

Company number: 3585995

**THE COMPANIES ACT 1985 to 1989**

**WRITTEN RESOLUTIONS**

of

**PARADIGM THERAPEUTICS LIMITED**  
(the "Company")

We, the undersigned, being all the members of the Company who, at the date of these resolutions would be entitled to attend and vote at general meetings of the Company HEREBY PASS the following resolutions as ordinary or special resolutions (as indicated) and agree that these resolutions shall for all purposes be as valid and effective as if they had been passed by us all at a general meeting of the Company duly convened and held.

**ORDINARY RESOLUTIONS**

1. THAT the authorised share capital of the Company be increased from £10,000 to £40,200 by the creation of 100,000 new ordinary shares of 10p each, 200,000 "B" Ordinary Shares of 10p each and 2,000 new preference shares of 10p each, such shares having the rights and being subject to the limitations set out in the Company's new Articles of Association adopted in resolution 3 below.
2. THAT the Directors be generally and unconditionally authorised pursuant to section 80(1) of the Companies Act 1985 (the "**Act**"), to exercise all powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £40,200 at such times and on such terms and conditions as stipulated in an investment agreement proposed to be entered into between (as defined in such agreement) (1) the Investors (as defined in such agreement), (2) CUTS and Catalyst (as defined in such agreement) (3) the Private Individual Shareholders (as defined in such agreement), (4) the Executives (as defined in such agreement) and (5) the Company as they think proper, provided that:
  - 2.1 this authority shall (unless previously revoked, varied or renewed) expire on the date being 5 years from the passing of this resolution; and
  - 2.2 the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted pursuant to such offer or agreement after such expiry and the Directors may allot relevant securities pursuant to such offer or agreement as if the authority hereby conferred had not expired; and
  - 2.3 all previous authorisations under section 80 of the Act shall hereby be revoked but without retrospective effect



## SPECIAL RESOLUTIONS

3. THAT the regulations in the form attached hereto be approved and adopted as the Articles of Association of the Company with immediate effect in substitution for, and to the exclusion of, all existing articles of association of the Company.
4. THAT, subject to the passing of resolution 2 above, the Directors be empowered pursuant to section 95(1) of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred by resolution 2 above as if section 89(1) of the Act did not apply to any such allotment, at such times and on such terms and conditions as stipulated in an investment agreement referred to in paragraph 2 above as they think proper, provided that this power is limited to the allotment of equity securities:
- 4.1 such allotment is made within 5 years of the passing of this resolution; and
- 4.2 up to an aggregate nominal value of £40,200;

except that the Company may before the expiry of such period make an offer or agreement which would or might require equity securities to be allotted pursuant to such offer or agreement after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired.

Dated: 29 November 2002

  
For and on behalf of  
**AVLAR BIOVENTURES I LIMITED  
PARTNERSHIP**

For and on behalf of  
**CAMBRIDGE UNIVERSITY TECHNICAL  
SERVICES LIMITED**

  
**DR MARK CARLTON**

**MR CHARLES COX**

For and on behalf of  
**CATALYST BIOMEDICA LIMITED**

  
**DR SAM APARICIO**

**DR ANDREAS RUSS**

**DR RICHARD GOODFELLOW**

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Dated: 29 November 2002

For and on behalf of  
AVLAR BIOVENTURES I LIMITED  
PARTNERSHIP

*R. C. Jennings*

For and on behalf of  
CAMBRIDGE UNIVERSITY TECHNICAL  
SERVICES LIMITED

DR MARK CARLTON

MR CHARLES COX

For and on behalf of  
CATALYST BIOMEDICA LIMITED

DR SAM APARICIO

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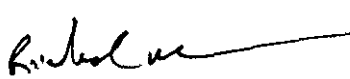
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- 1.4 such allotment is made within 5 years of the passing of this resolution; and
- 1.5 up to an aggregate nominal value of £40,200;

except that the Company may before the expiry of such period make an offer or agreement which would or might require equity securities to be allotted pursuant to such offer or agreement after such expiry and the Directors may allot equity securities pursuant to any such offer or agreement as if the power hereby conferred had not expired.

Dated: 29 November 2002

For and on behalf of  
**AVLAR BIOVENTURES I LIMITED  
PARTNERSHIP**

  
**RICHARD N SEABROOK**  
For and on behalf of  
**CATALYST BIOMEDICA LIMITED**

  
**AE BIANCO**

For and on behalf of  
**CAMBRIDGE UNIVERSITY TECHNICAL  
SERVICES LIMITED**

**DR SAM APARICIO**

**DR MARK CARLTON**

**DR ANDREAS RUSS**

**MR CHARLES COX**

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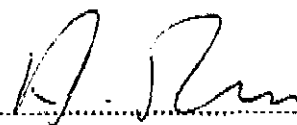
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**THE COMPANIES ACTS 1985 AND 1989**

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**COMPANY LIMITED BY SHARES**

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**NEW ARTICLES OF ASSOCIATION**

**of**

**PARADIGM THERAPEUTICS LIMITED**

**(adopted by Special Resolution on 29 November 2002)**

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**1 PRELIMINARY**

- 1.1** The regulations contained in Table A as prescribed by the regulations made under the Act in force at the date of the Adoption of these Articles of Association (hereinafter referred to as "**Table A**") shall apply to the Company, but only insofar as these Articles do not exclude or modify Table A. A reference herein to any "**Regulation**" is to that regulation as set out in Table A. Regulations 54, 73-80 (inclusive), 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company.

- 1.2** In these Articles the following words and expressions shall have the meaning set out below:

<b>A Ordinary Shares</b>	'A' ordinary Shares of 10 pence each in the capital of the Company having the rights set out herein and as consolidated or sub-divided from time to time
<b>the Act</b>	the Companies Act 1985 including every statutory modification or re-enactment thereof for the time being in force
<b>ABFI</b>	Avlar BioVentures Fund I Limited Partnership
<b>ABFII</b>	Avlar BioVentures Fund II Limited Partnership
<b>Adoption</b>	the date of the passing of the Special Resolution approving the adoption of these Articles



<b>Affiliate</b>	any company, partnership or other legal entity or person which directly or indirectly Controls, is Controlled by and/or is a Subsidiary of, or is under the common Control of any other company, partnership or other legal entity or person
<b>Arrears</b>	in relation to any Share, all accruals, deficiencies and arrears of any dividend payable in respect of such Share, whether or not earned or declared and irrespective of whether or not the Company has had at any time sufficient distributable profits to pay such dividend together with all interest and other amounts payable thereon
<b>the Auditors</b>	the auditors for the time being of the Company
<b>Authority Amount</b>	in the first instance as from the date of Adoption the Authority Amount shall be the amount of the authorised but unissued Share capital of the Company on the date of Adoption and for any other prescribed period shall be the amount stated in a special resolution passed by the members of the Company in general meeting increasing such Authority Amount and the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or to convert any securities into Shares of the Company, the nominal amount of such Shares which may be allotted pursuant to such rights
<b>Authority Period</b>	in the first instance as from the date of Adoption the period from the date of First Completion to the date on which a special resolution is passed by the members of the Company increasing the Authority Amount or the fifth anniversary of the date of Adoption, whichever is the earlier, and shall thereafter mean any period (not exceeding 5 years on any occasion) for which the authority and power conferred by articles 7.1 or 7.2 above are renewed by a resolution of the Company for such period in accordance with the Act
<b>Avlar</b>	ABFI and ABFII
<b>Bad Leaver</b>	(a) an Employee Member who ceases to be a director or employee of or consultant to the Company or any Subsidiary of the Company and does not continue as either a director or employee of or consultant to the Company or any Subsidiary of the Company where such cessation lawfully occurs for cause, such as would justify summary dismissal; or

(b) an Employee Member who ceases within a period of 3 years from the date upon which he was first employed by or appointed as a director of or consultant to the Company or any Subsidiary of the Company to be a director or employee of the Company or any Subsidiary of the Company and does not continue thereafter as either a director or employee of or consultant to the Company or any Subsidiary of the Company, otherwise than as a result of (i) retirement at age not less than 65, (ii) his death, (iii) ill health on his part on recommendation of a suitably qualified medical doctor, or (iv) were the Board (including a Special Director Majority) to determine that the provisions of article 15.9 and/or 15.10 shall not apply; or

(c) in respect of an Employee Member who is an employee, director of or consultant to, the Company as at the date of Adoption, an Employee Member who within a period of 3 years from the date of Adoption ceases to be a director or employee of or consultant to the Company or any Subsidiary of the Company and does not continue as or thereupon become a director or employee of or a consultant to the Company or any Subsidiary of the Company as a result of his having terminated the relevant Directorship, employment or consultancy otherwise than as a result of (i) retirement at age not less than 65, (ii) his death, (iii) ill health on his part on recommendation of a suitably qualified medical doctor, or (iv) were the Board (including a Special Director Majority) to determine that the provisions of article 15.9 and/or 15.10 shall not apply;

