

THE COMPANIES ACT 1985

AND

THE COMPANIES ACT 1989

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A PRIVATE COMPANY LIMITED BY SHARES

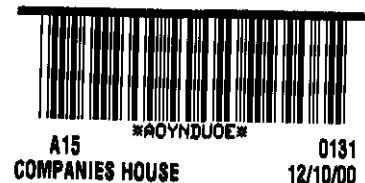
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MEMORANDUM OF ASSOCIATION

OF

**QUEST HOTELS LIMITED**

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- 1.\* The Company's name is **"QUEST HOTELS LIMITED"**.
2. The Company's Registered Office is to be situated in England and Wales.
3. The Company's objects are:-
  - (A) To carry on all or any of the businesses of developers, builders, managers, owners, operators, proprietors of and investors in hotels, motels, restaurants, clubs, casinos, licensed premises, holiday accommodation, swimming pools, baths, bingo halls, tennis courts, squash courts, golf courses, fun fairs, pleasure and sports grounds, bowling greens and other places of recreation, amusement and entertainment, sports outfitters, cafe and refreshment room proprietors, hire purchase and general financiers, property dealers and developers, licensed victuallers, wine, spirit and beer merchants, brewers, maltsters, distillers, importers of foreign wines and spirits, dealers in aerated and mineral waters, general provision merchants, refreshment contractors; proprietors of shops, stores, kiosks, baths, gaming rooms, dressing rooms, laundries, libraries, dance halls, concert halls and rooms for public or private use; coach, carriage, omnibus and motor vehicle proprietors, garage and boat house proprietors, dealers in and letters on hire of motor and other vehicles and motor and other boats of all kinds, organisers of sporting, athletic and leisure activities and events and amusement caterers, theatre box office agents, insurance agents, tobacconists, chemists, hairdressers, travel and booking agents, bakers, confectioners, butchers, grocers, poulterers, greengrocers and general merchants, agents and traders.

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\* The Company's name was on the 1st day of October 1999, changed from **"NEW BRITAIN HOTELS LIMITED"**.

(B) To carry on any other trade or business which may seem to the Company capable of being conveniently carried on in connection with the objects specified in Sub-Clause (A) hereof or calculated directly or indirectly to enhance the value of or render profitable any of the property or rights of the Company.

(C) To purchase, take on lease or in exchange, hire or otherwise acquire and hold for any estate or interest any lands, buildings, easements, rights, privileges, concessions, patents, patent rights, licences, secret processes, machinery, plant, stock-in-trade, and any real or personal property of any kind necessary or convenient for the purposes of or in connection with the Company's business or any branch or department thereof.

(D) To erect, construct, lay down, enlarge, alter and maintain any roads, railways, tramways, sidings, bridges, reservoirs, shops, stores, factories, buildings, works, plant and machinery necessary or convenient for the Company's business, and to contribute to or subsidise the erection, construction and maintenance of any of the above.

(E) To borrow or raise or secure the payment of money in such manner as the Company shall think fit for the purposes of or in connection with the Company's business, and for the purposes of or in connection with the borrowing or raising of money by the Company to become a member of any building society.

(F) For the purposes of or in connection with the business of the Company to mortgage and charge the undertaking and all or any of the real and personal property and assets, present and future, and all or any of the uncalled capital for the time being of the Company, and to issue at par or at a premium or discount, and for such consideration and with and subject to such rights, powers, privileges and conditions as may be thought fit, debentures or debenture stock, either permanent or redeemable or repayable, and collaterally or further to secure any securities of the Company by a trust deed or other assurances. To issue and deposit any securities which the Company has power to issue by way of mortgage to secure any sum less than the nominal amount of such securities, and also by way of security for the performance of any contracts or obligations of the Company or of its customers or other persons or corporations having dealings with the Company, or in whose businesses or undertakings the Company is interested, whether directly or indirectly.

(G) To receive money on deposit or loan upon such terms as the Company may approve.

(H) To lend money to any company, firm or person and to give all kinds of indemnities and either with or without the Company receiving any consideration or advantage, direct or indirect, for giving any such guarantee, and whether or not such guarantee is given in connection with or pursuant to the attainment of the objects herein stated to guarantee either by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets present and future and uncalled capital of the Company or by both such methods, the performance of the obligations and the payment of the capital or principal (together with any premium) of and dividends or interest on any debenture, stocks, shares or other securities of any company, firm or person and in particular (but without limiting the generality of the foregoing) any company which is for the time being the Company's Holding or Subsidiary company or otherwise associated with the Company in business.

