

COMPANY NO: 3877777

COMPANY NAME: CDC GROUP PLC

**THE COMPANIES ACT 1985
COMPANY LIMITED BY SHARES**

At an **Extraordinary General Meeting** of the members of the above named company duly convened and held at :

One Bessborough Gardens, London SW1V 2JQ on 17 August 2001, the following Special Resolution was passed:

SPECIAL RESOLUTION

"That the Articles of Association of the Company be amended by deleting in the present Article 102 (i) the words "£120,000 a year" and by substituting therefor the words "£200,000 a year".



Assistant Group Secretary

Date: 22 August 2001



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THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF
CDC Group plc

(REGISTERED WITH THE REGISTRAR OF COMPANIES ON 8TH DECEMBER, 1999)
NO.3877777

Company number
3877777

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION
OF
CDC GROUP PLC

1. The company's name is "CDC Group plc". It is referred to as CDC in the rest of this memorandum.
2. CDC is a public company.
3. CDC's registered office is in England and Wales.
4. CDC's objects are:
 - (1) to carry on the business of a company investing its assets principally in debts and securities of entities operating, or expected to operate, in developing economies;
 - (2) to implement policies designed, in the opinion of CDC's directors, to maximise the creation and long-term growth of viable businesses in developing countries, especially poorer countries, achieve attractive returns for shareholders and implement social, environmental and ethical best practice in the conduct of CDC's and its subsidiary undertakings' business;
 - (3) to acquire and hold, by way of investment, shares, debentures, warrants, options, securities, mortgages, annuities and investments and instruments of every kind (including, without limitation, contracts for differences and contracts for futures and whether issued or entered into by the government of any country or territory, any public authority, any international organisation or any other person) and from time to time to vary any such investments;
 - (4) to acquire any of the items referred to in the preceding sub-clause by original subscription, syndicate participation, tender, purchase, exchange or otherwise, and whether or not fully paid up, and to subscribe for the same, either conditionally or otherwise, and to guarantee its subscription and to exercise and enforce all rights and powers conferred by or incidental to ownership and to act as managers of any syndicate;
 - (5) to lend money (with interest) secured on any land, buildings, stocks, shares, securities and merchandise, and generally to lend and advance money to any persons or

companies without security, or upon such securities and terms, and subject to such conditions as may seem appropriate;

- (6) to act as financial advisers and to facilitate and encourage the creation, issue or conversion of and to offer to the public any investment or other instrument, and to act as trustees in connection with any such investments and instruments and to establish or to promote or to concur in establishing or promoting any company, association, undertaking or public or private body, wherever located, the promotion of which shall be considered desirable;
- (7) to acquire and hold any kind of interest in, or provide any form of capital for, any enterprise, concern or person, to carry on business as a holding company, and, generally and in addition, to carry out, or through subsidiaries or otherwise be interested or participate in, all kinds of financial, commercial, transport, industrial, technological and other transactions and activities;
- (8) to acquire, dispose of, deal in and enter into every other kind of transaction in relation to land, buildings, plant, machinery, equipment, vehicles, ships, rigs, aircraft, merchandise, goods and other assets;
- (9) to receive money on deposit or otherwise, to provide or arrange advances or any other form of credit or finance, to enter into or arrange transactions of every kind in relation to foreign exchange, bullion, commodities, futures, options and similar instruments and to engage in all forms of arbitrage;
- (10) to act as trustee, personal representative, director or agent of any kind and for any purposes, and to establish, operate or otherwise act in relation to any unit trust, investment trust or collective investment scheme;
- (11) to provide management, administrative, advisory, professional and technical services of any kind and in any manner;
- (12) to undertake any kind of scientific or technical research and development and acquire, develop, register, protect and renew patents, trade-marks, copyrights, designs, inventions, processes and intellectual, technical and similar rights and all forms of know-how;
- (13) to undertake any business or transaction which the directors consider can be profitably or advantageously undertaken in conjunction or concurrently with any other business or transaction being or proposed to be undertaken by CDC, and to turn to account any of CDC's assets in any manner which the directors consider appropriate;
- (14) to enter into all forms of distributorship, franchise, licensing and agency transactions;
- (15) to enter into any partnership, joint venture, co-operation and similar transactions, to carry out any form of take-over, acquisition, merger, amalgamation, demerger or reorganisation, to acquire or assume all or any part of the undertaking, assets, liabilities and obligations of any person, and to dispose of all or any part of the undertaking, assets, liabilities and obligations of CDC;

- (16) to borrow or raise money by any method and to obtain any form of credit or finance;
- (17) to secure the payment of any moneys, the discharge of any liabilities and the observance or performance of any kind of obligations by CDC by any charge over the whole or any part of the undertaking and assets of CDC;
- (18) to guarantee in any manner, or to enter into any kind of indemnity or other arrangement in relation to, the discharge of any liabilities or the observance or performance of any kind of obligations of any person and to secure any such guarantee, indemnity or arrangement or the discharge of any liabilities or the observance or performance of any such obligations by any charge over the whole or any part of the undertaking or assets of CDC;
- (19) to give any financial assistance that may lawfully be given in connection with the acquisition of shares in CDC or any other company;
- (20) to enter into all forms of indemnity in relation to claims, losses and contingencies of every kind and, for that or any similar purpose, to create any charge, over the whole or any part of the undertaking and assets of CDC;
- (21) to make, draw, accept, issue, execute, indorse, avalise, negotiate and deal with instruments and securities of every kind, whether or not negotiable or transferable;
- (22) to employ, accept on secondment, retain and appoint managers, employees, professional and technical staff and personnel and advisers of every kind, and to enter into any arrangement for payment or other remuneration (including all forms of benefits) in respect of the services of such persons;
- (23) to provide or arrange for pensions, lump sum payments, gratuities, life, health, accident and other insurances and other benefits (pecuniary or otherwise) of every kind to or for the benefit of any individuals who are or have been directors of, or employed by, or who provide or have provided personal services to or for, CDC or any company which is or has been a subsidiary, holding company or fellow subsidiary of CDC or otherwise connected with CDC or of any such subsidiary, holding or fellow subsidiary or connected company and to or for the benefit of the present or former spouses, children and other relatives and dependants of such individuals and other persons who have or formerly had with any such individuals any relationship of such a kind as the directors may approve; and for those purposes to establish or participate in any fund or scheme, to effect or contribute to any form of insurance and to enter into any other arrangements of any kind which the directors may approve;
- (24) to establish, maintain and participate in profit sharing, share holding, share option, incentive or similar schemes for the benefit of any of the directors or employees of CDC or of any such subsidiary, holding or fellow subsidiary or connected company and of any other person falling within any category approved by the directors, and to lend money to any such directors, employees or persons or to trustees on their behalf to enable any such schemes to be established or maintained;
- (25) to support and subscribe to any institution or association which may be for the benefit of CDC or its directors or employees or connected with any town or place where

CDC carries on business, to support and subscribe to any charitable or public object whatsoever and to make donations to bodies, associations or causes with political objects;

- (26) to distribute among the members of CDC in kind any assets of CDC;
- (27) to pay any expenses connected with the promotion of CDC, to contract with any person to pay the same, and to pay commissions, fees and expenses or issue securities of CDC for underwriting, placing, distributing, or entering into any other kind of transaction in relation to, any securities of CDC;
- (28) to exercise any power of CDC for any consideration of any kind or for no consideration whatsoever;
- (29) to exercise any power of CDC in any country or territory and by or through agents, trustees, sub-contractors or otherwise and either alone or in conjunction with others;
- (30) to do all other things (whether similar to any of the foregoing or not) which may be considered by the directors of CDC incidental or conducive to the attainment of CDC's objects or any of them;

and it is declared that:

- (a) this clause will be interpreted in the widest and most general manner and without regard to any restrictive principle of interpretation;
- (b) each of the above subclauses, unless it expressly provides to the contrary, sets out a separate, distinct and independent object of CDC and not a power ancillary or incidental to the objects set out in any other subclause;
- (c) each of those subclauses will not prejudice the generality of any other subclause and no subclause will be in any way limited or restricted by reference to or inference from any other subclause;
- (d) in this clause:
 - (i) "assets" includes property, rights and interests of every description, whether present or future, actual or contingent and wherever located and, in the case of CDC, its uncalled capital;
 - (ii) "charge" includes any mortgage, pledge, lien or other form of security;
 - (iii) "dispose of", in relation to an asset, includes selling or transferring it or surrendering or extinguishing it, and also creating or granting it or any interest or right out of or in respect of it;
 - (iv) "liabilities" includes debts and obligations of every description, whether present or future, actual or contingent;

- (v) "person" includes any partnership or other body of persons, whether corporate or unincorporate, and any country, territory, public authority and international organisation;
- (vi) "transaction" includes any scheme, arrangement and project; and
- (vii) the word "company", except where used in reference to CDC, shall be deemed to include any partnership or other body of persons, whether corporate or unincorporate and wherever incorporated, resident or domiciled.

- 5. The liability of the members is limited.
- 6. CDC's share capital is £10,000,001 divided into 100,000,000 shares of 10 pence each and one special rights redeemable preference share of £1.

Dated 8th December, 1999.

DATED 8th DECEMBER, 1999

THE COMPANIES ACT 1985

A PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

CDC Group plc

(As amended pursuant to a special resolution
passed on 17 August 2001)

(REGISTERED WITH THE REGISTRAR OF COMPANIES ON 8TH DECEMBER, 1999)
NO. 3877777

COMPANY NO: 3877777

COMPANY NAME: CDC GROUP PLC

1. THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

At an **Extraordinary General Meeting** of the members of the above named company duly convened and held at :

One Bessborough Gardens, London SW1V 2JQ on 17 August 2001, the following Special Resolution was passed:

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ARTICLES OF ASSOCIATION

of

CDC GROUP PLC

(Registered with the Registrar of Companies on 8th December, 1999)

1. EXCLUSION OF TABLE A

The regulations in Table A of The Companies (Tables A to F) Regulations 1985 and any similar regulations in any other legislation relating to companies do not apply to CDC.

2. DEFINITIONS

- (A) The following table gives the meaning of certain words and expressions as they are used in these articles. However, the meaning given in the table does not apply if it is not consistent with the context in which a word or expression appears. At the end of these articles there is a Glossary which explains various words and expressions which appear in the text. The Glossary also explains some of the words and expressions used in the memorandum. The Glossary is not part of the memorandum or articles and does not affect their meaning.