**Business Sale**

(1) the sale of the whole or substantially the whole of the business and assets of the Company and its subsidiaries; or (2) the sale of the whole or substantially the whole of the Company IPR

**BMSIF**

Biomedical Sciences Investment Fund Pte Limited

**Capitalisation Issue**

any increase in the issued Share capital of the Company by way of an allotment of Shares credited as fully or partly paid pursuant to a capitalisation of profits or reserves (including any Share premium account or capital redemption reserves)

**Company IPR**

all Intellectual Property Rights used by the Company to carry on its business and either owned or licensed to the Company

<b>Control</b>	(i) the ownership of a Controlling Interest in; or  (ii) the legal power to direct, or cause the direction of, the board or general management or management policies,  in each case any company, partnership or other legal entity or person and " <b>Controlled</b> " shall be construed accordingly
<b>Controlling Interest</b>	an interest in shares (as defined in Part 1 of Schedule 13 of the Act) in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued Shares in that company
<b>Conversion Ratio</b>	initially equals 1, subject to any adjustment made in accordance with article 4.17
<b>the Directors</b>	the Directors for the time being of the Company or a quorum of such Directors present at a meeting of the Directors
<b>Deemed Transfer Notice</b>	a Transfer Notice (as defined in article 15.1 which is deemed to have been served pursuant to articles 12.4, 12.5, 15.9 or 20
<b>Employee Member</b>	a member who is or has been a director and/or an employee of and/or a consultant to the Company or any Subsidiary of the Company
<b>Family Trust</b>	<p>a trust which permits the settled property or the income therefrom to be applied only for the benefit of:</p> <ul style="list-style-type: none"> <li>- the settlor and/or a Privileged Relation (as defined in article 12.1) of that settlor; or</li> <li>- any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income therefrom when the trust is created but may become so interested if there are no other beneficiaries from time to time except another such charity or charities);</li> </ul> <p>and under which no power of control is capable of being exercised over the votes of any Shares which are the subject of the trust by any person other than the trustees or the settlor or the Privileged Relations of the settlor. For the purposes of this definition "settlor" includes a testator or an interstate in relation to a Family Trust arising respectively under a settlement,</p>

	testamentary disposition or an intestacy of a deceased member
<b>First Completion</b>	completion of the subscription for B Ordinary Shares and Preference Shares in accordance with clause 3.4 of the Investment Agreement
<b>Group</b>	the relevant company or Investor (as the case may be), any Holding Company and/or Affiliate of the relevant company or Investor (as the case may be) and/or any Affiliate of any such Holding Company, and " <b>member of its Group</b> " or " <b>Group member</b> " shall be construed accordingly
<b>Holder</b>	in relation to Shares, the member whose name is entered in the register of members of the Company as the Holder of the Shares
<b>Holding Company</b>	<p>(i) a 'holding company' as defined in the Act;</p> <p>(ii) any other company or corporation which, if it were incorporated under the Act, would be a 'holding company' as defined within the Act; and/or</p> <p>(iii) any company or corporation which would be a Holding Company within the meanings given in (i) and/or (ii) above if its Subsidiaries were 'subsidiaries' as defined in the Act</p>
<b>Independent Expert</b>	means an accountant (acting as expert and not as an arbitrator) appointed by the Vendor (as defined in article 15.1) and the Company or in the absence of agreement appointed by the President for the time being of the Institute of Chartered Accountants for England and Wales
<b>Informed Investors</b>	has the meaning given in the Investment Agreement
<b>Intellectual Property Right</b>	any patent, patent application, know-how, database right, registered and/or unregistered trade mark, trade mark application, trade name, service name, business name, registered design, unregistered design right, utility model, database right, copyright or other similar intellectual or industrial property right and including for the avoidance of doubt copyright in software and computer algorithms, applications and the right to make applications for any of the foregoing, extensions and renewals thereof and all rights of a similar nature, in each case anywhere in the world
<b>Investment Agreement</b>	the investment agreement dated the date of Adoption and between the Company and its members relating,

and between the Company and its members relating, inter alia, to the subscription for Shares in the Company, as varied and supplemented from time to time

**Investor Majority**

for so long as any B Ordinary Shares are in issue:

(i) those Informed Investors holding not less than 70% of all issued B Ordinary Shares held by Informed Investors from time to time; and/or

(ii) together:

(a) all Informed Investors holding B Ordinary Shares, other than BMSIF and the Permitted Transferees of BMSIF; and

(b) each Director, other than that Director appointed by BMSIF pursuant to article 24.3

**Investors**

has the meaning given in the Investment Agreement

**Listing**

the admission of any of the Company's Shares to trading on, or the granting of permission for any of the Company's Shares to be dealt on, a Recognised Investment Exchange

**Liquidation Event**

(i) a Sale or (ii) a return of assets by the Company on a liquidation or capital reduction or otherwise

**LDC**

Lloyds TSB Development Capital Limited

**LDCLP**

LDC Co-Investment Plan 2002

**Lloyds**

LDC, Technomark and LDCLP

**Minimum Proceeds**

shall mean £1 during the period of 12 months immediately subsequent to the date of Adoption and shall thereafter mean such amount as would, if distributed between the Holders of B Ordinary Shares, A Ordinary Shares, Ordinary Shares and Preference Shares pro rata to the number of Shares of all such classes held by such persons, result in the aggregate amount so distributed to the Holders of B Ordinary Shares and Preference Shares in respect of their holdings of such shares (as though such B Ordinary Shares and Preference Shares constituted a single class of share) being equal to the aggregate Subscription Price of such B Ordinary Shares multiplied by 1.2 and such Preference Shares multiplied by 1.2

<b>Ordinary Shares</b>	ordinary Shares of 10 pence each in the capital of the Company having the rights set out herein and as consolidated or sub-divided from time to time
<b>Permitted Transfer</b>	a transfer of Shares authorised by article 12
<b>Permitted Transferee</b>	a person, firm or unincorporated association to whom or which Shares have been transferred pursuant to a Permitted Transfer
<b>Preference Shares</b>	preference Shares of 10 pence each in the capital of the Company having the rights set out herein and as consolidated or sub-divided from time to time
<b>Qualified Listing</b>	a Listing which (1) raises gross proceeds for the Company of £30,000,000 or more and (2) where the offer price per share at which shares are offered to investors in connection with such Listing is not less than "Y" multiplied by 3, where "Y" is the offer price for each new share which may otherwise be offered in connection with such Listing which (having regard to any reorganisation of the Company's Share capital since Adoption, including any bonus or capitalisation issue, sub-division or consolidation) would be equivalent to the mean average Subscription Price per Share paid by the Investors for each Share subscribed by the Investors pursuant to Clauses 3.4 and 3.5 the Investment Agreement; and (3) which Listing if made under the Securities Act is made under Form F1 of Regulation 1 of the Securities Act (or, if not made under the Securities Act, is made on terms considered by an Investor Majority to be reasonably similar to Form F1 of Regulation 1 of the Securities Act or otherwise acceptable to such Investor Majority)
<b>Recognised Investment Exchange</b>	a recognised investment exchange as defined by section 285 of the Financial Services and Markets Act 2000 (and including, without limitation, the Official List of the London Stock Exchange plc, NASDAQ Europe, the Alternative Investment Market of the London Stock Exchange plc and NASDAQ)
<b>Relevant Equity Security</b>	any Share in the Share capital of the Company from time to time, or any other security, agreement or instrument which contains or provides for any right to subscribe or exchange for, convert into or otherwise call for any issue of any Share(s) in the capital of the Company from time to time
<b>Sale</b>	(1) a Business Sale; or (2) a sale of the whole or any part of the issued Share capital of the Company to any

	person resulting in that person together with any person acting in concert (within the meaning given in the City Code on Takeovers and Mergers as in force at the date of the Adoption) with such person holding a Controlling Interest in the Company
<b>Securities Act</b>	the United States of America's Securities Act of 1933 as amended
<b>Service Agreement</b>	includes any written or other contract of employment or for services
<b>Shares</b>	A Ordinary Shares, B Ordinary Shares, Ordinary Shares and Preference Shares
<b>Special Director Majority</b>	a majority in number of the Special Directors unless no Special Director holds office in which case Special Director Majority shall mean an Investor Majority
<b>Special Directors</b>	those Directors of the Company appointed pursuant to articles 24.1, 24.2 and 24.3
<b>Subscription Price</b>	in relation to any Share, the amount paid up or credited as paid up thereon (including the full amount of any premium at which such Share was issued whether or not such premium is applied for any purpose thereafter)
<b>Subsidiary</b>	a 'subsidiary' as defined in the Act and any other company or corporation which if it were incorporated under the Act would be a 'subsidiary' as defined within the Act
<b>Technomark</b>	Technomark Co-Investment LP
<b>Termination Date</b>	<p>(a) where employment or consultancy ceases by virtue of notice given by the employer or party engaging such consultant (as the case may be) to the employee or consultant (as the case may be), the date on which such notice expires; or</p> <p>(b) where a contract of employment or consultancy agreement is terminated by the employer or party engaging such consultant (as the case may be) and a payment is made in lieu of notice, the date on which notice of termination was served; or</p> <p>(c) where the Employee Member concerned is a director but not an employee or consultant, the date on which his directorship is terminated; or</p>

- (d) in any other case, the date on which the contract of employment, consultancy or directorship is otherwise terminated

**Transfer Notice** has the meaning given at article 15.1

**Vested Executive** Mark Carlton, Sam Aparicio and Richard Goodfellow

## **2 SHARE CAPITAL**

The authorised Share capital of the Company at the date of Adoption is £40,200 divided into 7,135 A Ordinary Shares of 10 pence each, 200,000 B Ordinary Shares of 10 pence each, 192,865 Ordinary Shares of 10 pence each and 2,000 Preference Shares of 10 pence each.