(I) To establish and maintain or procure the establishment and maintenance of any non-contributory or contributory pension or superannuation funds for the benefit of, and give or procure the giving of donations, gratuities, pensions, allowances, or emoluments to any persons who are or were at any time in the employment or service of the Company, or of any company which is for the time being the Company's Holding or Subsidiary company or otherwise associated with the Company in business or who are or were at any time Directors or officers of the Company or of any such other company as aforesaid, and the wives, widows, families and dependants of any such persons, and also to establish and subsidise or subscribe to any institutions, associations, clubs or funds calculated to be for the benefit of or to advance the interests and well-being of the Company or of any such other company as aforesaid, or of any such persons as aforesaid, and to make payments for or towards the insurance of any such persons as aforesaid, and to subscribe or guarantee money for charitable or benevolent objects or for any exhibition or for any public, general or useful object; and to establish, set up, support and maintain share purchase schemes or profit sharing schemes for the benefit of any employees of the Company, or of any company which is for the time being the Company's Holding or Subsidiary company and to do any of the matters aforesaid either alone or in conjunction with any such other company as aforesaid.

(J) To draw, make, accept, endorse, negotiate, discount and execute promissory notes, bills of exchange and other negotiable instruments.

(K) To invest and deal with the moneys of the Company not immediately required for the purposes of its business in or upon such investments or securities and in such manner as may from time to time be determined.

(L) To pay for any property or rights acquired by the Company, either in cash or fully or partly paid-up shares, with or without preferred or deferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise, or by any securities which the Company has power to issue, or partly in one mode and partly in another, and generally on such terms as the Company may determine.

(M) To accept payment for any property or rights sold or otherwise disposed of or dealt with by the Company, either in cash, by instalments or otherwise, or in fully or partly paid-up shares of any company or corporation, with or without deferred or preferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise, or in debentures or mortgage debentures or debenture stock, mortgages or other securities of any company or corporation, or partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold, dispose of or otherwise deal with any shares, stock or securities so acquired.

(N) To enter into any partnership or joint-purse arrangement or arrangement for sharing profits, union of interests or co-operation with any company, firm or person carrying on or proposing to carry on any business within the objects of this Company, and to acquire and hold, sell, deal with or dispose of shares, stock or securities of any such company, and to guarantee the contracts or liabilities of, or the payment of the dividends, interest or capital of any shares, stock or securities of and to subsidise or otherwise assist any such company.

(O) To establish or promote or concur in establishing or promoting any other company whose objects shall include the acquisition and taking over of all or any of the assets and liabilities of this Company or the promotion of which shall be in any manner calculated to advance directly or indirectly the objects or interests of this Company, and to acquire and hold or dispose of shares, stock or securities and guarantee the payment of dividends, interest or capital of any shares, stock or securities issued by or any other obligations of any such company.

(P) To purchase or otherwise acquire and undertake all or any part of the business, property, assets, liabilities and transactions of any person, firm or company carrying on any business which this Company is authorised to carry on or possessed of property suitable for the purposes of the Company, or which can be carried on in conjunction therewith or which is capable of being conducted so as directly or indirectly to benefit the Company.

(Q) To sell, improve, manage, develop, turn to account, exchange, let on rent, grant royalty, share of profits or otherwise, grant licences, easements and other rights in or over, and in any other manner deal with or dispose of the undertaking and all or any of the property and assets for the time being of the Company for such consideration as the Company may think fit.

(R) To amalgamate with any other company whose objects are or include objects similar to those of this Company, whether by sale or purchase (for fully or partly paid-up shares or otherwise) of the undertaking, subject to the liabilities of this or any such other company as aforesaid, with or without winding up, or by sale or purchase (for fully or partly paid-up shares or otherwise) of all or a controlling interest in the shares or stock of this or any such other company as aforesaid, or by partnership, or any arrangement of the nature of partnership, or in any other manner.

(S) To subscribe for, purchase or otherwise acquire, and hold shares, stock, debentures or other securities of any other company.

(T) To distribute among the members in specie any property of the Company, or any proceeds of sale or disposal of any property of the Company, but so that no distribution amounting to a reduction of capital be made except with the sanction (if any) for the time being required by law.

(U) To give such financial assistance directly or indirectly for the purpose of the acquisition of shares in the Company or the Company's Holding company or for the purpose of reducing or discharging any liability incurred by any person for the purpose of the acquisition of shares in the Company or the Company's Holding company as may be lawful.

(V) To do all or any of the above things in any part of the world, and either as principals, agents, trustees, contractors or otherwise, and either alone or in conjunction with others, and either by or through agents, trustees, sub-contractors or otherwise.

(W) To do all such things as are incidental or conducive to the above objects or any of them.