"amount" (of a share)	this refers to the nominal value of the share;
"these articles"	these articles of association as altered from time to time and the expression "this article" will be interpreted accordingly;
"auditors"	the auditors from time to time of CDC or, in the case of joint auditors, any one of them;
"board"	the board of directors of CDC from time to time;
"business principles committee"	the committee constituted in accordance with article 120;
"CDC"	CDC Group plc;
"certificated share"	a share which is not a CREST share and is normally held in certificated form;
"chairman"	the chairman of the board of directors;
"clear days"	in relation to the period of a notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect;

"clearing house"	any pooled nominee service approved by CDC or otherwise recognised;
"Companies Act"	The Companies Act 1985;
"CREST"	the electronic settlement system for securities traded on the London Stock Exchange and owned by CREST Co., or any similar system;
"CREST share"	a share which is noted on the shareholders' register as being held through CREST in uncertificated form;
"Crown"	one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Commissioners of Her Majesty's Treasury, the Treasury Solicitor or any other person acting on behalf of the Crown;
"depository"	a custodian or depository (or a nominee of one of these) which holds shares and issues receipts in relation to share rights under the terms of a contract between it and CDC, where the custodian, depository or nominee is acting in such capacity;
"directors"	the executive and non-executive directors of CDC who make up its board of directors (and "director" means any one of them) or the directors present at a meeting of the directors at which a quorum is present;
"investment policy"	the investment policy of CDC adopted in accordance with article 51 from time to time;
"legislation"	every statute including the Commonwealth Development Corporation Act 1999 (and any orders, regulations or other subordinate legislation made under it) applying to CDC;
"London Stock Exchange"	the London Stock Exchange Limited;
"office"	the registered office of CDC from time to time;
"ordinary shares"	CDC's ordinary shares;
"ordinary shareholder"	a holder of CDC's ordinary shares;
"paid up"	paid up or credited as paid up;
"pay"	includes any kind of reward or payment for services;
"register"	CDC's register of members;
"registration date"	8th December, 1999;
"seal"	any common, securities or official seal that CDC may

	be permitted to use under the legislation;
"secretary"	the secretary, or (if there are joint secretaries) any one of the joint secretaries, of CDC and includes an assistant or deputy secretary and any person appointed by the directors to perform any of the duties of the secretary;
"shareholder"	the person whose name is entered in the register as a holder of CDC's shares;
"special share"	the one special rights redeemable preference share of £1 in the capital of CDC;
"special shareholder"	the holder of the special share from time to time;
"statement of business principles and policies"	the statement of business principles and policies of CDC adopted in accordance with article 52 from time to time;
"Treasury Solicitor"	the Solicitor for the affairs of Her Majesty's Treasury;
"Uncertificated Securities Regulations"	The Uncertificated Securities Regulations 1995; and
"United Kingdom"	the United Kingdom of Great Britain and Northern Ireland.

- (B) References in these articles to a document being "executed" include references to its being executed under hand or under seal or by any other method.
- (C) References in these articles to "writing" include references to any method of representing or reproducing words in a legible and non-transitory form.
- (D) Words which are in the singular may also be read as being in the plural and the other way round. Words which are in the masculine form may also be read as referring to the feminine or to other bodies or persons. References to a person or people include any company, partnership, firm, government authority, body or society whether or not incorporated.
- (E) When any legislation is referred to, this includes any amendment, as well as its addition or re-enactment (with or without modification) in later legislation. References to legislation are to the version which is current at any particular time.
- (F) Any words or expressions defined in the legislation in force when these articles or any part of these articles are adopted will (if not inconsistent with the subject or context in which they appear) have the same meaning in these articles or that part save the word "company" includes any body corporate.
- (G) References to a meeting will not be taken as requiring more than one person to be present if any quorum requirement can be satisfied by one person.

- (H) Headings in these articles are only included for convenience. They do not affect the meaning of these articles.
- (I) Where these articles refer to a person who is entitled to a share by law, this includes a person who is entitled to the share as a result of the death or bankruptcy of a shareholder.
- (J) References to months or years, are calendar months or years.
- (K) Where these articles give any power or authority to any person, this power or authority can be used on any number of occasions, unless the way in which the words are used does not allow this meaning.

3. FORM OF RESOLUTION

- (A) Where these articles or the legislation say that anything can be done by passing an ordinary resolution, this can also be done by passing a special resolution or an extraordinary resolution.
- (B) Subject to the legislation, a written resolution signed by or on behalf of each shareholder who would have been entitled to vote on it at a general meeting will be as effective as a resolution passed at a general meeting which is properly called and held. A written resolution which is described as a special resolution will be treated as a special resolution. A written resolution which is described as an ordinary resolution will be treated as an ordinary resolution. The resolution may be passed using several copies of a document if each document is signed by one or more shareholders. These copies can be fax copies.

4. AUTHORISED SHARE CAPITAL

CDC's authorised share capital on the registration date is £10,000,001 divided into 100,000,000 ordinary shares of 10 pence each and one special rights redeemable preference share of £1.

5. RIGHTS ATTACHED TO SHARES

Subject to the legislation, CDC may issue shares with any rights or restrictions attached to them. These rights or restrictions can be decided either by an ordinary resolution passed by the shareholders or by the directors as long as there is no conflict with any resolution passed by the shareholders. The ability to attach particular rights and restrictions to shares may be restricted by special rights previously given to holders of existing shares.

6. REDEEMABLE SHARES

Subject to the legislation and to any special rights previously given to existing shareholders, CDC may issue shares which can be redeemed. This may include shares which can be redeemed if the shareholders want to do so, as well as shares which CDC can insist on redeeming.

7. PURCHASE OF OWN SHARES

Subject to any special rights previously given to existing shareholders, CDC may purchase or contract to purchase any of its shares (including redeemable shares), if the legislation allows this. However, if CDC has other securities in issue listed on the London Stock Exchange allowing shareholders to convert them into or exchange them for shares which are equity shares and are the class of shares to be purchased, if the Listing Rules of the London Stock Exchange so require, the shareholders of such securities must first pass an extraordinary resolution approving the purchase at a class meeting. A resolution is not required if the terms on which the securities were issued allow the purchase. The directors are not required to select the shares to purchase in any particular manner.

8. VARIATION OF RIGHTS

If the legislation allows this, the rights attached to any class of shares may be changed if this is approved either in writing by shareholders holding at least three quarters in nominal value of the issued shares of that class or by an extraordinary resolution passed at a separate meeting of the shareholders of the relevant class of shares. This is called a "class meeting". All the articles relating to general meetings will apply, with any necessary changes, to any such class meeting. The following changes will also apply:

- (i) a quorum will be present if at least two shareholders are present in person or by proxy who own at least one third in nominal value of the issued shares of the class;
- (ii) any shareholder of shares of the relevant class who is present in person or by proxy can demand a poll;
- (iii) on a poll every shareholder who is present in person or by proxy is entitled to one vote for every share he has of the class (but this is subject to any special rights or restrictions which are attached to any class of shares); and
- (iv) at an adjourned meeting, one person who holds shares of the class, or his proxy, will be a quorum.

The provisions of this article will apply to any change of rights of shares forming part of a class. Each part of the class which is being treated differently is treated as a separate class in operating this article.

9. PARI PASSU ISSUES

If new shares are created or issued which rank equally with any other existing shares, the rights of the existing shares will not be regarded as changed unless the terms of the existing shares expressly say otherwise.

10. UNISSUED SHARES

The directors may decide how to deal with any shares which have not been issued. They may, for instance, offer the shares for sale, grant options to acquire them, allot them or dispose of the shares in any other way. The directors are free to decide who they deal with, when they deal with the shares and the terms on which they deal with the shares. However, in making their decision they must obey:

- (i) the provisions of the legislation relating to authority, pre-emption rights and other matters; and
- (ii) any resolution of a general meeting which is passed under the legislation.

11. SPECIAL SHARE

The provisions of this article are subject to the provisions of section 18 of the Commonwealth Development Corporation Act 1999.

- (A) The special share may only be issued to, held by and transferred to one or more of Her Majesty's Secretaries of State, another Minister of the Crown, the Treasury Solicitor or any other person acting on behalf of the Crown.
- (B) The amendment or removal of, or alteration of the effect of, certain provisions of these articles shall require the written consent of the special shareholder. This is so even if these articles suggest otherwise. If an attempt is made to change any of these provisions by special resolution, the special shareholder shall have no less than one more vote than 25 per cent. of the total votes cast. This restriction on amendment, removal or alteration applies to the following provisions:
 - (i) in article 2 (Definitions), the definitions of "Crown", "special share" and "special shareholder";
 - (ii) this article;
 - (iii) article 12 (Limitations on shareholdings);
 - (iv) article 87 (Number of directors);
 - (v) article 92 (Appointment of directors by Special Shareholder);
 - (vi) in articles 93 and 94 (Number to Retire by Rotation and Identity of Directors to Retire) and 106 (Permitted Interests and Voting), those provisions relating or applying to a director appointed by the special shareholder;
 - (vii) any other references in these articles to a director appointed by the special shareholder;
 - (viii) articles 114 (Notice of Directors' Meetings) and 119 (Voting);
 - (ix) article 51 (Investment Policy);
 - (x) article 52 (Statement of Business Principles and Policies) and the reference to it in article 119; and
 - (xi) article 120 (Delegation to Committees; Business Principles Committee);
- (C) The written consent of the special shareholder is also required before certain events can take place. This is so even if these articles suggest otherwise. This restriction applies to the following events:

- (i) CDC creating, issuing, purchasing, redeeming or repaying any of its shares or reducing or reorganising its share capital or any rights to it in any way;
- (ii) CDC altering the voting rights of any of its shares;
- (iii) CDC entering into a transaction with a related party. In this article, a transaction is a transaction with a related party if it falls within the definition of this expression in the Listing Rules of the London Stock Exchange in force on the registration date, with one exception. A transaction with the Crown will not be caught by this provision;
- (iv) CDC altering clause 4 of its memorandum of association; and
- (iv) the removal of any director appointed by the Secretary of State.

If an attempt is made to approve any of these events or to pass a resolution to wind up CDC at a general meeting, on an ordinary resolution the special shareholder will have no less than one vote more than the total number of all other votes cast and, on a special resolution, he shall have no less than one more vote than 25 per cent. of the total votes cast.

- (D) The special shareholder's only rights regarding meetings are set out in this article 11. The special shareholder must receive notice of any general meeting and any class meeting. He may attend and speak at any such meeting, but, subject to articles 11(B) and 11(C), the special share carries no voting rights.
- (E) If CDC is wound up, the special shareholder will be entitled to be repaid the capital on the special share before other shareholders receive any payment. The special shareholder has no other right to share in the capital or profits of CDC.
- (F) CDC:
 - (i) will, if it receives a written request at its registered office from the special shareholder to redeem the special share, redeem that share at face value on any day falling within a period of 180 days, commencing with the day on which CDC receives the written request, or within such longer period as the special shareholder may specify in writing to CDC; and
 - (ii) may redeem the special share at face value on the day ("the date of redemption") on which the Crown:
 - (a) holds less than 25 per cent. of the issued ordinary share capital of CDC, and
 - (b) has held less than 25 per cent. of that capital of CDC for a continuous period of at least 90 days ending on the redemption date,

provided that (1) the Secretary of State is released from his statutory duty to ensure that the Crown continues to hold the special share; and (2) CDC has given notice of its intention to do so; and, for this purpose, CDC has given notice of its intention to redeem the special share if, at least 30 clear days, but not more than 90 clear days, before the date of redemption, it has:

- (a) served notice on the Crown that the Crown holds less than 25 per cent. of the issued ordinary share capital of CDC, and
- (b) published the notice in the London Gazette.

For the purposes of this article, ordinary shares are held by the Crown if:

- (a) they are held directly by the Crown or;
- (b) they are held indirectly by the Crown, in the number and to the extent described in the paragraph below. Shares are held indirectly by the Crown where the Crown has an interest in another entity (such as a company, partnership or other legal entity) and that entity holds shares in CDC, either directly or indirectly through any number of intermediary entities.