## **3 DISTRIBUTION ON A LIQUIDATION EVENT**

**3.1** Subject to article 3.2, on a Liquidation Event, in the event that the assets of the Company remaining after the payment of its liabilities or the proceeds of such Sale (as the case may be), are less than the Minimum Proceeds, the assets of the Company remaining after the payment of its liabilities or the proceeds of such Sale (as the case may be) in respect of such Liquidation Event shall be applied amongst the Holders of Shares (or in the case of a Sale (other than a Business Sale) amongst the Holders of Shares transferred as part of such Sale) in the following order of priority:

- 3.1.1** first, in paying to the Holders of the B Ordinary Shares and Preference Shares in respect of their holdings of such shares (as though such B Ordinary Shares and Preference Shares constituted a single class of share) pro rata as to the number of such Shares held, an amount equal to the aggregate Subscription Price of such B Ordinary Shares multiplied by 1.2 and such Preference Shares multiplied by 1.2 (save that in the case of a Sale (other than a Business Sale) such payment shall only be calculated and made in respect of such shares transferred as part of such Sale);
- 3.1.2** second, in paying to the Holders of B Ordinary Shares and Preference Shares in respect of their holdings of such shares (as though such B Ordinary Shares and Preference Shares constituted a single class of share) pro rata as to the number of such Shares held, an amount equal to the aggregate accrued but unpaid dividend Arrears thereon (save that in the case of a Sale (other than a Business Sale) such payment shall only be calculated and made in respect of such shares transferred as part of such Sale);
- 3.1.3** third, in paying to the Holders of A Ordinary Shares in respect of their holdings of such Shares pro rata as to the number of such shares held, an amount equal to the Subscription Price of such A Ordinary Shares (save that in the case of a Sale (other than a Business Sale) such payment shall only be calculated and made in respect of such shares transferred as part of such Sale);



- 3.1.4 fourth, in paying to the Holders of A Ordinary Shares in respect of their holdings of such Shares pro rata as to the number of such shares held, an amount equal to the aggregate accrued but unpaid dividend Arrears thereon (save that in the case of a Sale (other than a Business Sale) such payment shall only be calculated and made in respect of such shares transferred as part of such Sale);
- 3.1.5 fifth, in paying to the Holders of Ordinary Shares in respect of their holdings of such Shares pro rata as to the number of such shares held, an amount equal to £140.17 per Ordinary Share (subject to such adjustment as is determined by the Auditors (acting as experts and not as arbitrators) (at the cost of the Company) to be fair and reasonable in the event of a Capitalisation Issue or any consolidation or subdivision of the capital of the Company) (save in the case of a Sale (other than a Business Sale) such payment shall only be calculated and made in respect of such shares transferred as part of such Sale);
- 3.1.6 sixth, in paying to the Holders of Ordinary Shares in respect of their holdings of such Shares pro rata as to the number of such shares held, an amount equal to the aggregate accrued but unpaid dividend Arrears thereon (save that in the case of a Sale (other than a Business Sale) such payment shall only be calculated and made in respect of such shares transferred as part of such Sale); and
- 3.1.7 seventh, in paying the balance, if any, to the Holders of A Ordinary Shares and Ordinary Shares pro rata to the number of Shares of all such classes held by such persons.
- 3.2 On a Liquidation Event, in the event that the assets of the Company remaining after the payment of its liabilities or the proceeds of such Sale (as the case may be) are not less than the Minimum Proceeds then, notwithstanding the provisions of article 3.1, the assets of the Company remaining after the payment of its liabilities or the proceeds of such Sale (as the case may be) in respect of such Liquidation Event shall be paid to the Holders of Shares pro rata to the number of Shares held by such persons (save in the case of a Sale (other than a Business Sale) such payment shall only be calculated and made in respect of such shares transferred as part of such Sale).
- 3.3 For the avoidance of doubt, the Holders of A Ordinary Shares, B Ordinary Shares and/or Preference Shares may exercise their respective rights to convert such Shares into Ordinary Shares pursuant to article 4 prior to any distribution pursuant to articles 3.1 or 3.2 and, for the avoidance of doubt, any Ordinary Shares created on such conversion shall rank pari passu with all existing Ordinary Shares for the purposes of this article 3.

## **4 CONVERSION**

### **Preference Shares**

- 4.1 Each Holder of Preference Shares may at any time convert all, or any part of, its holding of Preference Shares into a number of Ordinary Shares (or, at the option of

the Holder of Preference Shares, B Ordinary Shares (other than in the event of a conversion pursuant to article 4.2)) calculated as follows:

$$\left( \frac{WxX}{Y} \right) = Z$$

- W = the applicable Conversion Ratio (excluding for the purposes of such calculation any issue of Shares pursuant to article 4.15)
- X = the aggregate nominal value of the Preference Shares to be converted,
- Y = the nominal value of one Ordinary Share (or B Ordinary Share (as the case may be)),
- Z = the number of Ordinary Shares (or B Ordinary Shares (as the case may be)) into which the Preference Shares to be so converted shall so convert.

Such right of conversion may be effected by notice in writing given to the Company signed by the Holder of the relevant Preference Shares.

- 4.2** All of the Preference Shares in issue (or in respect of which the Company has granted a right to subscribe) shall automatically be converted into a number of Ordinary Shares calculated in accordance with article 4.1 immediately prior to a Qualified Listing.
- 4.3** A conversion under article 4.1 shall take effect immediately upon the date of delivery of a notice to the Company in accordance therewith (unless such notice states that the conversion is to be effective when any condition(s) specified in the notice have been fulfilled in which case conversion shall take effect when such condition(s) have been fulfilled). A conversion under article 4.2 shall take effect immediately prior to the relevant Qualified Listing.
- 4.4** Forthwith upon a conversion taking effect the Holders of the resulting Ordinary Shares (or B Ordinary Shares (as the case may be)) shall send to the Company the certificates in respect of their respective holdings of Preference Shares. Following receipt of the certificate for the Preference Shares or an indemnity in favour of the Company in respect of a lost certificate, the Company shall issue to such Holders certificates for the Ordinary Shares (or B Ordinary Shares (as the case may be)) resulting from the relevant conversion.

#### **B Ordinary Shares**

- 4.5** Each Holder of B Ordinary Shares may at any time convert all, or any part of, its holding of B Ordinary Shares into a number of Ordinary Shares calculated as follows:

$$\left( \frac{WxX}{Y} \right) = Z$$

- W = the applicable Conversion Ratio (excluding for the purposes of such calculation any issue of Shares pursuant to article 4.15)

- X = the aggregate nominal value of the B Ordinary Shares to be converted,
- Y = the nominal value of one Ordinary Share,
- Z = the number of Ordinary Shares into which the B Ordinary Shares to be so converted shall so convert.

Such right of conversion may be effected by notice in writing given to the Company signed by the Holder of the relevant B Ordinary Shares.

- 4.6 All of the B Ordinary Shares in issue (or in respect of which the Company has granted a right to subscribe) shall automatically be converted into a number of Ordinary Shares calculated in accordance with article 4.5 immediately prior to a Qualified Listing.
- 4.7 A conversion under article 4.5 shall take effect immediately upon the date of delivery of a notice to the Company in accordance therewith (unless such notice states that the conversion is to be effective when any condition(s) specified in the notice have been fulfilled in which case conversion shall take effect when such condition(s) have been fulfilled). A conversion under article 4.6 shall take effect immediately prior to the relevant Qualified Listing.
- 4.8 Forthwith upon a conversion taking effect the Holders of the resulting Ordinary Shares shall send to the Company the certificates in respect of their respective holdings of B Ordinary Shares. Following receipt of the certificate for the B Ordinary Shares or an indemnity in favour of the Company in respect of a lost certificate, the Company shall issue to such Holders certificates for the Ordinary Shares resulting from the relevant conversion.