And it is hereby declared that, save as otherwise expressly provided, each of the paragraphs of this Clause shall be regarded as specifying separate and independent objects and accordingly shall not be in anywise limited by reference to or inference from any other paragraph or the name of the Company and the provisions of each such paragraph shall, save as aforesaid, be carried out in as full and ample a manner and construed in as wide a sense as if each of the paragraphs defined the objects of a separate and distinct company.

4. The liability of the Members is limited.
5. The Company's share capital is £100 divided into 100 shares of £1 each.

WE, the subscribers to this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum; and we agree to take the number of Shares shown opposite our respective names.

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NAMES AND ADDRESSES OF SUBSCRIBERS	Number of Shares taken by each Subscriber
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**LONDON LAW SERVICES LIMITED,**  
Temple Chambers,  
Temple Avenue,  
London EC4Y 0HP.

**One**

**LONDON LAW SECRETARIAL LIMITED,**  
Temple Chambers,  
Temple Avenue,  
London EC4Y 0HP.

**One**

**Total Shares taken      Two**

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**Dated the 23rd day of September, 1999.**

Witness to the above Signatures:-

COLIN A LAY,  
Temple Chambers,  
Temple Avenue,  
London EC4Y 0HP.

THE COMPANIES ACT 1985

AND

THE COMPANIES ACT 1989

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A PRIVATE COMPANY LIMITED BY SHARES

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ARTICLES OF ASSOCIATION

OF

**QUEST HOTELS LIMITED**

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### **Interpretation**

1. In these Articles, if not inconsistent with the subject or context:

"Act" means the Companies Acts 1985 and 1989, as amended or reenacted from time to time.

"A" Shares and "B" Shares mean the 'A' Shares of 5p each and 'B' Shares of 5p each of the Company.

"Table A" means Table A in the Schedule to the Companies (Tables A-F) Regulations 1985.

#### **1. Table A**

- 1.1 The regulations contained in Table A apply to the Company except in so far as they are excluded by or inconsistent with these Articles.
- 1.2 Any proposed amendment to or variation of these Articles or of the Memorandum of Association of the Company shall be deemed to be a variation of the rights attached to the 'A' Shares and the 'B' Shares.
- 1.3 Regulations 2, 8, 17, 23, 24, 32(a), 39, 40, 41, 50, 64, 65, 73 to 80 inclusive, 89, 94, 97 and 118 of Table A do not apply to the Company.

#### **2. Share capital**

- 2.1 The Company does not have power to issue share warrants to bearer.

- 2.2 The provisions of section 89(1) of the Act do not apply to the Company.
- 2.3 The capital of the company (at the date of incorporation) is £100, divided into 1,000 'A' Shares of 5p each and 1,000 'B' Shares of 5p each.
- 2.4 The 'A' Shares and 'B' Shares constitute different classes of shares for the purposes of the Act but, except as in these Articles expressly provided, confer upon the holders the same rights and rank *pari passu* in all respects.
- 2.5 Unissued shares shall be allotted only as follows:
- 2.5.1 every allotment shall be of an equal number of 'A' Shares and 'B' Shares;
  - 2.5.2 on the occasion of each allotment the 'A' Shares and the 'B' Shares shall be allotted at the same price (not being at a discount) and on the same terms as to date for payment;
  - 2.5.3 no shares of either class shall be issued otherwise than to members holding shares of the same class without the prior written consent of all the members;
  - 2.5.4 as between holders of shares of a class, the shares of that class being allotted shall be allotted in proportion to their then existing holdings of shares of that class or in such other proportions between them as all the members holding shares of that class agree in writing;
  - 2.5.5 the maximum amount of relevant securities (as defined by section 80(2) of the Act) which the directors may allot, grant options or subscription or conversion rights over or otherwise deal with or dispose of pursuant to this article shall be the authorised but as yet unissued share capital of the Company at the date of incorporation of the Company. The authority conferred on the directors by this article shall expire on the day preceding the fifth anniversary of the date of incorporation of the Company.
- 2.6 The Company may by special resolution, whether or not all the shares for the time being authorised have been issued or all the shares for the time being issued have been fully paid up, increase its share capital by new shares of such number and class as the special resolution prescribes.
- 2.7 Except as provided in article 2.5 the directors have no power to issue unissued shares and shall not allot, grant options or subscription or conversion rights over or otherwise dispose of them.
- 2.8 The Company shall have a first and paramount lien on every share for all moneys (whether presently payable or not) called or payable at a fixed time and in respect of that share. The Company shall also have a first and paramount lien on all shares registered in the name of any person (whether solely or jointly with others) for all moneys owing to the Company from that person or that person's estate either alone or jointly with any other person, whether as a member or not and whether such moneys are presently payable or not. The directors may at any time declare any share to be wholly or partly exempt from the provisions of this article. The Company's lien on a share shall extend to any amount payable in respect of it.