Where CDC shares are held indirectly, the number of shares attributable to the Crown will be calculated by multiplying the direct or indirect proportionate interest the Crown has in the ordinary share capital, or its equivalent, of the entity which directly holds the CDC shares by the proportion of CDC shares held by that entity. The Crown may only include an indirect holding of CDC shares for the purposes of this article, if the Crown is able to control the ability of the entity which directly holds the shares to dispose of the CDC shares and can prevent the Crown's interest in that entity from changing. If the Crown has no control over either of these events, the transfer of CDC shares to that entity will be treated as a transfer of CDC shares to an entity in which the Crown does not have an interest.

Following the redemption of the special share, the provisions of this article will no longer apply.

- (G) Where the written consent of the special shareholder is required under these articles, CDC must request the consent by notice in writing. The special shareholder will be treated as refusing consent if consent is not given within 60 clear days of CDC's request.

12. LIMITATION ON SHAREHOLDING

- (A) This article will apply until the date CDC redeems the special share. After that date this article will be of no effect. This article does not apply, at any time, to those listed in paragraph (M) of this article which are referred to in this article as "permitted persons".
- (B) This article is designed to ensure that no-one other than a permitted person may directly or indirectly own or control the right to exercise 15 per cent. or more of the votes attaching to the shares which carry voting rights on a poll vote in general meeting. In this article an interest in 15 per cent. or more of the shares which carry voting rights is referred to as a "15 per cent. interest". The shares relevant to this interest are "15 per cent. shares" and a person, other than a permitted person, who has, or whom the directors reasonably believe has, a 15 per cent. interest, is a "15 per cent. shareholder".
- (C) Certain provisions of Part VI of The Companies Act 1985 in force on the registration date deal with disclosure of interests. These provisions are referred to as the "disclosure provisions" in this article. Certain of the expressions used in the disclosure provisions

are used in this article. For the purposes of this article, these expressions will continue to bear the meanings given to them in the disclosure provisions even if the Companies Act 1985 is amended, re-enacted or repealed. However, for the avoidance of doubt, sections 210(3) to (6), 211(10), 213(3) (so far as it relates to section 211(10)), 214(5), 215(8), 216(1) to (4), 217(7), 218(3), 219(3) and (4), 454, 455, 732 and 733 of the disclosure provisions do not apply to disclosure under this article. The result of this is that people with particular interests in CDC's shares are under a duty to disclose their interest to CDC.

A person has an interest in the shares which may fall to be disclosed under this article if:

- (i) he has a notifiable interest under the disclosure provisions; or
- (ii) he has an entitlement to acquire an interest which could arise as a result of an agreement or arrangements as defined in sections 204(5) and (6) of the disclosure provisions and which would constitute a notifiable interest under the disclosure provisions.

CDC will keep a register to record all interests notified to it under this article.

- (D) If the directors know or reasonably believe that someone is a 15 per cent. shareholder, they will send out a notice to that person and all others who have, or the directors reasonably believe have, an interest in the shares. If none of these is the shareholder the directors will also send the notice to the shareholder. The directors will not need to send a notice to someone if they do not know his name or address. The notice will:

- (i) set out the restrictions described in paragraph (H);
- (ii) require that the recipients of the notice dispose of sufficient shares so that the 15 per cent. shareholder no longer has a 15 per cent. interest. The 15 per cent. shareholder must ensure that no other persons acquire a 15 per cent. interest as a result of that disposal; and
- (iii) state the date by which the recipients must have complied with the disposal requirements.

The directors will decide how long the notified parties have to comply with the requirements and may extend the period after sending out the notice.

- (E) The directors may withdraw the notice at any stage if it appears to them that no-one has a 15 per cent. interest. While the notice is outstanding the notified parties may not transfer any of the 15 per cent. shares other than to reduce the interest in line with the notice.
- (F) If the directors have not withdrawn the notice and are not satisfied that the parties have complied with the notice, the directors will dispose of sufficient of the 15 per cent. shares so that there is no longer any related 15 per cent. interest. When the directors dispose of shares under this article, the disposal is referred to as a "directors' disposal". The directors will decide the timing, terms and means of any directors' disposal after taking account of the advice of those the directors consider appropriate in the circumstances. The directors will not be liable to any person for any consequence of the directors relying on advice given. If the 15 per cent. shares are held by more than one shareholder the directors will, to the extent practicable on the basis of information

they have at the time, dispose of the same proportion of each holding. For this article only, the joint holders are treated as one shareholder. The directors will send notice of the directors' disposal to the same people who received the original notice. These people will be treated as irrevocably and unconditionally having authorised the directors' disposal.

- (G) In making any directors' disposal the directors may give written authorisation to any officer or employee of CDC to execute or effect any necessary transfers. The board may enter the person or persons to whom the shares are being transferred in the register and issue share certificates to them even if they do not have the share certificates for the 15 per cent. shares. A transfer made in this way is as effective as if it had been made by the shareholder. The proceeds of any directors' disposal will be held on trust by CDC for the relevant shareholder, after the deduction of all expenses incurred by CDC in relation to the disposal. No interest will be paid on the proceeds. If the person to whom the shares are being transferred pays the purchase money to CDC and has a receipt for this payment, he will get good title. He does not need to take any steps to see how any money paid is used. Where a shareholder's shareholding is reduced (but not extinguished) by the directors' disposal, a new certificate indicating the change in the shareholding will be issued to the shareholder. If the shareholding is in uncertified form, the provisions dealing with CREST shares under article 16 will apply.
- (H) Shareholders who have received notice under paragraph (D), are not entitled to attend or vote at any general or class meeting or exercise any other shareholder rights in relation to meetings. Their right to attend, speak and demand and vote on a poll will instead be given to the chairman of the meeting. The chairman may exercise or not exercise these rights at his discretion. The directors will inform the chairman of the meeting of the existence of any restrictions imposed under this article. These restrictions continue until the shareholders have complied with the requirement of the notice or the notice is withdrawn.
- (I) The directors may assume without enquiry that a person is not a 15 per cent. shareholder. If, however, the register kept under paragraph (C) indicates to the contrary or if the directors have reason to believe otherwise, the directors must make reasonable enquiries to clarify the situation. Any director who has reason to believe that someone has a 15 per cent. interest must inform the other directors of that fact.
- (J) When sending a notice to anyone under this article, CDC will apply the rules on giving notice contained elsewhere in these articles as if each recipient were a shareholder. The only exception is that where a person does not have a registered address in the UK, CDC will validly send a notice if it is stamped and posted to him at an address which the directors believe to be his residential or business address, or the last known address held by CDC or a depositary.
- (K) Decisions or actions taken by the directors or the chairman of any meeting under this article are binding on all persons concerned and may not be challenged. The directors do not have to give any reasons for decisions or actions made under this article.
- (L) The obligation to record all interests in shares under paragraph (C) does not apply to depositaries or clearing houses. For the purposes of this article, anyone using the services of a depositary or clearing house has an interest in the number of shares which the depositary or clearing house is, or may become, liable to account to him. This interest will not increase merely because he is a tenant in common in relation to, or

holding as common property, other interests in shares held by the depositary or clearing house.

(M) This article does not apply to the following persons:

- (i) a depositary;
- (ii) a clearing house;
- (iii) the chairman of any meeting exercising the rights given to him under article 12(H);
- (iv) a trustee of a CDC employees' share scheme;
- (v) a person acting on behalf of the Crown;
- (vi) bare trustees of interests in shares;
- (vii) an underwriter acting under the terms of a board approved agreement until three months after actual purchase or subscription of shares by him;
- (viii) a board approved person who within three months of acquiring an interest in shares, intends to offer that interest to the public; and
- (ix) any person having an interest merely because he can exercise one third of the voting power at any general meeting of a company which falls within (i)-(viii) above.

The rights and obligations created by this article are in addition to those imposed by the Companies Act. In particular, the register required to be kept by CDC under paragraph (C) is additional to the register required by section 211 of the Companies Act.

13. PAYMENT OF COMMISSION

In connection with any share issue, CDC may use all the powers given by the legislation to pay commission or brokerage.

14. TRUSTS NOT RECOGNISED

CDC will only recognise, a current and absolute right to whole shares. If a share, or any part of a share, is not owned outright by the registered shareholder (for example, where a share is held by one person as a nominee or otherwise as a trustee for another person) it is of no concern to CDC. The only exceptions to this are where the rights of the kind described are expressly given by these articles or are of a kind which CDC has a legal duty to recognise.

15. SUSPENSION OF RIGHTS WHERE NON-DISCLOSURE OF INTEREST

- (A) CDC may under the Companies Act send out notices to those it knows or has reasonable cause to believe have an interest in its shares. In the notice, CDC will ask for details of those who have an interest and the extent of their interest in a particular holding of shares. In these articles this notice is referred to as a "statutory notice" and the holding of shares is referred to as the "identified shares".

- (B) When a person receives a statutory notice, he has 14 days to comply with it. If he does not do so, CDC may decide to restrict the rights relating to the identified shares and send out a further notice to the shareholder, known as a restriction notice. The restriction notice will take effect when it is delivered. The restriction notice will state that the identified shares no longer give the shareholder any right to attend or vote either personally or by proxy at a shareholders' meeting or to exercise any other right in relation to shareholders' meetings.
- (C) Where the identified shares make up 0.25 per cent. or more (in nominal value or in number) of the existing shares of a class, the restriction notice may also contain the following further restrictions:
- (i) the directors may withhold any dividend or part of a dividend (including scrip dividend) or other money which would otherwise be payable in respect of the identified shares without any liability to pay interest when such money is finally paid to the shareholder; and
 - (ii) the directors may refuse to register a transfer of any of the identified shares in certificated form and, so far as permitted by the Uncertificated Securities Regulations, a transfer of any of the identified shares which are CREST shares, unless the directors are satisfied that they have been sold outright to an independent third party. The independent third party must not be connected with the shareholder or with any person appearing to be interested in the shares. Any sale through the London Stock Exchange or any other stock exchange on which CDC's shares are normally traded or by way of acceptance of a takeover offer will be treated as an outright sale to an independent third party. For this purpose, any associate (as that term is defined in section 435 of the Insolvency Act 1986) is included in the class of persons who are connected with the shareholder or any person appearing to be interested in the shares.
- (D) Once a restriction notice has been given, the directors are free to cancel it or exclude any shares from it at any time they think fit. In addition, they must cancel the restriction notice within 7 days of being satisfied that all information requested in the statutory notice has been given. Also, where any of the identified shares are sold and the directors are satisfied that they were sold outright to an independent third party, the transferred shares will no longer be affected by the restriction notice.
- (E) The restriction notice will apply to any further shares issued in respect of the identified shares. The directors may also make the restrictions in the restriction notice apply to any right to an allotment of further shares associated with the identified shares.
- (F) If a shareholder receives a restriction notice, he may ask CDC for a written explanation of why the notice was given, or why it has not been cancelled. CDC must respond within 14 days of receiving the request.
- (G) If CDC gives a statutory notice to a person it thinks has an interest in any of its shares, it will also give a copy at the same time to the relevant shareholder. If CDC does not do so or the shareholder does not receive the copy, this will not invalidate the statutory notice.
- (H) This article does not restrict in any way the provisions of the Companies Act which apply to failures to comply with notices under section 212 of the Companies Act.