#### **A Ordinary Shares**

- 4.9 Each Holder of A Ordinary Shares may at any time convert all, or any part of, its holding of A Ordinary Shares into a number of Ordinary Shares calculated as follows:

$$\left( \frac{W \times X}{Y} \right) = Z$$

- W = the applicable Conversion Ratio (excluding for the purposes of such calculation any issue of Shares pursuant to article 4.15)
- X = the aggregate nominal value of the A Ordinary Shares to be converted,
- Y = the nominal value of one Ordinary Share,
- Z = the number of Ordinary Shares into which the A Ordinary Shares to be so converted shall so convert.

Such right of conversion may be effected by notice in writing given to the Company signed by the Holder of the relevant A Ordinary Shares.

- 4.10 All of the A Ordinary Shares in issue (or in respect of which the Company has granted a right to subscribe) shall automatically be converted into a number of Ordinary

Shares calculated in accordance with article 4.9 immediately prior to a Qualified Listing.

- 4.11 A conversion under article 4.9 shall take effect immediately upon the date of delivery of a notice to the Company in accordance therewith (unless such notice states that the conversion is to be effective when any condition(s) specified in the notice have been fulfilled in which case conversion shall take effect when such condition(s) have been fulfilled). A conversion under article 4.10 shall take effect immediately prior to the relevant Qualified Listing.
- 4.12 Forthwith upon a conversion taking effect the Holders of the resulting Ordinary Shares shall send to the Company the certificates in respect of their respective holdings of A Ordinary Shares. Following receipt of the certificate for the A Ordinary Shares or an indemnity in favour of the Company in respect of a lost certificate, the Company shall issue to such Holders certificates for the Ordinary Shares resulting from the relevant conversion.

#### General

- 4.13 The Ordinary Shares (or B Ordinary Shares (as the case may be)) resulting from a conversion pursuant to this article 4 shall rank from the date of conversion *pari passu* in all respects with the other Ordinary Shares (or in the case of a conversion into B Ordinary Shares, B Ordinary Shares (as the case may be)) in the Company.
- 4.14 Nothing in this article 4 shall entitle any person to any fraction of any Share and any such fraction of a Share shall be disregarded and may be otherwise applied by the Company at the discretion of the Directors in accordance with the Act.
- 4.15 Immediately upon a conversion pursuant to articles 4.1, 4.2, 4.5, 4.6, 4.9 and 4.10 all dividends Arrears in respect of all A Ordinary Shares, B Ordinary Shares and/or Preference Shares (as the case may be) to be so converted shall be capitalised into Ordinary Shares (or B Ordinary Shares, in the event of a conversion of Preference Shares into B Ordinary Shares pursuant to article 4.1) which Ordinary Shares (or B Ordinary Shares (as the case may be)) the Company shall immediately allot and issue (together with Share certificates in respect thereof) to the Holders of A Ordinary Shares, B Ordinary Shares and/or Preference Shares. The number of Ordinary Shares (or B Ordinary Shares (as the case may be)) to be so allotted and issued to each such Holder (the "**Relevant Holder**") shall be calculated as follows:

$$J = \frac{K}{L}$$

- J = number of Ordinary Shares (or B Ordinary Shares (as the case may be)) to be issued to the Relevant Holder,
- K = the aggregate of all dividends Arrears in respect of all A Ordinary Shares, B Ordinary Shares and Preferred Shares to be so converted and held by the Relevant Holder,
- L = the Subscription Price per Ordinary Share which (having regard to any reorganisation of the Company's Share capital since Adoption,

including any bonus or capitalisation issue, sub-division or consolidation) would be equivalent to the mean average Subscription Price per Share paid by the Investors for B Ordinary Shares and Preferred Shares subscribed by the Investors pursuant to clause 3.4 and 3.5 of the Investment Agreement, or, if lower and in the event of a conversion made in connection with, or otherwise at the time of, a Listing the offer price for each new Share offered by the Company to be subscribed by investors in connection with the relevant Listing.

If the number, J, calculated in accordance with this article 4.15 is not a whole number, the number of Ordinary Shares (or B Ordinary Shares (as the case may be)) to be actually issued and allotted by the Company to the Relevant Holder in respect of a capitalisation of the aggregate of all dividends Arrears in respect of all A Ordinary Shares, B Ordinary Shares and Preferred Shares held by the Relevant Holder shall be such whole number as is closest to, but less than, J (and the balancing fraction of a Share shall be disregarded and any corresponding arrears of accrued and/or declared, but unpaid, dividends shall cease to be payable).

- 4.16** Any conversion of A Ordinary Shares, B Ordinary Shares and/or Preferred Shares (or any dividend Arrears thereon) into Ordinary Shares (or B Ordinary Shares (as the case may be)) pursuant to this article 4 shall be effected in such manner as the Directors and as the law may allow.
- 4.17** In the event of a Capitalisation Issue the Conversion Ratio shall be adjusted in such manner as is determined by the Auditors (acting as experts and not as arbitrators) (at the cost of the Company) to be fair and reasonable.

## **5 CLASS RIGHTS**

- 5.1** Whenever the capital of the Company is divided into different classes of Shares the special rights attached to any class may (subject to the Act, and in particular section 125(3) of the Act) be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the Holders of not less than 70% of the issued Shares of that class.

Without prejudice to the generality of this article 5.1 the special rights attached to the B Ordinary Shares shall be deemed to be varied by the Company and/or any Subsidiary of the Company:

- 5.1.1** amending its memorandum of association or articles of association; or
- 5.1.2** varying in any way (whether directly or indirectly) the rights attached to any of the Shares in the capital of such company from time to time (other than pursuant to a conversion in accordance with article 4);
- 5.1.3** capitalising of any reserves of such company or the applying of any amount for the time being standing to the credit of the Share premium account or capital redemption reserve of such company for any purpose;
- 5.1.4** any alteration, increase, reduction, sub-division, cancellation, purchase, or consolidation of the whole or part of the authorised or issued Share capital of such company (other than the granting of options and the issue of Shares

pursuant to the Share Option Scheme Rules (as defined in the Investment Agreement));

- 5.1.5** any such company ceasing to trade or the taking of steps for the voluntary winding up of any such company or the placing of any such company in administration or the taking of similar proceedings in respect of any such company, save where such company or the Board has been advised that such company is insolvent or in the reasonable opinion of the Board there is no reasonable prospect of such company avoiding insolvency;
- 5.1.6** disposing of its undertaking or any substantial part thereof; or
- 5.1.7** disposing of or acquiring any interest in any share in the capital of any company.
- 5.2** Sections 89 and 90 of the Act shall apply to the Company as though the Shares constitute one class of Share but the special rights attached to each of the B Ordinary Shares shall be deemed to be varied by any disapplication, exclusion, limitation or variation of the provisions of Section 89 of the Act.
- 5.3** Any issue of Relevant Equity Securities by the Company shall be deemed not to vary or abrogate the rights attaching to A Ordinary Shares (as a class), Ordinary Shares (as a class) and/or Preferred Shares (as a class).
- 6 VOTING**
- 6.1** Subject to any special rights or restrictions as to voting attached to any Shares by or in accordance with these Articles:

  - 6.1.1** each Ordinary Share shall carry one vote per Share;
  - 6.1.2** each A Ordinary Share shall carry one vote per Share (save in the event that the applicable Conversion Ratio is greater than 1, in which event the number of votes carried by each A Ordinary Shares shall be equal to 1 multiplied by the applicable Conversion Ratio);
  - 6.1.3** each B Ordinary Share shall carry one vote per Share (save in the event that the applicable Conversion Ratio is greater than 1, in which event the number of votes carried by each B Ordinary Shares shall be equal to 1 multiplied by the applicable Conversion Ratio); and
  - 6.1.4** the Preference Shares shall only carry a right to vote in relation only to any meeting and/or resolution of the Holders of Preference Shares (as a class) in which event each Preference Share shall carry one vote per Share.
- 6.2** Votes on Shares may be exercised:

  - 6.2.1** on a show of hands, by every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by proxy, not being himself a member (in which case each member holding Shares shall have one vote); and

- 6.2.2 on a poll, by every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each member holding Shares shall have such number of votes attributable to the Shares so held calculated by reference to article 6.1).

## **7 ISSUE OF SHARES**

Subject always to the provisions of the Act, the Investment Agreement and these Articles having been duly and properly complied with:

### **7.1 Section 80 authority to allot**

The Directors shall be generally and unconditionally authorised pursuant to and in accordance with section 80 of the Act to exercise all the powers of the Company for each Authority period to allot relevant securities up to an aggregate nominal amount equal to the Authority Amount.