### **3. Transfer of shares**

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

3.2 No transfer of any shares or any interest in shares shall be made unless the following provisions are complied with in respect of the transfer.

3.2.1 A member, or person entitled to shares by way of the death bankruptcy insolvency corporate or personal or liquidation of a member or a relevant event under Article 3.2.12 or who wishes to transfer shares or any interest in shares ('the Vendor') shall give to the Company notice in writing ('the Transfer Notice'). A Transfer Notice shall constitute the directors the Vendor's agents for the sale of the shares specified in it ('the Sale Shares') at a price ('the Sale Price') which is agreed upon by the Vendor and the directors or, in the absence of agreement, which the auditors of the Company (acting as experts and not as arbitrators) certify to be in their opinion the fair value of the Sale Shares, as at the date of the Transfer Notice, as between a willing seller and a willing buyer contracting on arm's length terms, having regard to the full value of the business of the Company and its subsidiaries as a going concern but without taking into account (if it be the case) that the Sale Shares constitute a minority interest.

3.2.2 The auditors' certificate shall be binding upon all parties.

3.2.3 If the auditors are asked to certify the Sale Price the Company shall within 7 days of the issue of the auditors' certificate send a copy to the Vendor. the Vendor shall be entitled, by notice in writing given to the Company within 28 days of the copy being sent to him, to withdraw the Transfer Notice. The cost of obtaining the certificate shall be borne by the Vendor. A Transfer Notice shall not otherwise be revocable without the consent of all the directors of the Company, who may impose such condition upon any consent as they think fit, including a condition that the Vendor bears all associated costs.

3.2.4 Upon the Sale Price being agreed or certified and provided the Vendor does not withdraw the Transfer Notice in accordance with paragraph 3.2.3, the directors shall promptly, by notice in writing, offer the Sale Shares to the holders of the remaining shares at the Sale Price pro rata to their existing holdings. The offer shall be open for a period of 28 days from the date of the notice ('the Acceptance Period'). If the offerees within the Acceptance Period apply for all or any of the Sale Shares the directors shall allocate the Sale Shares or such of the Sale Shares as are applied for amongst the applicants for any of the Sale Shares, in the case of competition in proportion to their then existing holdings of shares (as nearly as may be without involving fractions or increasing the number allocated to any applicant beyond that applied for by the applicant).

3.2.5 If within the Acceptance Period applications are received from one or more of the other holders ('the Transferees') in respect, of all or any of the Sale Shares, the directors shall promptly give notice in writing ('the Acceptance Notice') to the Vendor specifying the number of Sale Shares applied for and the place and time (being not earlier than 7 and not later than 28 days after the date of the Acceptance Notice) at which the sale shall be completed.

3.2.6 The Vendor shall be bound to transfer the Sale Shares, or such of the Sale Shares as are applied for, to the Transferees as the time and place specified in the Acceptance Notice and payment of the Sale Price for the Sale Shares (or, if some only of the Sale Shares have been applied for, the corresponding proportion of the Sale Price for all the Sale Shares) shall be made to the directors as agents for the Vendor. If the Vendor fails to transfer the Sale Shares, or such of the Sale Shares as are applied for, the chairman of the Company or some other person appointed by the directors shall be deemed to have been appointed attorney of the Vendor with full power to execute, complete and deliver, in the name and on behalf of the Vendor, transfer of the Sale Shares, or such of the Sale Shares as are applied for, to the Transferees against payment of the Sale Price, or the corresponding proportion of the Sale Price, to the Company. On payment to the Company, the Transferees shall be deemed to have obtained a good discharge for this payment. On execution and delivery of the transfers, the Transferees shall be entitled to require their names to be entered in the register of members as the holders by transfer of the Sale Shares or such of the Sale Shares as are applied for. If any Sale Shares are transferred to the holder of shares of the other class, they shall automatically be redesignated, on registration of the transfer, as shares of the other class unless all the issued shares of the Company would then be of only one class. The Company shall pay the price into a separate bank account in the Company's name and hold it in trust for the Vendor, after deducting any fees or expenses falling to be borne by the Vendor. After the names of the Transferees have been entered in the register of members in purported exercise of the above powers, the validity of the proceedings shall not be questioned by any person.

3.2.7 If the offer of the Sale Shares at the Sale Price is accepted in part only within the Acceptance Period, the Vendor shall be at liberty during the period of 6 months following the expiry of the Acceptance Period to transfer all or any of the remaining Sale Shares to any person at a price not being less than a due proportion of the Sale Price. The directors may require to be satisfied that the Sale Shares not applied for are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance of any kind to the purchaser and, if not satisfied, may refuse to register the instrument of transfer. A director who is, or is nominated by, the Vendor shall not be entitled to vote at any board meeting at which a resolution to the sale is proposed.