- (I) If CDC gives a statutory notice to a depositary:
 - (i) the depositary need only disclose information to CDC which it is contractually bound to record under the terms of any contract between the depositary and CDC; and
 - (ii) where the depositary is the shareholder, the restrictions referred to in paragraphs (B) and (C) will not be effective until the depositary is sent a notice specifying the other persons which CDC knows or has reasonable cause to believe have an interest in the identified shares.
- (J) For the purposes of this article, the test in article 12(I) will be used to determine the number of shares in which a person is interested in two circumstances:
 - (i) where a person can show he has an interest in any shares because he has a receipt issued by CDC under article 12(G); and
 - (ii) if a person can show he has an interest in any CDC shares which are at the time deposited in the CREST Courier and Sorting Service or registered in the name of a clearing house.
- (K) Where a depositary or clearing house has an interest in shares subject to a restriction notice, the restrictions will only apply to the identified shares, and not to any other shares in which the depositary or clearing house is interested.

16. UNCERTIFICATED SHARES

- (A) Under the Uncertificated Securities Regulations, the directors may allow the ownership of selected shares to be evidenced without share certificates and for these shares to be transferred through CREST. The directors may select and make arrangements for any class of shares to participate in CREST in this way, provided that the shares of the class are identical in all respects.

As long as the directors comply with the Uncertificated Securities Regulations and the rules of CREST, they may also withdraw a class of shares from being transferred through CREST and from allowing ownership of them to be evidenced without share certificates.

CREST shares do not form a class of shares separate from certificated shares with the same rights.

- (B) If CDC has any shares in issue which are in uncertificated form, these articles apply to those shares, but only as far as they are consistent with:
 - (i) holding shares in an uncertificated form;
 - (ii) transferring shares through CREST;
 - (iii) any provision of the Uncertificated Securities Regulations; or
 - (iv) any rules laid down by the directors under this article.

(C) The directors can lay down rules:

- (i) which regulate the issue, holding and transfer and, where appropriate, the mechanics of conversion and redemption of CREST shares and other securities;
- (ii) which regulate the mechanics for payments involving a relevant system; and
- (iii) which make any other provisions which the directors consider are necessary to ensure that the articles are consistent with the Uncertificated Securities Regulations or with any rules or guidance of an Operator of a relevant system under the Uncertificated Securities Regulations.

These rules will, if they say so, apply instead of the other provisions in these articles relating to certificates and the transfer, conversion and redemption of shares and other securities and any other provisions which are not consistent with the Uncertificated Securities Regulations.

- (D) CREST shares may be changed to become certificated shares and certificated shares may be changed to become CREST shares, provided the requirements of the Uncertificated Securities Regulations and the rules of CREST are met.
- (E) Unless the Uncertificated Securities Regulations or the rules of CREST otherwise require or the directors otherwise determine, shares which are issued or created from or in respect of CREST shares will be CREST shares and shares which are issued or created from or in respect of certificated shares will be certificated shares.

17. RIGHT TO A SHARE CERTIFICATE

- (A) When a shareholder is first registered as the holder of any class of certificated shares, he is entitled, free of charge, to a separate share certificate for each class held by him.
- (B) If a shareholder gets more certificated shares of any class, he is entitled, without charge, to another certificate for the extra shares.
- (C) If a shareholder transfers some of his shares represented by a share certificate or chooses to hold some of his shares in uncertificated form, he is entitled, free of charge, to a new certificate for the balance to the extent the balance is to be held in certificated form.
- (D) Where a certificated share is held jointly, CDC does not have to issue more than one certificate for that share. When CDC delivers a share certificate to one joint shareholder, this is treated as delivery to all of the joint shareholders.
- (E) The time limit for CDC to provide a share certificate under this article is:
 - (i) one month after the allotment of a new share in certificated form (or any longer period provided by its terms of issue);
 - (ii) five business days after a transfer of a fully paid share in certificated form is presented for registration; or
 - (iii) two months after a transfer of a partly paid share in certificated form is presented for registration.

18. REPLACEMENT OF SHARE CERTIFICATES

- (A) If a shareholder has two or more share certificates for shares of the same class, he can ask CDC for these to be cancelled and replaced by a single new certificate. CDC must comply with this request.
- (B) A shareholder can ask CDC to cancel and replace a single share certificate with two or more certificates for the same total number of shares. CDC may comply with this request.
- (C) A shareholder can ask CDC for a new certificate if the original is:
 - (i) damaged or defaced; or
 - (ii) said to be lost, stolen or destroyed.
- (D) If a certificate has been damaged or defaced, CDC can require the certificate to be returned to it before issuing a replacement. If a certificate is said to be lost, stolen or destroyed, CDC can require satisfactory evidence of this and insist on receiving an indemnity before issuing a replacement.
- (E) The directors can require the shareholder to pay CDC's exceptional out-of-pocket expenses for issuing any certificates under this article.
- (F) Any one joint shareholder holding certificated shares can request replacement certificates under this article.

19. EXECUTION OF SHARE CERTIFICATES

Share certificates must be signed under a seal or in such other way as the directors decide. The directors can resolve that signatures on any share certificates can be applied to the certificates by mechanical means or can be printed on them or that the certificates need not be signed at all. A share certificate must state the number and class of shares to which it relates and the amount paid up on those shares.

20. CALLS

The directors can call on shareholders to pay any money which has not yet been paid to CDC for their shares. This includes the nominal value of the shares and any premium which may be payable on those shares. The directors can also make calls on people who are entitled to shares by law. If the terms of issue of the shares allow this, the directors can do any one or more of the following:

- (i) make calls at any time and as often as they think fit;
- (ii) decide when and where the money is to be paid;
- (iii) decide that the money may be paid by instalments;
- (iv) cancel or postpone any call.

A shareholder who has received at least 14 clear days' notice giving details of the amount called and of the time and place for payment, must pay the call as required by the notice.

If the directors call on any shareholder to pay any money under this article, he is liable for the amount of money due. The shareholder will continue to be liable even if he subsequently transfers the shares to which the call relates.

21. TIMING OF CALLS

A call is treated as having been made as soon as the directors have passed a resolution authorising it.

22. LIABILITY OF JOINT SHAREHOLDERS TO PAY CALLS

Joint shareholders are jointly and severally liable to pay any calls in respect of their shares. This means that one or more of them may be sued for all the money due on the shares or they may all be sued together.

23. INTEREST DUE ON NON-PAYMENT OF A CALL

Where a call is made and the money, as required by the notice, remains unpaid when due, the shareholder will be liable to pay interest on the amount unpaid from the day it is due until it has actually been paid. The directors will decide on the annual rate of interest, which must not exceed 15 per cent. The shareholder will also be liable to pay all expenses incurred by CDC as a result of the non-payment of the call. The directors can decide to forego payment of any or all of such interest or expenses.

24. SUMS DUE ON ALLOTMENT TREATED AS CALLS

If the terms of a share require any money to be paid at the time of allotment, or at any other fixed date, the money due will be treated in the same way as a valid call for money on shares which is due on the same date. If this money is not paid, everything in these articles relating to non-payment of calls applies. This includes articles which allow CDC to forfeit or sell shares and to claim interest.

25. POWER TO DIFFERENTIATE

On or before an issue of shares, the directors can decide that shareholders may be called on to pay different amounts or that they may be called on at different times.

26. PAYMENT OF CALLS IN ADVANCE

The directors can accept payment in advance of some or all of the money from a shareholder before he is called on to pay that money. The directors can agree to pay interest at a rate (not exceeding (unless CDC passes an ordinary resolution to allow a higher rate) 15 per cent. per annum) fixed by the directors on money paid in advance until it would otherwise be due to CDC.

27. NOTICE IF CALL OR INSTALMENT NOT PAID

If a shareholder fails to pay a call or an instalment of a call when due, the directors may send the shareholder a notice requiring payment of the unpaid amount, together with any interest accrued and any expenses incurred by CDC as a result of the failure to pay.

28. FORM OF NOTICE

This notice must:

- (i) demand payment of the amount immediately payable, plus any interest and expenses;
- (ii) give the date by when the total amount due must be paid. This must be at least 14 clear days after the date of the notice;
- (iii) say where the payment must be made; and
- (iv) say that if the full amount demanded is not paid by the time and at the place stated, CDC can forfeit the shares on which the call or instalment is outstanding.

The directors may accept the surrender of any share which would otherwise be forfeited. Where they do so, references in these articles to forfeiture include surrender.

29. FORFEITURE FOR NON-COMPLIANCE WITH NOTICE

If the notice is not complied with, the shares it relates to can be forfeited at any time while any amount is still outstanding. This is done by the directors passing a resolution stating that the shares have been forfeited. Any payments due but not yet paid in respect of the forfeited shares, including all dividends declared, will not be made.

30. NOTICE AFTER FORFEITURE

After a share has been forfeited, CDC will notify the person whose share has been forfeited. This includes a person who was entitled to the share by law. However, the share will still be forfeited even if such notice is not given.

31. SALE OF FORFEITED SHARES

- (A) A forfeited share becomes the property of CDC and the directors may sell or dispose of it on any terms and in any way that they decide. This can be with, or without, a credit for any amount previously paid up for the share. It can be sold or disposed of to any person, including the previous shareholder or the person who was previously entitled to the share by law. The directors can, if necessary, authorise any person to transfer a forfeited share.
- (B) After a share has been forfeited, the directors may cancel the forfeiture, but only before the share has been sold or disposed of. This cancellation of forfeiture may be on any terms the directors decide.

32. ARREARS TO BE PAID NOTWITHSTANDING FORFEITURES

When a person's shares have been forfeited, he will lose all rights as a shareholder in respect of those forfeited shares. If the shares are certificated shares, he must return any share certificate for the forfeited shares to CDC for cancellation. However, he will remain liable to pay calls which have been made, but not paid, before the shares were forfeited. He must also pay interest on the unpaid amount until it is paid. The directors can fix the rate of interest, but it must not be more than 15 per cent. a year. The

shareholder continues to be liable for all claims and demands which CDC could have made relating to the forfeited share. He is not entitled to any credit for the value of the share when it was forfeited or for any consideration received on its disposal unless the directors decide to allow credit for all or any of that value.

33. STATUTORY DECLARATION AS TO FORFEITURE

(A) A director or the secretary may make a statutory declaration declaring:

- (i) that he is a director or the secretary of CDC;
- (ii) that a share has been properly forfeited under the articles; and
- (iii) when the share was forfeited.

The declaration will be evidence of these facts which cannot be disputed.

(B) If such a declaration is delivered to a new shareholder along with a completed transfer form (if one is required), this gives the buyer good title. The new shareholder does not need to take any steps to see how any money paid for the share is used. His ownership of the share will not be affected if the steps taken to forfeit, sell or dispose of the share were invalid or irregular, or if anything that should have been done was not done.

34. CDC'S LIEN ON PARTLY PAID SHARES

CDC has a lien (i.e. a legal claim) on all partly paid shares. This lien has priority over claims of others to the shares. The lien is for any money owed to CDC for the shares. The directors can decide to give up any lien which has arisen and can also decide to suspend any lien which would otherwise apply to particular shares.

35. ENFORCING THE LIEN BY SALE

If a shareholder fails to pay CDC any amount due on his partly paid shares, the directors can enforce CDC's lien by selling all or any of them in any way they decide. The directors may not, however, sell the shares until all the following conditions are met:

- (i) the money owed by the shareholder must be payable immediately;
- (ii) the directors must have given written notice to the shareholder. The notice must state the amount of money due, it must demand payment of this sum and state that the shareholders' shares may be sold if the money is not paid;
- (iii) the notice must have been served on the shareholder or on any person who is entitled to the shares by law and can be served in any way that the directors decide; and
- (iv) the money has not been paid by at least 14 clear days after the notice has been served.