### **7.2 Section 95 disapplication of section 89**

During each Authority Period the Directors shall be empowered pursuant to section 95 of the Act to allot equity securities wholly for cash pursuant to and within the terms of the general authority conferred by article 7.1, as if section 89(1) of the Act did not apply to that allotment.

### **7.3 Authority to make offers or agreements which might require allotment after section 80 authority has expired**

By the authority and power conferred by articles 7.1 and 7.2, the Directors may, during the Authority Period, make offers or agreements which would or might require the allotment of equity securities or other relevant securities after such period expires and in such circumstances the Directors may allot securities in pursuant of that offer or agreement as if such authority and power had not expired.

## **8 ANTI DILUTION**

In the event that the Company proposes to issue (a "**Relevant Issue**") any Relevant Equity Securities after Adoption (other than pursuant to (i) any option granted in accordance with the terms of any Share option scheme adopted by the Company in accordance and in compliance with the Investment Agreement or (ii) any option to subscribe for Shares existing as at the date of Adoption) at a Subscription Price per Share (or in the case of the issue of a Relevant Equity Security, other than a Share, which provides for any right to subscribe or exchange for, convert into or otherwise call for any issue of any Share(s) in the capital of the Company from time to time, the Subscription Price of any such Share to be so issued) (in each case, the "**Third Party Price**") less than the price which (having regard to any reorganisation of the Company's Share capital since Adoption, including any bonus or capitalisation issue, sub-division or consolidation) would be equivalent to the mean average Subscription Price per Share paid by the Investors in respect of B Ordinary Shares and Preference Shares subscribed by the Investors pursuant to clauses 3.4 and 3.5 of the Investment Agreement, THEN the Company shall procure (to the extent that it is lawfully able to

do so) the issue to the Holders of B Ordinary Shares by way of capitalisation of the Company's Share premium account or otherwise in accordance with all applicable laws (and in a manner approved by an Investor Majority (such consent not to be unreasonably withheld or delayed)) in respect of any B Ordinary Shares held by them of such number of additional B Ordinary Shares which if issued to a Holder of B Ordinary Shares would result in such Holder of B Ordinary Shares holding in aggregate such number of B Ordinary Shares as would otherwise be held if the mean average Subscription Price per Share paid by all Investors in respect of B Ordinary Shares and Preference Shares subscribed pursuant to clauses 3.4 and 3.5 of the Investment Agreement was the same as the relevant Weighted Average Price as calculated below.

$$\text{Weighted Average Price} = \frac{P_1 Q_1 + P_2 Q_2}{Q_1 + Q_2}$$

- $P_1$  = the mean average Subscription Price per Share actually paid by all Investors in respect of B Ordinary Shares and Preference Shares subscribed pursuant to clauses 3.4 and 3.5 the Investment Agreement,
- $P_2$  = the relevant Third Party Price,
- $Q_1$  = the number of B Ordinary Shares and Preference Shares actually subscribed by the Investors pursuant to clauses 3.4 and 3.5 of the Investment Agreement,
- $Q_2$  = the number of Shares issued by the Company pursuant to the Relevant Issue and/or the number of Shares which the Company may be required to issue if all rights to call for the issue of Shares pursuant to the Relevant Equity Securities proposed to be issued pursuant to the Relevant Issue were exercised in full (regardless of whether such rights are then exercisable) so as to maximise the number of Shares to be so issued (and in respect of any Relevant Equity Security conferring a right to call for the issue of an indeterminate number of Shares, the maximum number of Shares reasonably likely to be issued pursuant thereto).

In the event of a Capitalisation Issue and/or redenomination of the whole or any part of the issued Share capital of the Company the number  $Q_1$  and/or price  $P_1$  shall (for the purposes of calculating the Weighted Average Price) be adjusted in such manner as is determined by the Auditors (acting as experts and not as arbitrators) (at the cost of the Company) to be fair and reasonable.

Nothing in this article 8 shall entitle any person to any right in respect of any fraction of a Share.

## 9 LIEN

The lien conferred by regulation 8 of Table A shall apply to all Shares of the Company whether fully paid or not and to all Shares registered in the name of any person indebted or under liability to the Company whether he be the sole registered Holder thereof or one of several joint Holders.



## 10 CALLS

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".

## 11 TRANSFER OF SHARES

The Directors shall refuse to register any transfer of Shares made in contravention of the provisions of these Articles but (subject to paragraphs (a) to (c) of Regulation 24 of Table A) shall not otherwise be entitled to refuse to register any transfer of Shares. For the purpose of ensuring that a particular transfer of Shares is permitted under the provisions of these Articles, the Directors may request the transferor, or the person named as transferee in any transfer lodged for registration, to furnish the Company with such information and evidence as the Directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the Directors within a period of 28 days after such request, the Directors shall be entitled to refuse to register the transfer in question.

## 12 PERMITTED TRANSFERS

12.1 Notwithstanding any other provisions of these Articles any member (being an individual) may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any Shares held by him to a Privileged Relation. For the purposes of these Articles "**Privileged Relation**" in relation to a member means the spouse or widow or widower of the member and the member's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the member's children.

12.2 Notwithstanding any other provision in these Articles any members may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any Shares held by him to trustees to be held upon a Family Trust of which he is the settlor.

12.3 Where any Shares are held by trustees upon a Family Trust:

(a) on any change of trustees such Shares may be transferred to the new trustees of that Family Trust;

(b) such Shares may be transferred at any time to the settlor or to another Family Trust of which he is the settlor or to any Privileged Relation of the settlor.

12.4 If and whenever any Shares held by trustees upon a Family Trust cease to be so held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to any Privileged Relation of the settlor) or there cease to be any beneficiaries of the Family Trust other than a charity or charities a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of the relevant Shares (as hereinafter defined) by the Holders thereof and such Shares may not otherwise be transferred. For the purposes of this sub-article the expression "relevant Shares" means and includes the Shares originally transferred to the trustees and any additional Shares issued or transferred to the trustees by virtue of the holding of the relevant Shares or any of them.

12.5 Notwithstanding any other provision in these Articles, any Share may at any time be transferred or transmitted to the personal representatives of a deceased member where under the provisions of his will or on his intestacy all the persons beneficially entitled to any such Shares are Privileged Relations or trustees of a Family Trust. Where Shares have been transferred in accordance with this article 12 and all the persons beneficially entitled to such Shares cease to be Privileged Relations or trustees of a Family Trust of the deceased member, the personal representatives shall be deemed to have given a Transfer Notice (as herein defined) in respect of the relevant Shares.

12.6 Notwithstanding any other provision of these Articles, any member being a corporation may at any time transfer all (but save with the prior consent in writing of a majority of the Directors, not some only) of the Shares held by it:

- (a) to any Subsidiary of the member; or
- (b) to any company of which the member is a Subsidiary or any Subsidiary of any such company;

on terms (in any such case) that if the transferee ceases to be a Holding Company or Subsidiary as aforesaid it shall re-transfer the Shares in question to the original transferor and failing such transfer, the Company shall authorise some person to execute transfers of the relevant Shares in favour of the original transferor and shall enter the name of the original transferor in the Register of Members as the Holder of such Shares.

12.7 Notwithstanding any other provision in these Articles the following transfers may be made without restriction as to price or otherwise and any such transfers shall be registered by the Directors, provided that if the transferee ceases to hold the status allowing such transfer under this article it shall re-transfer the Shares in question to the original transferor and failing such transfer, the Company shall authorise some person to execute transfers of the relevant Shares in favour of the original transferor and shall enter the name of the original transferor in the Register of Members as the Holder of such Shares:

12.7.1 any transfer by any member of an Investor's Group to any other member in the same Investor's Group (but if such transferee ceases to be a member of the Investor's Group it shall forthwith transfer the relevant Shares to a member of the relevant Investor's Group);

12.7.2 a transfer of any Shares in the Company held by an Investor (or a nominee of an Investor) who is:

- (1) a person whose principal business is to make, manage or advise upon investments (an "**Investment Manager**"); or
- (2) a fund, partnership, company, syndicate or other entity whose principal business is to make investments and whose business is managed by an Investment Manager (an "**Investment Fund**"); or
- (3) a nominee of an Investment Manager or an Investment Fund

may be made between the Investor (or its nominee) and:

- (A) where the Investor is an Investment Manager or a nominee of an Investment Manager:
  - (i) any participant or partner in or member of any Investment Fund in respect of which the Shares are held (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund in the ordinary course);
  - (ii) any Investment Fund whose business is managed by the Investment Manager who is or whose nominee is the transferor;
  - (iii) any other Investment Manager who manages the business of the Investment Fund in respect of which the Shares are held;
- (B) where that Investor is an Investment Fund or a nominee of an Investment Fund:
  - (i) any participant (directly or indirectly) or partner in or member of the Investment Fund which is or whose nominee is the transferor (but only in connection with the dissolution of such Investment Fund or any distribution of assets of the Investment Fund pursuant to the operation of the Investment Fund);
  - (ii) any other Investment Fund whose business is managed by the same Investment Manager as manages the Investment Fund which is or whose nominee is the transferor;
  - (iii) the Investment Manager who manages the business of the Investment Fund which is or whose nominee is the transferor

(or, in any such case, a nominee thereof).