3.2.8 If the offer of the Sale Shares at the Sale Price is not accepted in whole or in part within the Acceptance Period, the Vendor shall be at liberty during the period of 6 months following the expiry of the Acceptance Period to transfer all or

any of the Sale Shares to any person at a price not being less than the Sale Price. The directors may require to be satisfied that the Sale Shares are being transferred in pursuance of a bona fide sale for the consideration stated in the transfer without any deduction, rebate or allowance of any kind to the Purchaser. If not satisfied, the directors may refuse to register the relevant instrument of transfer. A director who is, or is nominated by, the Vendor shall not be entitled to vote at any board meeting at which a resolution relating to the sale is proposed.

3.2.9 Upon transferring any of the Sale Shares to the Transferees or a third party in accordance with the provisions of this article the Vendor shall procure that all directors appointed by the board of the Company resign and, pending registration of the transfer, shall assist (if necessary) in procuring that directors nominated by the transferee are appointed in their place.

3.2.10 Notwithstanding the above, the directors may decline to register a transfer of a share on which the Company has a lien.

3.2.11 The restrictions on transfer contained in this article shall not apply to:

- 3.2.11.1 a transfer approved in writing by all the members;
- 3.2.11.2 a transfer from a holder of 'A' Shares to another holder of 'A' Shares and a transfer from a holder of 'B' Shares to another holder of 'B' Shares;
- 3.2.11.3 a transfer by a corporate member ('the transferor company') to an associated company ('the transferee company') (that is to say, a holding company or wholly-owned subsidiary of the transferor company and any other wholly-owned subsidiary of any holding company). If the transferor company and the transferee company cease to be associated, the transferee company shall be deemed to have given a Transfer Notice immediately prior to that event in respect of all shares transferred to it unless it retransfers the shares to the transferor company;
- 3.2.11.4 a transfer by a corporate member to a company formed to acquire the whole or a substantial part of its undertaking and assets as part of a scheme of amalgamation or reconstruction.

It must be proved to the reasonable satisfaction of the directors that the transfer bona fide falls within one of these exceptions.

3.2.12 For the purposes of this article the following shall be deemed to be a relevant event:

- 3.2.12.1 a direction (by way of renunciation, nomination or otherwise) by a member entitled to an allotment or transfer of shares to the effect that all or any of the shares be allotted, issued or transferred to another;

- 3.2.12.2 a sale or other disposition of any beneficial interest in a share (whether or not for consideration) by a member otherwise than in accordance with the above provisions and whether or not made in writing;
- 3.2.12.3 a corporate member entering into liquidation (other than a members' voluntary liquidation for the purpose of a solvent reconstruction or amalgamation) or an administrative receiver or a receiver being appointed over any of its assets or an administration order being made against it;
- 3.2.12.4 the death or bankruptcy of a member;
- 3.2.12.5 an employee who is a member ceasing to be employed by the Company for any reason.

Transfer Notice shall be deemed to relate to all the shares held by the member referred to.

3.2.13 If a relevant event occurs in relation to a member, the member shall be deemed to have given a Transfer Notice in respect of all shares of each class held by the member or by any nominee for the member immediately prior to the event.

3.2.14 If a corporate member ceases to be controlled by the person who at the time when it became a member had control, the member shall be deemed immediately prior to that event to have served a Transfer Notice in respect of all the shares held by it, unless all the other holders of shares otherwise agree in writing. For the purposes of this paragraph, a person shall be deemed to have control of a corporation if the corporation is a subsidiary of that person or would have been a subsidiary if that person had itself also been a corporation.

3.2.15 Any Transfer Notice deemed to have been given under Article 3.2.11.3, 3.2.13 or 3.2.14 of this Article shall be deemed to contain a proviso, binding on the Company, that unless all the Sale Shares comprised in it are sold by the Company pursuant to this article none shall be sold. Article 3.2.3 shall not apply in so far as it entitles the Vendor to withdraw the Transfer Notice. Where a member gives a Transfer Notice in circumstances where a Transfer Notice would otherwise be deemed to have been given by that member shall not be entitled to withdraw it.