The directors can authorise any person to sign a document transferring the shares. Any such transferee will not be bound to ensure that his purchase moneys are transferred to

the person whose shares have been sold, nor will his ownership of the shares be affected by any irregularity or invalidity in relation to the sale to him.

36. APPLICATION OF PROCEEDS OF SALE

If the directors sell any shares on which CDC has a lien, the proceeds will first be used to pay CDC's expenses associated with the sale. The remaining money will be used to pay off the amount which is then payable on the shares and any balance will be passed to the former shareholder or to any person who would otherwise be entitled to the shares by law. If the shares are held in certificated form, CDC need not pay over anything until the certificate representing the shares sold has been delivered to CDC for cancellation.

37. TRANSFER OF SHARES

(A) Certificated shares

Unless these articles say otherwise, any shareholder may transfer some or all of his certificated shares to another person. A transfer of certificated shares must be made in writing and either in the usual standard form or in any other form approved by the directors.

(B) CREST shares

Unless these articles say otherwise, any shareholder may transfer some or all of his CREST shares to another person. A transfer of CREST shares must be made by means of a relevant system and must comply with the Uncertificated Securities Regulations.

38. EXECUTION OF TRANSFER FORM

- (A)** A share transfer form must be signed or made effective in some other way by, or on behalf of, the person making the transfer.
- (B)** A transfer form cannot be used to transfer more than one class of shares. Each class needs a separate form.
- (C)** In the case of a transfer of a share held in certificated form, where the share is not fully paid, the share transfer form must also be signed or made effective in some other way by, or on behalf of, the person to whom the share is being transferred.
- (D)** The person making a transfer will continue to be treated as a shareholder until the name of the person to whom the share is being transferred is put on the register for that share.
- (E)** If CDC registers a transfer of a share held in certificated form, it can keep the transfer form.

39. RIGHTS TO DECLINE REGISTRATION OF PARTLY PAID SHARES

The directors may, without giving any reason, refuse to register the transfer of any shares which are not fully paid. But, if any of those shares have been admitted to the Official List of the London Stock Exchange, the directors cannot refuse to register the transfer if this would stop dealings in the shares from taking place on an open and proper basis.

40. OTHER RIGHTS TO DECLINE REGISTRATION**(A) Certificated shares**

- (i) A share transfer form cannot be used to transfer more than one class of shares. Each class needs a separate form.
- (ii) Transfers may not be in favour of more than four joint shareholders.
- (iii) The share transfer form must be delivered to the office, or any other place decided on by the directors. The transfer form must be accompanied by the share certificate relating to the shares being transferred, unless the transfer is being made by a person to whom CDC was not required to, and did not send, a certificate. The directors may also ask (acting reasonably) for any other evidence to show that the person wishing to transfer the share is entitled to do so.

(B) CREST shares

- (i) The directors may refuse to register a transfer of CREST shares in the circumstances set out in the Uncertificated Securities Regulations.
- (ii) Transfers may not be in favour of more than four joint shareholders.

41. NOTICE OF REFUSAL

If the directors decide not to register a share transfer, they must notify the person to whom the shares were being transferred. This must be done no later than two months after CDC receives the transfer (where the shares are held in certificated form) or two months after CDC receives the relevant Operator-instruction (where the shares are CREST shares).

42. NO FEE FOR REGISTRATION

No fee is payable to CDC for transferring shares or registering changes relating to the ownership of shares.

43. UNTRACED SHAREHOLDERS

(A) CDC may sell any certificated shares by instructing a member of the London Stock Exchange to sell them at the best price reasonably obtainable at the time of sale, if:

- (i) during the 12 years before the earliest of the notices referred to in (ii) below, at least three dividends have become payable on the shares and no dividend has been claimed during that period;
- (ii) after the 12 year period, CDC has published a notice, stating that it intends to sell the shares. The notice must have appeared in a national newspaper in the United Kingdom and in a local newspaper appearing in the area in the United Kingdom which includes the address held by CDC for serving notices relating to those shares;

- (iii) during the 12 year period and for three months after the last of the notices referred to in (ii) above appear, CDC has not heard from the shareholder or any person entitled to the shares by law; and
 - (iv) CDC has notified the London Stock Exchange that it intends to sell the shares.
- (B) CDC may also sell any further shares issued in respect of the specified shares of untraced shareholders. This may only be done if:
- (i) the shares are issued before the publication of any notice under paragraph (A)(ii); and
 - (ii) the steps set out in paragraph (A)(ii) - (iv) are taken.

For the purposes of this paragraph (B), the twelve year period will be treated as meaning the period from allotment of the further shares to the date of publication of the first notice.

- (C) To sell any shares in this way, the directors may appoint anyone to transfer the shares. This transfer will be just as effective as if it had been signed by the shareholder, or by a person who is entitled to the shares by law. The person to whom the shares are transferred will not be bound to concern himself as to what is done with the purchase moneys nor will his ownership be affected even if the sale is irregular or invalid in any way.
- (D) The proceeds of sale will belong to CDC, but it must pay an amount equal to the sale proceeds less the costs of the sale to the shareholder who could not be traced, or to the person who is entitled to his shares by law, if that shareholder, or person, asks for it.
- (E) After the sale, CDC must record the name of the shareholder, or (if known) the person who would have been entitled to the shares by law, as a creditor for the money in its accounts. CDC will not be a trustee of the money and will not be liable to pay interest on it. CDC can use the money, and any money earned by using the money, for its business or in any other way that the directors decide, but the money cannot be invested in CDC's shares or in the shares of any holding company of CDC.

44. TRANSMISSION ON DEATH

- (A) When a sole shareholder or a shareholder who is the last survivor of joint shareholders dies, his personal representatives will be the only people whom CDC will recognise as being entitled to his shares.
- (B) If a joint shareholder dies, the surviving joint shareholder or shareholders will be the only people whom CDC will recognise as being entitled to his shares.
- (C) However, this article does not discharge the estate of any shareholder from any liability.

45. ENTRY OF TRANSMISSION IN REGISTER

A person who becomes entitled to a share by law must provide any evidence of his entitlement which is reasonably required by the directors. The directors must note his entitlement in the register within two months of receiving such evidence.

46. PERSON ENTITLED BY TRANSMISSION MAY CHOOSE WHO BECOMES THE SHAREHOLDER

- (A) A person who becomes entitled to a share by law can either be registered as the shareholder or choose another person to become the shareholder.
- (B) If a person who is entitled to a share by law wants to be registered as a shareholder, he must deliver or send a notice to CDC saying that he has made this decision. He must sign this notice which must be in the form specified by the directors. This notice will be treated as a transfer form. All the provisions of the articles about registering transfers of shares apply to it. The directors have the same power to refuse to register a person entitled to shares by law as they would have had to refuse to register a transfer by the person who was previously entitled to the shares.
- (C) If a person who is entitled to a share by law wants the share to be transferred to another person, he must do this by signing a transfer form to the person he has selected. The directors have the same power to refuse to register the person selected as they would have had to refuse to register a transfer by the person who was previously entitled to the shares.

47. RIGHTS OF PERSON ENTITLED BY TRANSMISSION

- (A) A person who is entitled to a share by law is entitled to any dividends or other money relating to the share, even though he is not registered as the shareholder. But the directors can withhold the dividend and other money until a person has been properly registered as the shareholder as laid down in these articles. They can also withhold the dividend if the person who was previously entitled to the share could have had his dividend withheld.
- (B) Unless he is registered as the shareholder, the person entitled to the share by law is not entitled to:
 - (i) receive notices of shareholders' meetings or to attend or vote at these meetings; or
 - (ii) any of the other rights and benefits of being a shareholder,
 unless the directors decide to allow this.

48. INCREASE, CONSOLIDATION, SUB-DIVISION AND CANCELLATION OF SHARE CAPITAL

- (A) Subject to article 11, CDC's shareholders can increase CDC's share capital by passing an ordinary resolution. This resolution will fix the amount of the increase and the nominal value of the new shares.
- (B) CDC's shareholders can pass an ordinary resolution to do any of the following:
 - (i) consolidate, or consolidate and then divide, all or any of its share capital into shares of a larger nominal value than the existing shares;

- (ii) divide some or all of its shares into shares of a smaller nominal value than the existing shares. This is subject to the restrictions in the Companies Act. The resolution may provide that as between the holders of the divided shares different rights and restrictions of a kind which CDC can apply to new shares may apply to different divided shares; and
- (iii) cancel any shares which have not been taken, or agreed to be taken, by anyone at the date of the resolution and reduce the amount of CDC's share capital by the amount of the cancelled shares.

49. FRACTIONS RESULTING FROM CONSOLIDATION AND SUB-DIVISIONS

If any shares are consolidated, the directors have power to deal with any fractions of shares which result from the consolidation. If the directors decide to sell any shares representing fractions, they can do so for the best price reasonably obtainable and distribute the net proceeds of sale among shareholders in proportion to their fractional entitlements. The directors can sell those shares to anyone, including CDC, if the legislation allows, and can authorise any person to transfer or deliver the shares to the buyer. The buyer does not have to take any steps to see how any money he is paying is used and his ownership will not be affected if the sale is irregular or invalid in any way.

50. REDUCTION OF CAPITAL

Subject to article 11, CDC may pass a special resolution to reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any way.

51. INVESTMENT POLICY

- (A) CDC will have an investment policy to cover the conduct of CDC's investment business. The policy must be designed to achieve CDC's objective of maximising the creation and long-term growth of viable businesses in developing countries and achieving attractive returns for shareholders.
- (B) The policy must include a particular focus in the conduct of CDC's investment business on benefiting poorer countries, especially those in sub-Saharan Africa and South Asia.
- (C) The directors will conduct the investment business of CDC in line with the investment policy. They will establish procedures which enable them to see whether the investment policy is being complied with by CDC and, to the extent relevant, its subsidiary undertakings.
- (D) The directors will report each year in CDC's annual report on CDC's compliance with the investment policy. This report will contain sufficient information to allow a reader to make an informed assessment of the investment business of CDC and its subsidiary undertakings as against the requirements of the investment policy.
- (E) By prior arrangement, anyone may inspect a copy of the investment policy at the office during normal business hours.
- (F) The investment policy may not be altered without first:
 - (i) shareholders approving the alteration by an ordinary resolution; and

- (ii) the special shareholder giving its written consent to the alteration.
- (G) The rights of third parties will not be affected in any way by any failure of the directors to comply with this article or the investment policy.
- (H) CDC may engage in any activities necessary or appropriate, in the reasonable opinion of the directors, to further any one or more of the objects of CDC set out in the memorandum of association provided that any such activity is carried on, directly or indirectly, for the purposes of or otherwise in connection with CDC's business of investing assets principally in the debts and securities of entities operating, or expected to operate, in developing economies.