### **13 TRANSFERS WITH SHAREHOLDER APPROVAL**

- 13.1** Notwithstanding any other provisions of these Articles a transfer of any Ordinary Shares approved by the Holders of 75% of issued B Ordinary Shares and the Holders of 75% of Ordinary Shares may be made without restriction as to price or otherwise and any such transfer shall be registered by the Directors.

### **14 COMPULSORY TRANSFERS - GENERAL**

- 14.1** A person entitled to a Share in consequence of the bankruptcy of a member shall be bound at any time, if and when required in writing by the Directors so to do, to give a Transfer Notice in respect of such Share.
- 14.2** If a Share remains registered in the name of a deceased member for longer than one year after the date of his death the Directors may require the legal personal representatives of such deceased member either to effect a transfer of such Shares (including for such purpose an election to be registered in respect thereof) being a

Permitted Transfer or to show to the satisfaction of the Directors that a Permitted Transfer will be effected prior to or promptly upon the completion of the administration of the estate of the deceased member or (failing compliance with either of the foregoing within one month or such longer period as the Directors may allow for the purpose) to give a Transfer Notice in respect of such Share.

- 14.3 Unless otherwise approved by an Investor Majority, if a member which is a company or a Permitted Transferee of such member, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets (an "**Event**"), such member or Permitted Transferee shall be deemed to have given a Transfer Notice immediately prior to such Event in respect of all of the Shares held by such member and/or such Permitted Transferee.
- 14.4 Unless otherwise approved by an Investor Majority, if there is a change in control (as control is defined in section 840 of the Income and Corporation Taxes Act 1988) of any member which is a company or a Permitted Transferee of such a member (other than any member which is an Investor or Permitted Transferee of such Investor), it and each of its Permitted Transferees shall be bound at any time, if and when required in writing by the Directors so to do, to give (or procure the giving in the case of a nominee) a Transfer Notice in respect of all the Shares registered in its and their names and their respective nominees' names.

## 15 TRANSFER NOTICE

- 15.1 Save as otherwise provided in these Articles every member who desires to transfer any Shares (hereinafter called "**the Vendor**") shall give to the Company notice in writing of such desire (hereinafter called a "**Transfer Notice**"). Subject as hereinafter mentioned a Transfer Notice shall constitute the Company the Vendor's attorney for the sale of the Shares specified therein (hereinafter called the "**Sale Shares**") in one or more lots at the discretion of the Directors to all the Holders of Shares in the Company (other than the Vendor) at the Sale Price (as determined pursuant to article 15.2) (the "**Sale Price**"). A Transfer Notice once given or deemed to have been given shall not be capable of being revoked (except as provided for in article 15.3 or with the prior written consent of a majority of the Directors (including a Special Director Majority)).
- 15.2 The Sale Price shall be the price agreed by the Vendor and the Board. If the Vendor and the Board are unable to agree a price within 28 days of the Transfer Notice being given then the Sale Price will instead be the price which the Independent Expert shall certify to be in his opinion the market value thereof. In arriving at this opinion prior to certifying the Sale Price, the Independent Expert will value the Shares on a going concern basis and assuming a sale between a willing seller and a willing buyer ignoring any reduction or increase in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority or majority or Controlling Interest and on the assumption that the Sale Shares are capable of transfer without restriction
- 15.3 If the Independent Expert is asked to certify the Sale Price, his certificate shall be delivered to the Company. The certificate of the Independent Expert shall, (in the absence of manifest error), be binding on the parties. As soon as the Company receives the certificate it shall deliver a copy to the Vendor and the Vendor shall be entitled by notice in writing given to the Company within 10 days of the service upon

him of the copy to revoke the Transfer Notice (but a Deemed Transfer Notice may not be so revoked). The cost of obtaining the certificate shall be borne by the Company unless the Vendor has revoked the Transfer Notice, in which case the Vendor shall bear the cost.

**15.4** The Transfer Notice (other than a Deemed Transfer Notice) may contain a condition (a "**Total Transfer Condition**") that unless all the Shares comprised therein are sold by the Company pursuant to this article none shall be sold and any such provision shall be binding on the Company.

**15.5** Upon the Sale Price being agreed or certified by the Independent Expert, then unless the Vendor shall validly revoke the Transfer Notice, the Company shall forthwith offer by notice in writing (an "**Offer Notice**"), the Sale Shares to all Holders of Shares of the same class as the Sale Shares (other than the Vendor) pro rata as nearly as may be in proportion to the existing numbers of Shares of the same class as the Sale Shares held by such members giving details of the number and the Sale Price of such Sale Shares. The Company shall invite each such member to whom Shares have been so offered to state in writing within 21 days from the date of the Offer Notice whether he is willing to purchase any of the Sale Shares so offered to him and if so the maximum thereof which he is willing to purchase. If at the end of the said period of 21 days there are any Sale Shares which have not been allocated the Company shall offer such Shares to those Holders of Shares of the same class as the Sale Shares who have stated in writing their willingness to purchase all the Shares previously offered to them. Such remaining Sale Shares shall be offered pro rata as nearly as may be in proportion to the existing numbers of Shares of the same class as the Sale Shares then held by such members and the offer shall remain open for a further period of 21 days. The Company shall continue to make offers on the same terms while any Holder of Shares of the same class as the Sale Shares continues to state in writing his willingness to purchase all the Shares offered to him.

**15.6** If after the expiry of the process described in article 15.5 there remain Sale Shares which have not been allocated then the Company shall within 21 days of the Company becoming aware that there are surplus Sale Shares invite each Holder of Shares of each other class of Shares different from the class of the Sale Shares to state in writing whether it wishes to acquire any of the surplus Sale Shares. The provisions of article 15.5 shall apply to the offer process under this article 15.6 mutatis mutandis, provided that the number of Preference Shares held by any Shareholder shall be ignored for the purpose of calculating each such pro-rata entitlement to be so offered Shares.

**15.7** Within seven days of the expiry of the final offer made by the Company pursuant to article 15.5 or 15.6 (as the case may be), the Company shall notify the Vendor in writing of the number of the Sale Shares for which the Company has found a purchaser or purchasers. If the Company finds a purchaser or purchasers for all or any of the Sale Shares the Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such purchaser(s). If the Vendor defaults in transferring the Sale Shares the Company shall if so required by the purchaser or purchasers willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the purchaser(s) and shall enter the names of

the purchasers in the Register of Members as the hold of such of the Sale Shares as shall have been transferred to them as aforesaid, subject only to such transfer having been duly stamped. If the Transfer Notice contained a valid Total Transfer Condition, the Vendor shall only be obliged to transfer the Sale Shares if purchaser(s) have been found for all of the Sale Shares.

- 15.8** If the Company does not find purchasers for all of the Sale Shares under the terms of articles 15.5 and 15.6 the Vendor shall, at any time within six months after receipt of the notice from the Company pursuant to article 15.7, be free to sell and transfer such of the Sale Shares as have not been so sold (or if the Sale Shares were subject to a Total Transfer Condition, all of the Sale Shares), to any person at a price which is no less than the Sale Price. If the Sale Shares were subject to a Total Transfer Condition a sale pursuant to article 15.8 must be of all the Sale Shares and not part only.

**15.9 Mandatory transfer on cessation of employment**

If any Employee Member ceases to be a director or employee of or consultant to the Company or any Subsidiary of the Company (including by reason of the Subsidiary which employs or engages him ceasing to be a Subsidiary) and does not continue as or thereupon become a director or employee of or a consultant to the Company or any Subsidiary of the Company, otherwise than as a result of (i) retirement at age not less than 65, (ii) his death, or (iii) ill health on his part on recommendation of a suitably qualified medical doctor; or (iv) where the Board (including a Special Director Majority) determine that the provisions of this article 15.9 shall not apply (in respect of some or all of the relevant Shares), then subject to article 15.13 Transfer Notices shall be deemed to have been served on the relevant Termination Date in respect of:

- (a) all Shares held by the Employee Member immediately before such cessation;
- (b) all Shares then held by the Employee Member's Privileged Relations and/or Family Trusts (other than Shares which the Directors (excluding the Employee Member if such person is also a Director) (with the approval of a Special Director Majority) (acting by simple majority vote) are satisfied were not acquired by such Holders either (i) directly or indirectly from the Employee Member or (ii) by reason of their connection with the Employee Member, and the decision of the Directors (excluding the Employee Member if such person is also a director) (acting by simple majority vote) in this respect shall, in the absence of manifest error or fraud, be final); and
- (c) all Shares acquired by the Employee Member or his Privileged Relations and/or Family Trusts after the Termination Date under any option scheme or other arrangement which was made prior to such Termination Date and in this case the Transfer Notice will be deemed served on the date the Shares are acquired.

