for them of the words "twenty-eight days".

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

- (a) in the case of an annual general meeting, by all the members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote, being (i) a majority together holding not less than such percentage in nominal value of the shares giving that right as has been determined by elective resolution of the members in accordance with the Act, or (ii) if no such elective resolution is in force, a majority together holding not less than ninety-five per cent in nominal value of the shares giving that right.

21. Proceedings at general meetings

A poll may be demanded by the chairman or by any member present in person or by proxy and entitled to vote and regulation 46 of Table A shall be modified accordingly.

22. Regulation 53 of Table A shall be modified by the addition at the end of the following sentence: "If such a resolution in writing is described as a special resolution or as an

extraordinary resolution or as an elective resolution, it shall have effect accordingly."

23. A corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company. The person so authorised is 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.

24. **Votes of members**

Regulation 57 of Table A shall be modified by the inclusion after the word "shall" of the phrase "unless the directors otherwise determine".

25. Regulation 59 of Table A shall be modified by the addition at the end of the following sentence: "Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment thereof."

26. An instrument appointing a proxy shall be in writing in any form which is usual or in which the directors may approve and shall be executed by or on behalf of the appointor.

27. Regulation 62 of Table A shall be modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or by facsimile transmission to", by the substitution in paragraph (a) of the words "one hour" in place of "48 hours" and by the substitution in paragraph (b) of the words "one hour" in place of "24 hours".

28. **Number of directors**

The number of directors shall be 6, 2 of whom shall be the appointees of the "A" Shareholders determined by the holders of 75% of the "A" Ordinary Shares and 4 of whom shall be the appointees of the "B" shareholders determined by the holders of 75% of the "B" Ordinary Shares.

29. **Alternate directors**

An alternate director who is absent from the United Kingdom shall be entitled to receive notice of all meetings of directors and meetings of committees of directors Provided he has notified the Company in writing of an address for service and regulation 66 of Table A shall be modified accordingly.

30. Regulation 68 of Table A shall be modified by the addition at the end of the following sentence: "Any such notice may be left at or sent by post or facsimile transmission to the

office or such other place as may be designated for the purpose by the directors."

31. Borrowing powers of directors

The directors may exercise all the powers of the Company to borrow and raise money and to mortgage and charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the provisions of the Act, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

32. Appointment and removal of directors

The holders of 75% of the "A" Ordinary Shares may at any time appoint and remove 2 persons as directors ("the "A" Directors") and the holders of 75% of the "B" Shares may at any time appoint and remove 4 persons as directors ("the B Directors").

33. The appointment or removal of a director shall be in writing served on the Company and signed by or on behalf of the holders of 75% of the issued "A" Ordinary Shares or 75% of the issued "B" Ordinary Shares (as the case may be) and shall take effect upon service.

The directors shall not be subject to retirement by rotation and any reference in any regulation of Table A to retirement by rotation shall be disregarded.

34. No person shall be or become incapable of being appointed a director by reason only of his having attained the age of seventy or any other age nor shall any special notice be required in connection with the appointment or the approval of the appointment of such person, and no director shall vacate his office at any time by reason only of the fact that he has attained the age of seventy or any other age. Section 293 of the Act shall not apply to the Company.

35. Disqualification and removal of directors

The office of a director shall be vacated if:

- 35.1 he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director; or
- 35.2 he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
- 35.3 he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director; or

35.4 he resigns his office by notice in writing to the Company; or

35.5 he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) shall not during such period have attended any such meetings instead of him, and the directors resolve that his office be vacated.

36. **Proceedings of directors**

Regulation 88 of Table A shall be modified by the exclusion of the third sentence and the substitution of the following sentence: "Every director shall receive 7 clear working days notice of a meeting, whether or not he is absent from the United Kingdom Provided he has notified the Company in writing of an address for service." The "A" Directors shall receive such notice at the registered office of the Company and their respective residential addresses notified to the Company from time to time and the "B" Directors shall receive such notice at the registered office of Advance Synergy Berhad and such other address as may be notified to the Company from time to time.

37. The quorum for a directors meeting shall throughout the meeting be at least three . A person who holds office only as an alternate director shall, if his appointer is not present, be counted in the quorum.

38. All business arising at any meeting shall be determined only by resolution and no resolution shall be effective unless carried by a majority of votes.

39. If a director is also an alternate director, he shall be entitled in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote.

40. 40.1 Any director or his alternate may validly participate in a meeting of the directors or a committee of directors through the medium of conference telephone or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Act, all business transacted in such manner by the directors or a committee of the directors shall for the purposes of the articles be deemed to be validly and effectively transacted at a meeting of the directors or of a committee of the directors notwithstanding that fewer than two directors or alternate directors are physically present at the same place. 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 then is.

40.2 Meetings of the board of directors shall take place no less frequently than once per calendar month and at least seven clear working days notice shall be given to each director.

41. If and for so long as there is a sole director, he may exercise all the powers conferred on the directors by the articles by resolution in writing signed by him, and regulations 88, 89, 91, 92 and 93 of Table A and Article 44.1 shall not apply.

42. **Directors' appointments and interests**

Without prejudice to the obligation of any director to disclose his interest in accordance with section 317 of the Act, a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty and if he does so vote his vote shall be counted and he shall be counted in the quorum present at a meeting in relation to any such resolution.

43. **Dividends**

The directors may deduct from any dividend or other moneys payable to any member on or in respect of a share any moneys presently payable by him to the Company in respect of that share.

44. **Capitalisation of profits**

The directors may, with the authority of an ordinary resolution of the Company, resolve that any shares allotted under regulation 110 of Table A to any member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid, rank for dividends only to the extent that such partly paid shares rank for dividend and regulation 110 of Table A shall be modified accordingly.

45. **Notices**

Regulation 112 of Table A shall be modified by the deletion of the last sentence and the substitution therefor of the following: "Any member whose registered address is not within the United Kingdom shall be entitled to have notices given to him at that address."

46. Any notice sent by post to an address within the United Kingdom shall be deemed to have been given within twenty-four hours, if prepaid as first class, and within forty-eight hours, if prepaid as second class, after the same shall have been posted. Any such notice sent by post to an

address outside the United Kingdom shall be deemed to have been given within 7 clear working days, if prepaid as airmail. In proving the giving of notice it shall be sufficient to prove that the envelope containing the same was properly addressed, prepaid and posted. Any notice not sent by post but left at the relevant address shall be deemed to have been given on the day it was so left.

47. Regulation 116 of Table A shall be modified by the deletion of the words "within the United Kingdom".

48. **Indemnity**

Subject to the provisions of the Act, but without prejudice to any indemnity to which he may otherwise be entitled, every director, alternate director, secretary, auditor or other officer or employee of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses, damages and liabilities which he may sustain or incur in or about the execution of his duties or the exercise of his powers or otherwise in relation thereto including, without prejudice to the generality of the foregoing, any liability incurred defending any proceedings, whether civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without any finding or admission of material breach of duty on his part or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

49. The directors may exercise all the powers of the Company to purchase and maintain for any director, auditor or other officer (including former directors and other officers) or any other person insurance against any liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against.