52. STATEMENT OF BUSINESS PRINCIPLES AND POLICIES

- (A) CDC will have a statement of business principles and policies. The statement must be designed to achieve what the directors consider to be social, environmental and ethical best practice in the conduct of CDC's and its subsidiary undertakings' business. The statement must also be designed to encourage those that CDC deals with to adhere to similar business principles and policies.
- (B) The directors will publish the statement of business principles and policies among its employees and those doing business on behalf of CDC. They will take all reasonable steps to require those individuals to conduct CDC's business in line with the statement. They will also establish procedures which enable them, to the extent reasonably possible, to see whether the statement is being complied with by CDC and, to the extent relevant, its subsidiary undertakings.
- (C) The directors will report each year in CDC's annual report on CDC's compliance with the statement of business principles and policies. This report will contain sufficient information to allow a reader to make an informed assessment of the business of CDC and, to the extent relevant, its subsidiary undertakings as against the requirements of the statement of business principles and policies.
- (D) By prior arrangement, anyone may inspect a copy of the statement of business principles and policies at the office during normal business hours.
- (E) The statement of business principles and policies may only be altered by the board. A board resolution approving any alteration must be passed by a majority vote and the majority voting in favour of the change must include at least three members of the business principles committee.
- (F) The statement of business policies and principles will be supported by guidelines which will be designed to achieve the aims set out in article 52(A). These guidelines will also be published by the directors among CDC's employees and those doing business on behalf of CDC. The guidelines to the statement of business principles and policies may be altered by the board or by the business principles committee. A board resolution approving any alteration must be passed by a majority vote and the majority voting in favour of the change must include at least three members of the business principles committee.

- (G) The rights of third parties will not be affected in any way by any failure of the directors to comply with this article, the statement of business principles and policies or the guidelines.

53. EXTRAORDINARY GENERAL MEETINGS

Any general meeting of CDC which is not an annual general meeting is called an extraordinary general meeting.

54. ANNUAL GENERAL MEETINGS

CDC must hold an annual general meeting each year in addition to any other general meetings held in the year. The directors will decide when and where it is to be held. The notice calling the meeting must say that the meeting is the annual general meeting. There must not be a gap of more than 15 months between one annual general meeting and the next. CDC is not required to hold an annual general meeting in 1999. CDC's first annual general meeting must be held within 18 months of the date of CDC's registration under the Companies Act.

55. CONVENING OF EXTRAORDINARY GENERAL MEETINGS

The directors may call an extraordinary general meeting at any time and at any venue.

56. SEPARATE GENERAL MEETINGS OF SHAREHOLDER CLASSES

If a separate general meeting of a particular class of shareholders is called otherwise than for changing the rights of the shares of that class, the provisions of these articles relating to general meetings will apply to such a meeting with any necessary changes. For the purposes of this article, a general meeting where ordinary shareholders are the only shareholders who can attend and vote in their capacity as shareholders will also constitute a separate general meeting of the holders of the ordinary shares.

57. LENGTH AND FORM OF NOTICE

- (A) At least 21 clear days' written notice must be given for every annual general meeting and for any other meeting called to pass a special resolution or to pass some other resolution of which special notice under the Companies Act has been given to CDC. For all other general meetings, at least 14 clear days' written notice must be given.
- (B) The notice for any general meeting must state:
- (i) where the meeting is to be held;
 - (ii) the date and time of the meeting; and
 - (iii) the general nature of the business of the meeting.
- (C) All shareholders must be given notice of every general meeting. The only exception is those shareholders who are not entitled to receive a notice because of:
- (i) a provision in these articles; or
 - (ii) the terms of issue of the shares they hold.

- (D) Notice must also be given to the auditors.

58. OMISSION OR FAILURE TO RECEIVE NOTICE

If any notice or other document relating to any meeting or other proceeding is accidentally not sent, or is not received, the meeting or other proceeding will not be invalid as a result.

59. POSTPONEMENT OF GENERAL MEETINGS

If the directors consider that it is impracticable or unreasonable to hold a general meeting on the date or at the time or place stated in the notice calling the meeting, they may move or postpone the meeting (or do both). If the directors do this, an announcement of the date, time and place of the rearranged meeting will, if practicable, be published in at least two national newspapers in the United Kingdom. Notice of the business of the meeting does not need to be given again. The directors must take reasonable steps to ensure that any shareholder trying to attend the meeting at the original time and place is informed of the new arrangements. If a meeting is rearranged in this way, proxy forms can be delivered as required by these articles, until 48 hours before the time of the rearranged meeting.

60. QUORUM

Before a general meeting starts to do business there must be a quorum present. Unless these articles say otherwise, a quorum for all purposes is two people who are entitled to vote. They may be shareholders who are personally present or proxies for shareholders and each person will count towards the quorum. If a quorum is not present, a chairman of the meeting can still be chosen or appointed and this will not be treated as part of the business of the meeting.

61. PROCEDURE IF QUORUM NOT PRESENT

- (A) This article applies if a quorum is not present within five minutes of the time fixed for a general meeting to start or within any longer period not exceeding one hour which the chairman of the meeting may decide.
- (B) If the meeting was called by shareholders it shall be dissolved. Any other meeting shall be adjourned to any day (being not less than three nor more than 28 days later), time and place stated in the notice of meeting. If the notice does not provide for this, the meeting shall be adjourned to a day (being not less than 10 nor more than 28 days later), time and place decided on by the chairman of the meeting and in this case CDC will give not less than seven clear days' notice in writing of the adjourned meeting.
- (C) One member present in person or by proxy will constitute a quorum at any adjourned meeting and any notice of an adjourned meeting will say this.

62. SECURITY ARRANGEMENTS

The directors may put in place systems and procedures, both before and during any general meeting, which they consider to be appropriate for the proper and orderly conduct of the general meeting and the safety of people attending it. This authority

includes power to refuse entry to, or eject from meetings, shareholders who fail to comply with the systems and procedures.

63. CHAIRMAN OF GENERAL MEETING

- (A) CDC's chairman will be the chairman of the meeting at every general meeting, if he is willing and able to take the chair.
- (B) If CDC does not have a chairman, or if he is not willing and able to take the chair, a deputy chairman will chair the meeting if he is willing and able to take the chair. If more than one deputy chairman is present they will agree between themselves who will take the chair and if they cannot agree, the deputy chairman who has been a director longest will take the chair.
- (C) If CDC does not have a chairman or a deputy chairman, or if neither the chairman nor a deputy chairman is willing and able to chair the meeting, after waiting five minutes from the time that a meeting is due to start, the directors who are present will choose one of themselves to act as chairman of the meeting. If there is only one director present, he will be the chairman of the meeting, if he agrees.
- (D) If there is no director willing and able to be the chairman of the meeting, then the shareholders who are personally present at the meeting and entitled to vote will decide which one of them is to be the chairman of the meeting.
- (E) Nothing in these articles restricts or excludes any of the powers, or rights of a chairman of a meeting which are given by the general law.

64. ORDERLY CONDUCT

The chairman of a meeting may take any action he considers appropriate for proper and orderly conduct at a general meeting.

65. ENTITLEMENT TO ATTEND AND SPEAK

Each director may attend and speak at any general meeting of CDC. The chairman of a meeting may also allow anyone to attend and speak where he considers that this will help the business of the meeting.

66. ADJOURNMENTS

- (A) The chairman of a meeting can adjourn the meeting, before or after it has started, and whether or not a quorum is present, if he considers that:
 - (i) there is not enough room for the number of shareholders who wish to attend the meeting;
 - (ii) the behaviour of the people present prevents, or is likely to prevent, the business of the meeting being carried out in an orderly way; or
 - (iii) an adjournment is necessary for any other reason, so that the business of the meeting can be properly carried out.

The chairman of the meeting does not need the consent of the meeting to adjourn it for any of these reasons to a time, date and place which he decides. He may also adjourn the meeting to a later time on the same day or indefinitely. If a meeting is adjourned indefinitely, the directors will fix the time, date and place of the adjourned meeting.

- (B) The chairman of a meeting can also adjourn a meeting which has a quorum present if this is agreed by the meeting. This can be to a time, date and place proposed by the chairman of the meeting or the adjournment can be indefinite. The chairman of the meeting must adjourn the meeting if the meeting directs him to. In these circumstances the meeting will decide how long the adjournment will be and where it will adjourn to. If a meeting is adjourned indefinitely, the directors will fix the time, date and place of the adjourned meeting.
- (C) A reconvened meeting can only deal with business that could have been dealt with at the meeting which was adjourned.

67. NOTICE OF ADJOURNMENT

Where a meeting is adjourned indefinitely or for more than three months, notice of the adjourned meeting must be given in the same way as was required for the original meeting. Except where these articles require it, there is no need to give notice of the adjourned meeting or of the business to be considered there.

68. AMENDMENTS TO RESOLUTIONS

- (A) Amendments can be proposed to any resolution if they are clerical amendments or amendments to correct some other obvious error in the resolution.
- (B) No other amendments can be proposed to any special resolution or extraordinary resolution.
- (C) Amendments to an ordinary resolution which are within the scope of the resolution can be proposed if:
 - (i) notice of the proposed amendment is delivered to the office at least two working days before the date of the meeting, or adjourned meeting; or
 - (ii) the chairman of the meeting decides that the amendment is appropriate for consideration by the meeting.
- (D) No other amendment can be proposed to an ordinary resolution.
- (E) If the chairman of the meeting agrees, a person who proposes an amendment to a resolution may withdraw it before it is put to the vote.

69. AMENDMENTS RULED OUT OF ORDER

If the chairman of a meeting, acting in good faith, rules that a proposed amendment to any resolution under consideration is out of order, any error in that ruling will not affect the validity of a vote on the original resolution.

70. VOTING

Only shareholders who are present in person at a general meeting may vote on a show of hands. They will have one vote each.

Proxies may not vote on a show of hands.

On a poll vote, every shareholder present in person or by proxy will have one vote for every share he holds. This is subject to any special rights or restrictions which are given to any class of shares by, or under, these articles.

71. METHOD OF VOTING

A resolution put to the vote at any general meeting will be decided on a show of hands unless a poll is demanded when, or before, the chairman of the meeting declares the result of the show of hands.

A poll may be demanded by:

- (i) the chairman of the meeting;
- (ii) at least three shareholders at the meeting (including proxies) who are entitled to vote;
- (iii) one or more shareholders at the meeting (including proxies) who are entitled to vote and who have between them at least ten per cent. of the total votes of all shareholders (including proxies) who have the right to vote at the meeting; or
- (iv) one or more shareholders (including proxies) who have (or represent members who have) shares which allow them to vote at the meeting and on which the total amount which has been paid up on these shares is at least ten per cent. of the total sum paid up on all shares which give the right to vote at the meeting.

A demand for a poll can be withdrawn if the chairman of the meeting agrees to this. If a poll is demanded, and this demand is then withdrawn, any declaration by the chairman of the meeting of the result of a vote on that resolution by a show of hands, which was made before the poll was demanded, will stand.

72. PROCEDURE IF POLL DEMANDED

If a valid poll is demanded, the chairman of the meeting will decide when, where and how it will be carried out. The result will be treated as the decision of the meeting at which the poll was demanded, even if the poll is carried out after the meeting.

73. WHEN POLL TO BE TAKEN

If a poll is demanded on a vote to elect the chairman of the meeting, or to adjourn a meeting, it must be taken immediately at the meeting. Any other poll demanded can either be taken immediately or within 30 days from the date it was demanded and at a time and place decided on by the chairman of the meeting. It is not necessary to give notice for a poll which is not taken immediately.