## **15.10 Bad Leaver Transfer Sale Price**

Notwithstanding article 15.2, where an Employee Member is a Bad Leaver and is deemed to have served a Transfer Notice in accordance with article 15.9, the Sale Price pursuant to a Compulsory Employee Transfer in respect of such Employee Member shall be the lesser of:

**15.10.1** the original subscription price paid in respect of the relevant Shares; or

**15.10.2** the Sale Price calculated in accordance with article 15.2.

**15.11** A Deemed Transfer Notice may not be withdrawn once served (or deemed served).

**15.12** The period within which the Company shall be obliged to first offer Shares the subject of a Deemed Transfer Notice to Holders of Shares (other than the Vendor) pursuant to article 15.5 shall be deemed to run as from the date on which the fact that a Deemed Transfer Notice has been served or (deemed to be served) shall come to the attention of the Directors.

## **15.13 Vested Shares**

**15.13.1** Notwithstanding the provisions of article 15.9, in the event that a Vested Executive, being an Employee Member, ceases to be a director or employee of or consultant to the Company or any Subsidiary of the Company (including by reason of the Subsidiary which employs or engages him ceasing to be a Subsidiary) and does not continue as or thereupon become a director or employee of or a consultant to the Company or any Subsidiary of the Company, and such Vested Executive is not a Bad Leaver within the meaning ascribed to such term under part (a) of the definition of Bad Leaver, then the provisions of article 15.9 shall not apply in respect of such number of Vested Shares as calculated in accordance with article 15.13.2 in respect of such Vested Executive (or if less, the actual number which would otherwise be the subject of article 15.9).

**15.13.2** The number of "Vested Shares" in respect of each Executive shall be calculated from the below table by reference to the period within which the Vested Executive ceases to be a director or employee of or consultant to the Company or any Subsidiary of the Company (including by reason of the Subsidiary which employs or engages him ceasing to be a Subsidiary) and does not continue as or thereupon become a director or employee of or a consultant to the Company or any Subsidiary of the Company:

<b>Period</b>	<b>Executive</b>	<b>Vested Shares</b>
Commencing on the date of Adoption and ending on the date 12 months subsequent to the date of Adoption.	Mark Carlton	633 Ordinary Shares
	Sam Aparicio	633 Ordinary Shares
	Richard Goodfellow	450 Ordinary Shares
Commencing on the date 12 months and one day subsequent to the date of	Mark Carlton	1,265 Ordinary Shares

Adoption and ending on the date 24 months subsequent to the date of Adoption.	Sam Aparicio	1,265 Ordinary Shares
	Richard Goodfellow	900 Ordinary Shares
Commencing on the date 24 months and one day subsequent to the date of Adoption and ending on the date 36 months subsequent to the date of Adoption.	Mark Carlton	1,898 Ordinary Shares
	Sam Aparicio	1,898 Ordinary Shares
	Richard Goodfellow	1,350 Ordinary Shares
Commencing on the date 36 months and one day subsequent to the date of Adoption and the continuing thereafter.	Mark Carlton	2,530 Ordinary Shares
	Sam Aparicio	2,530 Ordinary Shares
	Richard Goodfellow	1,800 Ordinary Shares

In the event of a Capitalisation Issue or any consolidation or sub-division of the capital of the Company the numbers and class (if applicable) of shares detailed above shall be adjusted in such manner as is determined by the Auditors (acting as experts and not arbitrators) (at the cost of the Company) to be fair and reasonable.

**15.13.3** In the event that Shares which are the subject of article 15.9 in by virtue of a Vested Executive ceasing to be a director or employee of a consultant to this Company or any Subsidiary of (or would be the subject of such article but for this article 15.13) are held by more than one person, the Board (having due regard to the reasonable requests of the Relevant Executive) shall determine which Shares held by which such person(s) (if any) shall be the subject of this article 15.13.

**15.13.4** The provisions of article 15.9 shall not apply to Mr Charles Cox under any circumstances.

## **16 EFFECT OF NON-COMPLIANCE**

Any purported transfer of Shares otherwise than in accordance with the provisions of these Articles shall be void and have no effect.

## **17 TAG ALONG**

**17.1** No sale or transfer (other than a Permitted Transfer) of the legal or beneficial interest in any Shares in the Company may be made or validly registered unless the proposed transferee or his or their nominees has or have offered to purchase:

- (a) from each member a proportion (any fractional Shares being disregarded) of the Shares held by each member equal to the proportion that the number of Shares to be so transferred by the proposed transferor bears to the total number of Shares held by such transferor immediately prior to such transfer; or
- (b) all Shares, where such transfer would result in any person or persons obtaining a Controlling Interest in the Company,

and an equal proportion of all other Shares in the capital of the Company held by each



such member arising from the exercise of any options which have, at the time of the offer made pursuant to this article 17.1, been granted by the Company; all at such price per Share as would result in the proceeds of such sale or transfer being distributed in accordance with article 3 (and in the event that article 3.2 applies (and/or article 3.1 does not otherwise apply) in respect of such sale or transfer, at the same price per Share irrespective of class).

**17.2** The provisions of article 17.1 shall not apply in respect of sub-article 17.1(a) in respect of a transfer of Shares (other than a transfer of Shares by an Investor or a Permitted Transferee of an Investor):

- (a) where the relevant sale or transfer (together with all other sales and/or transfers made directly or indirectly in connection with such relevant sale or transfer) represents a sale or transfer of less than 5% of the then issued Share capital of the Company (by reference to the number of Shares in issue); or
- (b) if an Investor Majority otherwise consents in writing to the disapplication of such provisions.

## **18 DRAG ALONG**

If an offeror for Shares in the Company, having made offers to all the members of the Company (each member having, for the avoidance of doubt, received an offer from the offeror to acquire all Shares held by such member all at such price per Share as would result in the proceeds of such sale or transfer being distributed in accordance with article 3 (and in the event that article 3.2 applies (and/or article 3.1 does not otherwise apply) in respect of such sale or transfer at the same price per Share irrespective of class) receives valid acceptances which would, on completion, result in such offeror becoming the Holder of those Shares held by such persons as constitute an Investor Majority (to the extent that such persons hold Shares), then:

- 18.1.1** any Holder of Shares who has accepted such offer may give notice to any non-accepting Holder of Shares requiring him to accept the offer within 14 days and stating that, failing such acceptance, he shall be deemed to have accepted such offer in respect of all Shares (and all Shares which he may acquire pursuant to any option exercisable on or prior to completion of the relevant offer) held by him and irrevocably to have waived any pre-emption rights he may have in relation to any Shares the subject of such offer;
- 18.1.2** upon the expiry of such notice each recipient thereof shall be obliged to deliver to the offeror (or as he may direct) an executed Share transfer form and Share certificate(s) in respect of the Shares which were the subject of the notice together with an executed waiver of pre-emption rights, if appropriate;
- 18.1.3** if any such member fails to deliver executed Share transfer form(s), Share certificate(s) and pre-emption waiver(s) (if appropriate) as set out above he shall be deemed to have appointed any director of the Company to be his agent and attorney to execute such documents on his behalf and, against receipt by the Company (on trust for such member) of the appropriate purchase moneys, to deliver such executed transfer(s) and pre-emption

waiver(s) (if appropriate) to the offeror and it shall be no impediment to completion of the transfer that such member's Share certificate(s) has/have not been produced. The Company shall continue to hold the purchase monies for such member in a separate bank account pending delivery to the Company of the Share certificates for such members Shares or an indemnity in respect of lost certificates in a form reasonably acceptable to the Company whereupon the Company shall pay the purchase monies to such member without interest; and

- 18.1.4** after such offeror or his nominee has been registered as the Holder of Shares transferred in accordance with this article the validity of such transaction shall not be questioned by any person.

## **18.2 Interpretation**

In this article 18:

- 18.2.1** the expressions "transfer" and "transferee" shall include respectively the renunciation of a renounceable letter of allotment and the renouncee under any such letter of allotment;
- 18.2.2** the expression "Shares" additionally includes Relevant Equity Securities;
- 18.2.3** whether or not persons are acting in concert will be determined by the then most recent edition of the City Code on Takeovers and Mergers.