3.2.16 For the purpose of ensuring that a transfer of shares is duly authorised, or that no circumstances have arisen whereby a Transfer Notice is deemed to have been given, the directors may require a member, the legal representatives of a deceased member, the liquidator of a corporate member or a person named as transferee in a transfer lodged for registration to furnish to the Company such information and evidence as the directors think fit regarding any matter they deem relevant to that purpose. If the information or evidence is not furnished to the satisfaction of the directors within a reasonable time after the request, the directors shall be entitled to refuse to register the transfer in question. In a case

where no transfer is in question or if the information or evidence discloses that a Transfer Notice ought to be given in respect of any shares, the directors shall be entitled within a reasonable time to require, by notice in writing given to the registered holder, that a Transfer Notice be given in respect of the shares concerned. A director who is, or is nominated by, the Vendor or the holder of the shares concerned shall not be entitled to vote at any board meeting at which a resolution considering the registration of a transfer or (in case no transfer is in question) to require by notice in writing that a Transfer Notice be given in respect of the shares concerned is proposed. If the directors require that a Transfer Notice be given and it is not duly given within one month from the date of its being required, the Transfer Notice shall be deemed to have been given at the expiration of the month and the provisions of this article shall take effect accordingly.

3.2.17 Subject to Article 3.2.16 of this Article, the directors shall register any transfer made pursuant to or permitted by this article but shall refuse to register any other transfer.

#### **4. General Meetings**

- 4.1 The powers of consolidation, division, sub-division and cancellation of the share capital of the Company conferred by regulations 32(b), (c) and (d) of Table A shall be exercised by special resolution.
- 4.2 No business shall be transacted at any general meeting unless the requisite quorum is present. Two members present in person or by proxy (or, in the case of a corporate member, by representative) shall be a quorum for all purposes, provided that, whilst the issued share capital of the Company is divided into 'A' and 'B' Shares, one member is the holder of an 'A' Share and the other the holder of a 'B' Share. Where all the holders of a class have waived in writing the quorum requirement in relation to that class, the waiver shall be effective for the meeting or particular business, or otherwise, as specified in the waiver.
- 4.3 If within half an hour from the time appointed for a general meeting a quorum is not present, the meeting shall stand adjourned to the same day (or, if that day is a holiday, to the next following working day) in the next week but one and at the same time and place or to such other date, time and place as the directors determine (not being more than 30 days nor less than 10 days after the date appointed for the general meeting unless agreed by the holders of not less than nine tenths in nominal value of the shares entitled to vote at the meeting). If at the adjourned meeting a quorum of one 'A' shareholder and one 'B' shareholder is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.
- 4.4 Where a meeting is adjourned under Article 4.3 for 10 days or more, not less than 7 days' notice of the adjourned meeting shall be given as in the case of an original meeting.
- 4.5 The 'A' Shares shall not confer the right to vote, either on a show of hands or on a poll, upon a resolution for the appointment or removal from office of a 'B' director as defined in article 5.5.

- 4.6 The 'B' Shares shall not confer the right to vote, either on a show of hands or on a poll, upon a resolution for the appointment or removal from office of an 'A' director as defined in Article 5.3.
- 4.7 If at a meeting a holder of any 'A' Shares is not present in person or by proxy, the votes exercisable on a poll in respect of the 'A' Shares held by members who are present in person or by proxy shall be pro tanto increased so that their 'A' Shares shall together entitle them to the same aggregate number of votes as could be cast in respect of all the 'A' Shares if all the holders were present.
- 4.8 If at a meeting a holder of any 'B' Shares is not present in person or by proxy, the votes exercisable on a poll in respect of the 'B' Shares held by members who are present in person by proxy shall be pro tanto increased so that their 'B' Shares shall together entitle them to the same aggregate number of votes as could be cast in respect of all the 'B' Shares if all the holders were present.
- 4.9 A resolution shall not be validly passed unless at least one holder of 'A' Shares and at least one holder of 'B' Shares votes in its favour.

## **5. Procedure in the event of deadlock**

- 5.1 This clause applies in any case where:

5.1.1 a matter relating to the affairs of the Company has been considered by a meeting of the board; and

5.1.2 the matter is not resolved within fourteen days from the date of the meeting as a result of an intervention by the Shareholders.

Any such case is referred to as a "deadlock".

- 5.2 In any case of deadlock each of the Shareholders shall, within seven days of the deadlock arising, cause its appointees on the board to prepare and circulate to the other Shareholders and directors a memorandum or other form of statement setting out their position on the matter in dispute and their reasons for adopting that position. Each memorandum or statement shall be considered by the person to whom it shall be addressed and they shall endeavour to resolve the deadlock. If they agree upon a resolution or disposition of the matter, they shall execute a statement setting out the agreed terms and the Shareholders shall exercise the voting rights and other powers available to them to procure that the agreed terms are fully and promptly carried into effect.
- 5.3 If the deadlock is not resolved or disposed of in accordance with clause 5.2 within thirty days after expiry of the seven day period, or such longer period as the Shareholders agree in writing, and if it is obstructing impeding or delaying the Company from achieving its business purposes, any Shareholder may by notice in writing to the others require that the provisions of clause 5.4 be applied and the Shareholders shall procure that their appointees on the board shall forthwith apply the provisions of clause 5.4.