74. CONTINUANCE OF OTHER BUSINESS AFTER POLL DEMAND

A demand for a poll on a particular matter will not stop a meeting from continuing to deal with other matters.

75. VOTES ON A POLL

On a poll a shareholder can vote either in person or by his proxy. A shareholder may appoint more than one proxy to attend on the same occasion.

76. CASTING VOTE OF CHAIRMAN

Where equal votes are cast at a general meeting, whether on a show of hands or on a poll, the chairman of the meeting will be entitled to an additional or casting vote.

77. REPRESENTATION OF CORPORATIONS

Where a shareholder is a corporation (including a corporation sole), it may appoint a representative to act on its behalf at any general meeting or class meeting. Where the Treasury Solicitor is a shareholder, any person authorised under section 3 of the Treasury Solicitor Act 1876 may act as its representative. A representative will be able to exercise the same powers his appointer could have exercised if it were an individual. For the purposes of these articles the appointer will be present at a meeting when the representative is present. The directors or secretary may require evidence of the representative's authority.

78. VOTES OF JOINT SHAREHOLDERS

This article applies to a share held by joint shareholders. If more than one of the joint shareholders votes, the only vote which will count is the vote of the person whose name is listed before the other voters on the register for the share.

79. VOTING ON BEHALF OF INCAPABLE MEMBER

This article applies where a shareholder is of unsound mind and a court which claims jurisdiction to protect people who are unable to manage their own affairs has made an order about the shareholder. The person appointed to act for that shareholder may vote for him. He may also exercise any other rights of the shareholder relating to meetings. This includes appointing a proxy, voting on a show of hands and voting on a poll. Before the representative does so however, he must deliver such evidence of his authority as the directors may require to the office not later than the latest time at which a proxy form must be delivered to be valid for use at the relevant meeting or on the holding of the relevant poll. If a different place for the delivery of proxy forms is specified, the evidence must instead be delivered to that address.

80. NO RIGHT TO VOTE WHERE SUMS OVERDUE ON SHARES

Unless the directors decide otherwise, a shareholder may not vote at any general meeting of CDC or at any separate general meeting of the holders of any class of shares in CDC or exercise any other right conferred by membership in relation to general meetings if he has not paid all amounts relating to his shares which are due at the time of the meeting.

81. OBJECTIONS OR ERRORS IN VOTING

If:

- (i) any objection to the right of any person to vote is made;
- (ii) any votes have been counted which ought not to have been counted or which might have been rejected; or
- (iii) any votes are not counted which ought to have been counted,

the objection or error must be raised or pointed out at the meeting (or the adjourned meeting) at which the vote objected to is cast or at which the error occurs. If a vote is not disallowed at a meeting, it is valid for all purposes and if a vote is not counted at a meeting, this will not affect the decision of the meeting. Any objection or error must be raised with the chairman of the meeting. His decision is final.

82. EXECUTION OF PROXIES

A proxy form must be in writing, signed and dated by the shareholder appointing the proxy, or by an attorney who must have written authority to sign the form. Where the proxy is appointed by a company, the proxy form should either be sealed by that company or signed by someone authorised to sign it. It must also be dated.

83. DELIVERY OF PROXIES

Proxy forms must be delivered to the office, or to any other place specified in the notice of meeting or in the form itself, at least:

- (i) 48 hours before a meeting or an adjourned meeting; or
- (ii) 24 hours before a poll is taken, if the poll is not taken on the same day as the meeting or adjourned meeting.

If a proxy form is signed by an attorney, the power of attorney or other authority relied on to sign it (or a copy which has been certified by a notary or an office copy) must be delivered with the proxy form, unless the power of attorney has already been registered with CDC.

If more than one valid proxy form is delivered in respect of the same share for use at the same meeting, the one which is delivered last (regardless of the date on which it is signed) will be treated as the valid form. If it is not possible to determine the order of delivery, none of the forms will be treated as valid.

If this article is not complied with, the proxy will not be able to act for the person who appointed him.

84. TERMINATION DATE OF PROXY

A proxy form will expire 12 months from the date the form states that it is signed on. But it will be valid if it is used at an adjourned meeting, or a poll after a meeting or an adjourned meeting even after 12 months, if it was valid for the original meeting.

85. FORM OF PROXY

A proxy form can be in any form which the directors approve. A proxy form gives the proxy the authority to demand a poll or to join others in demanding a poll and to vote on any amendment to a resolution put to the meeting.

86. CANCELLATION OF PROXY'S AUTHORITY

Any vote cast in the way a proxy form authorises or any demand for a poll made by a proxy will be valid even though:

- (i) the person who appointed the proxy has died or is of unsound mind;
- (ii) the proxy form has been revoked; or
- (iii) the authority of the person who signed the proxy form for the shareholder has been revoked.

However, this does not apply if written notice of the fact has been received at the office (or at any other place specified for the delivery of forms of proxy) at least:

- (i) 48 hours before the meeting or adjourned meeting; or
- (ii) 24 hours before a poll is taken, if the poll is not taken on the day of the meeting or adjourned meeting.

87. NUMBER OF DIRECTORS

CDC must have a minimum of five directors and a maximum of fifteen directors. But the shareholders can change these restrictions by passing an ordinary resolution.

88. AGE OF DIRECTORS

No person will be disqualified from being appointed a director or be required to stop being a director because he has reached a particular age. It is not necessary to give special notice of a resolution appointing or electing someone a director if he is 70 or more. However, any person who is of the age of 70 or more must retire in accordance with these articles. Any notice of meeting at which a resolution will be proposed to re-appoint a director or to appoint a director who is of the age of 70 or more must state the fact that the relevant director is aged 70 or more. The accidental omission to make such disclosure will not make invalid the proceedings, or any appointment or re-appointment of the relevant director, at that meeting.

89. DIRECTORS' SHAREHOLDING QUALIFICATION

The directors are not required to hold any shares in CDC.

90. POWER OF CDC TO APPOINT DIRECTORS

Subject to these articles, CDC may elect any willing person to be a director, either as an extra director or to fill a vacancy where a director has stopped being a director for some reason by passing an ordinary resolution. The total number of directors must not exceed any maximum number fixed by or in accordance with these articles.

91. POWER OF DIRECTORS TO APPOINT DIRECTORS

Subject to these articles, the directors may appoint any willing person to be a director, either as an extra director or as a replacement for another director. Any director appointed in this way must retire from office at the first annual general meeting after his appointment. A director who retires in this way is not taken into account when deciding which and how many directors should retire by rotation at the annual general meeting.

92. APPOINTMENT OF DIRECTORS BY SPECIAL SHAREHOLDER

- (A) The special shareholder will appoint two people to serve as non-executive directors at any time. The special shareholder will write to CDC, designating two of the directors nominated by the Secretary of State pursuant to section 1(2) of the Commonwealth Development Corporation Act 1999, who will be treated as the first directors appointed under this article.
- (B) If a director appointed by the special shareholder stops being a director or dies, the special shareholder will replace him within 60 clear days.
- (C) The special shareholder may remove any director appointed by him.
- (D) The special shareholder may only exercise his powers under paragraph (A), (B) or (C) after consultation with the chairman.
- (E) The special shareholder must appoint or remove directors under this article by notice in writing. The notice must be signed by or on behalf of the special shareholder. The appointment or removal will take effect on the date the notice is delivered to the office or produced at a meeting of the directors.
- (F) The directors appointed by the special shareholder will automatically stop being directors when CDC redeems the special share.

93. NUMBER TO RETIRE BY ROTATION

At every annual general meeting one third of the current directors (excluding those directors appointed by the special shareholder) must retire as directors. Where the number of directors is not three or a number divisible by three, the number of directors to retire will be the number which is nearest to and less than one third. If there are less than three directors, they will all retire.

94. IDENTITY OF DIRECTORS TO RETIRE

- (A) The directors to retire by rotation will be those directors who have been directors longest since they were last elected. If there are directors who were last elected on the same date, they can agree on who is to retire. If they do not agree, they must draw lots to decide.
- (B) In addition:
 - (i) any director who would not otherwise be required to retire by rotation at the third annual general meeting after his last appointment or re-appointment; and

- (ii) any director of the age of 70 or over who would not otherwise be required to retire,

must retire by rotation.

- (C) The number and identity of directors to retire on each occasion will be determined by the composition of the directors at the start of business on the date of the notice which convenes the annual general meeting. A director will not be required to retire or be relieved from retiring because of any change in the number or identity of the directors after that time but before the close of the meeting.

95. FILLING VACANCIES

At the general meeting at which a director appointed by CDC or its board retires, shareholders can pass an ordinary resolution to re-elect the director or to elect some other eligible person in his place.

96. POWER OF REMOVAL OF DIRECTORS APPOINTED BY CDC BY SPECIAL RESOLUTION

In addition to any power to remove directors conferred by the legislation, CDC may pass a special resolution to remove a director appointed by CDC or its board from office even though his time in office has not ended and may (subject to these articles) elect a person to replace a director who has been removed in this way by passing an ordinary resolution.

97. PERSONS ELIGIBLE AS DIRECTORS

The only people who may be elected as directors at a general meeting are the following:

- (i) directors retiring at the meeting;
- (ii) anyone recommended by the directors; and
- (iii) anyone nominated by a shareholder (not being the person to be nominated) in the following way:

The shareholder must be entitled to vote at the meeting. He must deliver to the office not less than seven nor more than 42 days before the day of the meeting:

- (a) a letter stating that he intends to nominate another person for election as a director; and
- (b) written confirmation from that person that he is willing to be elected.

98. POSITION OF RETIRING DIRECTORS

A director retiring at a general meeting retires at the end of that meeting unless the legislation requires him to retire at some other time. Where a retiring director is re-elected he continues as a director without a break.

99. VACATION OF OFFICE BY DIRECTORS

Any director automatically stops being a director in any one or more of the following circumstances:

- (i) if he gives CDC a letter of resignation;
- (ii) if he has missed directors' meetings for a continuous period of five months without permission from the directors and the directors pass a resolution stating that he has ceased to be a director;
- (iii) if a bankruptcy order is made against him or he makes any arrangement or composition with his creditors;
- (iv) if he is prohibited from being a director under the legislation;
- (v) if he ceases to be a director by virtue of the legislation or he is removed from office under these articles;
- (vi) if he is or has been suffering from mental ill health and the directors pass a resolution stating that he has ceased to be a director; or
- (vii) in the case of directors appointed by the special shareholder, if all of the other directors (who must comprise at least five people) pass a resolution or sign a notice requiring him to resign.

If a director stops being a director for any reason, he will also automatically cease to be a member of any committee or sub-committee of the directors.

100. INDEMNITY OF DIRECTORS AND OFFICERS

As far as the legislation allows this, CDC:

- (i) may indemnify any director or other officer of CDC against any liability;
- (ii) may purchase and maintain insurance against any liability for any director or officer of CDC;
- (iii) will indemnify every director and other officer of CDC out of its own assets against any liability incurred by him as a director or other officer in defending any civil or criminal proceedings which relate to anything done or omitted, or claimed to have been done or omitted, by him as a director or other officer of CDC:
 - (a) in which judgment is given in his favour;
 - (b) in which he is acquitted; or
 - (c) in connection with any application under any legislation for relief from liability in respect of any such act or omission where relief is granted to him by the court.