## **19 PRIMACY OF TAG ALONG AND DRAG ALONG**

Save for Permitted Transfers of Shares in the capital of the Company, all other regulations of the Company relating to the transfer of Shares and the rights to registration of transfers shall be read subject to the provisions of articles 17 and 18.

## **20 BARE NOMINEES**

For the avoidance of doubt and without limitation, no Share (other than any Share so held on the date of the Investment Agreement) shall be held by any member as a bare nominee for, and no interest in any Share shall be sold to, any person unless a transfer of such Share to such person would rank as a Permitted Transfer. If the foregoing provision of this article 20 shall be infringed the Holder of such Share shall be bound to give a Transfer Notice in respect thereof.

## **21 PROCEEDINGS AT GENERAL MEETINGS**

- 21.1** A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy and entitled to vote. Regulation 46 shall be modified accordingly.
- 21.2** A resolution in writing executed or approved by facsimile by or on behalf of the Holders of all the issued A Ordinary Shares, B Ordinary Shares and Ordinary Shares shall be as valid and effectual as if the same had been duly passed at a general meeting and may consist of several documents in the like form, each executed by or on behalf of one or more persons. In the case of a corporation, the resolution may be

signed on its behalf by a director or the Secretary (or other officer of such competitor in the case of a company incorporated other than in England and Wales) thereof or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be modified accordingly.

## **22 ALTERNATE DIRECTORS**

**22.1** Any Director (other than an alternate Director) may at any time by writing under his hand and served on the Company at its registered office, or delivered at a meeting of the Directors, appoint any other Director, or any other person approved by resolution of the Directors and willing to act, to be an alternate Director and may remove from office alternate Director so appointed by him. The same person may be appointed as the alternate Director of more than one Director.

**22.2** An alternate Director shall be entitled:

**22.2.1** to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member;

**22.2.2** to attend, be counted in the quorum for and vote at any such meeting at which the Director appointing him is not personally present; and

**22.2.3** generally at such meeting to perform all the functions of his appointor as a Director in his absence.

If an alternate Director is himself a Director or attends any such meeting as an alternate Director for more than one Director, then his voting rights shall be cumulative.

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

**22.4** Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.

**22.5** An alternate Director shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him, except in relation to matters in which he acted (or failed to act) on the direction or at the request of his appointor.

**22.6** Save as otherwise provided in these Articles, an alternate Director shall not have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles. However, such an alternate Director shall owe the Company the same fiduciary duties and duty of care and skill in the performance of his office as are owed by a Director.

**22.7** An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be

indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration.

**22.8** Regulations 65 to 69 shall not apply.

## **23 DIRECTORS**

**23.1** The maximum number of Directors shall be 9 (or such greater number as an Investor Majority may approve from time to time).

**23.2** The Directors shall not be subject to retirement by rotation. Regulations 73 to 75 and the last two sentences of Regulation 79 shall not apply and Regulations 76, 77, 78 and 80 shall be modified accordingly.

**23.3** Without prejudice to the first sentence of Regulation 89, a meeting of the Directors or of a committee of the Directors may consist of a conference between Directors who are not all in one place, but of whom each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously; and the word "meeting" in these Articles shall be construed accordingly.

**23.4** A resolution in writing signed or approved by facsimile by all the Directors shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors; but a resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate Director, it need not be signed by the alternate Director in that capacity. Regulation 93 shall not apply.

**23.5** Notice of every meeting of the Directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him.

**23.6** Subject to the provisions of the Act and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a director notwithstanding his office:

**23.6.1** may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;

**23.6.2** may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;

**23.6.3** may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;

- 23.6.4** shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
- 23.6.5** shall be entitled to vote and be counted in the quorum or on any matter concerning the foregoing paragraphs of this article 23.
- 23.7** For the purposes of this article 23:
- 23.7.1** a general notice to the Directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
- 23.7.2** an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
- 23.7.3** an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.
- 23.8** In the case of an equality of votes at a meeting of the Directors, the chairman of the Company shall not have a second or casting vote. Regulation 88 shall be modified accordingly.
- 23.9** The office of a Director shall be vacated if:
- (a) he resigns by notice delivered to the secretary at the registered office or tendered at a board meeting;
  - (b) he ceases to be a director by virtue of a provision of the Acts, is removed from office pursuant to the articles or becomes prohibited by law from being a director;
  - (c) he becomes bankrupt, has an interim receiving order made against him, makes an arrangement or compounds with his creditors generally or applies to the court for an interim order under section 253 of the Insolvency Act 1986 in connection with a voluntary arrangement under that Act;
  - (d) an order is made by a court of competent jurisdiction on the ground (however formulated) of mental disorder for his detention or for the appointment of a guardian, receiver, curator bonis or other person to exercise powers with respect to his affairs or he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or,

in Scotland, under the Mental Health (Scotland) Act 1984 and the board resolves that his office shall be vacated;

- (e) in the case of a Director (other than a Special Director) he shall be removed from office by notice in writing served upon him signed by all of his co-Directors;
- (f) in the case of a Director (other than a Special Director) if he holds an appointment to an executive office and which appointment terminates or otherwise determines, (unless resolved otherwise by the Board). Such removal shall take effect at the time such appointment terminates or otherwise determines and shall be deemed an act of the Company and shall have effect without prejudice to any claim for damages for breach of contract of service or otherwise between him and the Company; and
- (g) in the case of a Director, (other than a Special Director), he shall be removed from office by the service of written notice on such person signed by the Holders of Shares carrying more than 50% of all voting rights in respect of all Shares then in issue exercisable at a general meeting of the members of the Company (such written notice having been additionally approved by an Investor Majority).

## **24 SPECIAL DIRECTORS**

- 24.1** Notwithstanding any other provisions of these Articles for so long as Avlar together with its Permitted Transferee(s) hold in aggregate not less than 5% of the issued equity share capital of the Company (from time to time), then Avlar shall be entitled to appoint any person to act as a director of the Company and to remove from office any person so appointed and to appoint another person in his place. Upon request by Avlar the Company shall also procure that any director so nominated by Avlar be appointed a director to any Subsidiary of the Company.
- 24.2** Notwithstanding any other provisions of these Articles for as long as Lloyds together with its Permitted Transferee(s) hold in aggregate not less than 5% of the issued equity share capital of the Company (from time to time), then LDC shall be entitled to appoint any person to act as a director of the Company and to remove from office any person so appointed and to appoint another person in his place. Upon request by LDC, the Company shall also procure that any director so nominated by LDC be appointed a director to any Subsidiary of the Company.
- 24.3** Notwithstanding any other provisions of these Articles for as long as BMSIF together with its Permitted Transferee(s) hold in aggregate not less than 5% of the issued equity share capital of the Company (from time to time), then BMSIF shall be entitled to appoint any person to act as a director of the Company and to remove from office any person so appointed and to appoint another person in his place. Upon request by BMSIF, the Company shall also procure that any director so nominated by BMSIF be appointed a director to any Subsidiary of the Company.
- 24.4** Appointment and removal of any Special Director(s) pursuant to articles 24.1, 24.2 and/or 24.3 shall be by written notice from such persons so appointing or removing such Special Director to the Company and which appointment or removal (as the case

may be) shall take effect on delivery at the Company's registered office or at any meeting of the Board or Committee thereof or at such other time as specified in the notice.

## **25 NOTICES**

Notices shall be given to a member whose registered address is outside the United Kingdom. Regulation 112 shall be modified accordingly.

## **26 INDEMNITY**

**26.1** Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or 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 the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which 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.

**26.2** The Company may purchase and maintain insurance against any liability falling upon its directors or other officers or auditors which arises out of their respective duties to the Company or in relation to its affairs.

## **27 AVLAR FUNDING PROVISION**

**27.1** If and for so long as ABFI and/or ABFII (or any Permitted Transferee of ABFI and/or ABFII) holds any Relevant Equity Security in the Company any right (whether by way of pre-emption pursuant to article 15, rights issue or otherwise) to acquire any Relevant Equity Security acquired by, conferred on, or otherwise held by, ABFI and/or ABFII (or any Permitted Transferee of ABFI and/or ABFII) may, at the option of ABFI and/or ABFII (or the relevant Permitted Transferee holding such Relevant Equity Securities, as the case may be), be assigned to, renounced in favour of and/or exercised by, any Permitted Transferee of ABFI and/or ABFII.

**27.2** ABFI, ABFII or the relevant Permitted Transferee holding such Relevant Equity Securities (as the case may be) shall procure that any such Permitted Transferee to whom such rights are so assigned, or by whom such rights are so exercised in accordance with article 27.1, shall (if not already bound by the terms of the Investment Agreement) execute a deed pursuant to which such Permitted Transferee agrees to be bound by the terms of the Investment Agreement and which deed shall be delivered to the Company and each other member of the Company.