- 5.4 Negotiations as set out below shall be entered into with the assistance of the Centre for Dispute Resolutions who shall appoint a mediator and the following procedure shall apply.

5.4.1 The parties shall within 14 days thereafter meet with the Mediator to agree a programme for the exchange of any relevant information and the structure to be adopted for the negotiations to be held in London.

5.4.2 The Mediator shall be entitled to obtain reports at the cost of the parties from accountants solicitors and persons experienced in the Business and the subject matter of the dispute.

5.4.3 Unless concluded with a written legally binding agreement all negotiations connected with the dispute shall be conducted in confidence and without prejudice to the rights of the parties in any future proceedings.

5.4.4 If the parties accept the Mediator's recommendations or otherwise reach agreement on the resolution of the dispute, such agreement shall be reduced to writing and, once it is signed by their duly authorised representatives, shall be binding on the parties and the agreement shall be implemented in full within fourteen days of the adjudication failing which it shall be rendered null and void (and may not be referred to in any subsequent legal proceedings) unless legal proceedings have been initiated to enforce it by either party within a further fourteen days.

5.4.5 Failing agreement, either of the parties may invite the Mediator to provide a non binding but informative opinion in writing, who need only comply with their request if he considers it would be helpful. Any such opinion shall not be an attempt to anticipate what a Court might order but rather the Mediator's suggestions as to the settlement terms which are considered appropriate in all the circumstances. The party who requests such report shall be required to pay for it.

5.4.6 If the parties fail to reach agreement in the structured negotiations within 60 days of the Mediator being appointed then any dispute or difference between them may be referred to the Court.

5.4.7 Any notice required to be given by any party shall be in writing sent by prepaid, recorded delivery or facsimile and shall be deemed effective if sent by post at the expiration of seventy-two hours after the same was posted by first class post whether or not received or if by facsimile twenty-four hours after dispatch to the correct party provided that such party shall have consented to service by facsimile and shall have given the other party notice in writing of a telephone number at which he is prepared to accept facsimile transmissions. The parties shall notify the others of any change of address within forth.

## **6. The Company may:**

- 6.1 subject to authorisation therefor by elective resolution:

6.1.1 dispense with the holding of annual general meetings.

6.1.2 dispense with the laying of accounts and reports before the Company in general meeting.

6.1.3 dispense with the annual obligation to appoint auditors.

6.1.4 reduce to 90% the requisite majority for agreeing to calling any meeting of the members by shorter notice than the mentioned in sections 369(4) and 378(3) of the Act, and

6.1.5 authorise the directors to allot shares free from any limit in point of time but otherwise subject as hereinbefore mentioned.

6.2 execute by signature of any two directors or one of them and the company secretary and deliver any document so as to have the same effect as a Deed and the Company need not have a common seal.

6.3 prepare publish lay and deliver its accounts without audit but otherwise in accordance with the requirements of the Act so as to give a true and fair view of the financial position of the Company in respect of any accounting reference period wherein the turnover does not exceed £90,000 PROVIDED THAT there shall be substituted from time to time the figure prescribed by law instead of for £90,000 and/or £35,000 and shall procure an independent accounting report to be made in the event of its turnover as aforesaid exceeding £90,000 but not exceeding £350,000 and otherwise shall procure its accounts to be audited in accordance with the Act.

## **7. Directors**

7.1 The 'A' and 'B' directors shall be appointed in writing by directors in post at the date of the incorporation of these Articles and their appointment shall be treated as having taken place under articles 7.3 and 7.5 respectively.

7.2 The directors shall unless otherwise determined by a special resolution of the Company be not more than four in number that is two 'A' directors and two 'B' directors.

7.3 The holders of a majority of the 'A' Shares may from time to time appoint any person to be a director but not more than one persons shall at any one time hold office by virtue of an appointment by holders of 'A' Shares under this article. Each director appointed under this article is designated an 'A' director.

7.4 Each 'A' director may at any time be removed from office by the holders of a majority of the 'A' Shares.

7.5 The holders of a majority of 'B' Shares may from time to time appoint any person to be a director but nor more than one person shall at any one time hold office by virtue of an appointment by the holders of 'B' Shares under this article. Each director appointed under this article is designated a 'B' director.

7.6 Each 'B' director may at any time be removed from office by the holders of a majority of the 'B' Shares.



7.7 An appointment or removal shall be made in writing under the hands of the holders for the time being of the shares in whom the power of appointment or removal is vested, or their duly authorised agents, and shall take effect on and from the date on which notice in writing of it is lodged at the registered office of the Company or delivered to the secretary or to a meeting of the directors.

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

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

7.9 A director does not require a shareholding qualification, but is nevertheless entitled to notice of and to attend and speak at any general meeting.

7.10 A resolution of the Board shall not be validly passed unless at least one 'A' director and one 'B' director votes in favour.

## **8. Powers and duties of directors**

Subject to the provisions of the Act, a director may contract with and participate in the profits of any contract or arrangement with the Company as if that person were not a director. A director may vote in respect of the contract or arrangement, where the director has previously disclosed the director's interest to the Company, or in respect of the director's appointment to any office or place of profit under the Company. The director may also be counted in the quorum at any meeting at which the matter is considered.

## **9. Alternate directors**

A director (other than an alternate director) may appoint any person to be an alternate director and may remove from office an alternate director appointed by a director. When an alternate director is also a director or acts as an alternate director for more than one director, the alternate director shall have one vote for every director represented (in addition to the alternate's own vote if the alternate is a director). When acting, the alternate shall be considered as two directors for the purpose of making a quorum if the quorum exceeds two.

## **10. Disqualification of directors**

Regulation 81 of Table A shall be amended by substituting the following for paragraphs (c) and (e):

- (c) the director becomes, in the opinion of the other directors, incapable by reason of mental disorder of discharging duties as a director; or

- (e) the director is otherwise duly removed from office.

A director shall not be required to vacate office or be ineligible for re-election, and no person shall be ineligible for appointment as a director, by reason only of attaining or having attained any particular age.

## **11. Proceedings of directors**

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

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

the following sentence:

Notice of every meeting of directors shall be given to each director, including directors who are absent from the United Kingdom. Directors absent from the United Kingdom shall be entitled to receive 14 days notice of every meeting.

- 11.2 Questions arising at any meeting of the directors or of any committee shall be decided by a majority of votes of the directors present. The chairman shall have a second or casting vote and regulation 88 of Table A shall be modified accordingly; but:

11.2.1 if at a meeting of the directors or of a committee any 'A' director is not present in person or represented by an alternate director, the votes of the 'A' directors present in person or represented by an alternate director shall be pro tanto increased so that they are entitled to cast the same aggregate number of votes as could be cast by the 'A' directors if they were all present.

11.2.2 if at a meeting of the directors or of a committee any 'B' alternate director, the votes of the 'B' directors present in person or represented by an alternate director shall be pro tanto increased so that they are entitled to cast the same aggregate number of votes as could be cast by the 'B' directors if they were all present.

11.2.3 the quorum necessary for the transaction of business at any meeting of the directors or of any committee is one 'A' director and one 'B' director. Regulation 89 of Table A shall be amended accordingly.

11.2.4 the words 'of filling vacancies, or' shall be omitted from regulation 90 of Table A.

## **12. Capitalisation of profits**

The words 'special resolution' shall be substituted for the words 'ordinary resolution' in regulation 110 of Table A. On any occasion when shares are allotted and distributed credited as fully paid under the provisions of regulation 110 of Table A (as amended by this article) the shares allotted to holders of 'A' Shares shall be or be designated 'A' Shares and the shares allotted to holders of 'B' Shares shall be or be designated 'B' Shares.

### **13. Notices**

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

### **14. Indemnity**

Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director, secretary, auditor or other officer of the Company is entitled to be indemnified by the Company against all losses and liabilities sustained or incurred in the execution of duties or in the exercise of powers or otherwise in connection with an office, including any liability incurred in:

14.1 defending any proceedings, whether civil or criminal, in which judgment is given in the director's favour or in which the director is acquitted or which are otherwise disposed of without any finding or admission of any material breach of duty by the director or

14.2 in connection with any application in which relief is granted to a director by the court from liability in respect of any act or omission done or alleged to be done by a director as an officer or employee of the Company. The Company may purchase and maintain for any person to whom this article applies insurance against any liability in respect of which he is entitled to be indemnified.

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NAMES AND ADDRESSES OF SUBSCRIBERS

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**LONDON LAW SERVICES LIMITED,**  
Temple Chambers,  
Temple Avenue,  
London EC4Y 0HP.

**LONDON LAW SECRETARIAL LIMITED,**  
Temple Chambers,  
Temple Avenue,  
London EC4Y 0HP.

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**Dated the 23rd day of September, 1999.**

Witness to the above Signatures:-

COLIN A LAY,  
Temple Chambers,  
Temple Avenue,  
London EC4Y 0HP.