CDC will not indemnify any person under this article for amounts which that person has recovered from someone else. If the director or officer could recover any amount from a third party, he must take all reasonable steps to do so, before claiming from CDC.

For the purposes of this article, no person appointed or employed by CDC as an auditor is an officer of CDC.

101. EXECUTIVE DIRECTORS

(A) The directors or any committee authorised by the directors may:

- (i) appoint a director (excluding those directors appointed by the special shareholder) to any executive position, on such terms and for such period (subject to the provisions of the Companies Act) as they think fit;
- (ii) also terminate or vary an appointment at any time.

The directors or any committee authorised by the directors will decide how much remuneration a director appointed to an executive office will receive (whether as salary, commission, profit share or any other form of remuneration) and whether this is in addition to or in place of his fees as a director.

(B) If the directors terminate the appointment, the termination will not affect any right of CDC or the director in relation to any breach of any employment contract which may be involved in the termination.

102. DIRECTORS' FEES

The total fees paid to all of the directors (but excluding any payments made under any other provision of these articles) must not exceed:

- (i) £200,000 a year; or
- (ii) any higher sum decided on by an ordinary resolution at a general meeting.

103. ADDITIONAL REMUNERATION

The directors or any committee authorised by the directors can give special pay to any director who performs any special or extra services for CDC. This special pay can be paid either as well as, or instead of, his ordinary pay as a director. It can be paid as a lump sum, or as a salary or a combination, or in any other way.

104. EXPENSES

CDC may pay the reasonable travel, hotel and incidental expenses of each director incurred in attending and returning from general meetings, meetings of the directors or committees of the directors or any other meetings which as a director he is entitled to attend. CDC will pay all other expenses properly and reasonably incurred by each director in connection with CDC's business or in the performance of his duties as a director.

105. PENSIONS AND GRATUITIES FOR DIRECTORS

- (A) The directors or any committee authorised by the directors may decide whether to provide pensions or other benefits to any director or former director of CDC, or any relation or dependant of such a person. However, if the directors want to provide a benefit to a director or former director who has not held an executive post or place of profit in CDC or in a subsidiary undertaking or former subsidiary undertaking of CDC or in any former owner of the business of CDC or any subsidiary undertaking of CDC, CDC must also pass an ordinary resolution to approve the payment.
- (B) A director or former director will not be accountable to CDC or the shareholders for any benefit provided pursuant to this article. Anyone receiving such a benefit will not be disqualified from being or becoming a director of CDC. This article does not limit any of the powers given to the directors by the other articles, nor does it affect the directors' rights to receive fees and remuneration under any other article.

106. PERMITTED INTERESTS AND VOTING

- (A) If the legislation and these articles allow and he has disclosed the nature and extent of his interest to the directors, a director can do any one or more of the following:
 - (i) have any kind of interest in any existing or proposed contract, transaction or arrangement with or involving CDC;
 - (ii) have any kind of interest in any existing or proposed contract, transaction or arrangement with or involving another company in which CDC has some interest;
 - (iii) hold any position within, or be a shareholder of, any company in which CDC has an interest; and
 - (iv) hold any other position (other than auditor) in CDC as well as being a director;
- (B) A director does not have to hand over to CDC any benefit he receives as a result of anything allowed under paragraph (A).
- (C) Unless these articles say otherwise, a director cannot cast a vote on any contract, transaction, arrangement or any other kind of proposal in which he has an interest and which he knows is material. For this purpose, interests of a person who is connected with a director are added to the interests of the director himself. Interests purely as a result of an interest in CDC's shares, debentures or other securities are disregarded. A director may not be included in the quorum of a meeting in relation to any resolution he is not allowed to vote on.
- (D) However, a director can vote, and be counted in the quorum, on any resolution about any of the following things, as long as the only material interest he has in it is included in the following list:
 - (i) a resolution about giving him, or any other person, any security or any indemnity for any money which he, or that other person, has lent at the request, or for the benefit, of CDC, any of its holding companies or any of its subsidiary undertakings;

- (ii) a resolution about giving him, or any other person, any security or any indemnity for any liability which he, or that other person, has incurred at the request, or for the benefit of, CDC, any of its holding companies or any of its subsidiary undertakings;
- (iii) a resolution about giving any security or any indemnity to any other person for a debt or obligation which is owed by CDC, any of its holding companies or any of its subsidiary undertakings, to that other person, if the director has taken responsibility for some or all of that debt or obligation. The director can take this responsibility by giving a guarantee, indemnity or security;
- (iv) a resolution about any proposal relating to an offer of any shares or debentures or other securities for subscription or purchase by CDC, any of its holding companies or any of its subsidiary undertakings, if the director takes part because he is a shareholder, debentures or other securities, or if he takes part in the underwriting or sub-underwriting of the offer;
- (v) a resolution about any proposal involving any other company if the director (together with any person connected with the director), has a direct or indirect interest of any kind (including an interest by holding any position in that company, or by being a shareholder of that company). This does not apply if he knows that he and any persons connected with him hold an interest in shares representing one per cent. or more of:

- (a) any class of equity share capital of that company; or

- (b) the voting rights in that company.

Any of these interests of one per cent. or more are treated for the purposes of this paragraph (D) as being material interests;

- (vi) any arrangement for the benefit of employees of CDC, any of its holding companies or any of its subsidiary undertakings which only gives him benefits which are also generally given to the employees to whom the arrangement relates; or
 - (vii) a resolution about any proposal relating to any insurance which CDC can buy and renew for the benefit of directors or of a group of people which includes directors.
- (E) In addition, a director appointed by the special shareholder can vote, and be counted in the quorum, on any resolution involving a contract to be made with any person acting on behalf of the Crown or any company controlled or directed by a person acting on behalf of the Crown.
- (F) This paragraph (F) applies if the directors are considering proposals about appointing two or more directors to positions with CDC or any company in which CDC is interested. It also applies if the directors are considering setting or changing the terms of their appointment. These proposals can be split up to deal with each director separately. If this is done, each director can vote and be included in the quorum for each resolution, except the one concerning him. But he cannot vote if the resolution relates to appointing another director to a position with a company which CDC is

interested in if he has an interest of one per cent. or more in that company (in the manner described in paragraph (D)).

- (G) If any question comes up at a meeting about whether a director has a material interest, or whether he can vote, and the director does not agree to abstain from voting on the issue, the question shall be referred to the chairman of the meeting (or, in the case of the chairman of the meeting, to the deputy chairman). The chairman of the meeting's or deputy chairman's ruling about any other director is final and conclusive, unless the nature and extent of the director's interests have not been fairly disclosed to the directors.
- (H) For the purpose of this article:
 - (i) a general notice given to the directors that a director has an interest of the kind stated in the notice in any contract, transaction or arrangement involving any company or person identified in the notice is treated as a standing disclosure that the director has that interest; and
 - (ii) interests which are unknown to the director and which it is unreasonable to expect him to know about are ignored.

107. GENERAL POWERS OF CDC VESTED IN DIRECTORS

- (A) The directors will manage CDC's business. They can exercise all CDC's powers. But this does not apply where these articles or the legislation say that powers can only be used by the shareholders voting to do so at a general meeting. The general management powers under this article are not limited in any way by specific powers given to the directors by other articles.
- (B) The directors are, however, subject to:
 - (i) the provisions of the legislation;
 - (ii) the requirements of these articles; and
 - (iii) any regulations laid down by the shareholders by passing a special resolution at a general meeting.

However, if the shareholders lay down any regulation relating to something which the directors have already done which was within their powers, that regulation cannot invalidate the directors' previous action.

108. BORROWING POWERS

- (A) The directors may exercise all CDC's powers as may be necessary for the business of CDC:
 - (i) to borrow money;
 - (ii) to mortgage or charge all or any of CDC's undertaking, property and assets (present and future) and uncalled capital;
 - (iii) to issue debentures and other securities; and

- (iv) to give security for any debt, liability or obligation of CDC or of any third party.
- (B) (i) The directors will limit the total borrowings of CDC and, so far as they are able, its subsidiary undertakings to ensure that the total amount of the group's borrowings does not exceed £2,000,000,000.
- (ii) However, CDC may pass an ordinary resolution allowing such borrowings to exceed such limit.
- (iii) Any borrowings owed by one member of the group to another will not be taken into account for the purposes of the calculation of the group's total borrowings.

(C) Borrowings

When calculating the group's borrowings, the directors will include not only borrowings but also the following (unless these have already been included in borrowings):

- (i) the nominal value of any issued share capital and the principal amount of any debentures or borrowed money of any person where:
 - (a) a member of the group does not beneficially own such share capital or debenture or borrowed money; and
 - (b) either such share capital is not equity share capital or a member of the group has given a guarantee or indemnity for the redemption or repayment of any money due in relation to such debenture or borrowed money or a member of the group may have to buy such share capital;
- (ii) the amount outstanding under any acceptance credits opened for or in favour of any member of the group;
- (iii) the principal amount of any debenture (whether secured or unsecured) issued by any member of the group which is not beneficially owned by any other member of the group;
- (iv) the principal amount of any preference share capital of any subsidiary undertaking not owned by any member of the group;
- (v) any fixed or minimum premium payable on the final repayment of any borrowing or deemed borrowing;
- (vi) any liability under any finance lease, deferred purchase consideration arrangements or any other arrangement or instrument having the commercial effect of the borrowing or raising of money; and
- (vii) any guarantee, indemnity or other assurance against financial loss given by the company in respect of borrowings.

However, the directors will not include the following items in the borrowings:

- (viii) amounts borrowed by any member of the group to repay some or all of any other borrowings of any member of the group (but this exclusion will only apply if the original debt is discharged within six months from the new borrowing);
 - (ix) amounts borrowed by any member of the group subordinated to the claims of CDC's other creditors in issue from time to time;
 - (x) amounts borrowed by any member of the group to finance any contract where part of the price receivable by any member of the group is guaranteed or insured by the Export Credits Guarantee Department or any other similar government department or agency (but this exclusion will only apply up to an amount equal to the amount guaranteed or insured); or
 - (xi) amounts borrowed by an undertaking which became a subsidiary undertaking of CDC after the date of the last audited balance sheet (but this exclusion will only apply up to an amount equal to the amount of borrowings of the undertaking at the time immediately after it became a subsidiary undertaking).
- (D) Any foreign currency amounts will be translated into sterling when calculating total borrowings. The exchange rate applied will be the exchange rate on:
- (i) the last business day before the date of the calculation; or
 - (ii) the last business day before the date of the audited balance sheet calculation,
- whichever exchange rate produces the lower figure.
- The exchange rate will be taken as the spot rate in London which is recommended by a London clearing bank (chosen by the directors for this purpose) as the most appropriate rate for buying the relevant currency for sterling on the relevant day.
- If the directors cannot obtain a recommendation the exchange rate will be taken to be any rate quoted to the directors which they reasonably believe to be the most appropriate.
- (E) The audited balance sheet of CDC will be taken as the audited balance sheet of CDC prepared for the purposes of the legislation. However, if an audited consolidated balance sheet relating to CDC and its subsidiary undertakings has been prepared for the same financial year, the audited consolidated balance sheet will be used instead. In that case, all references to reserves and profit and loss account will be taken to be references to consolidated reserves and consolidated profit and loss account respectively. Any amounts relating to outside interests in subsidiary undertakings will also be excluded. The first audited balance sheet of CDC prepared for the purpose of the legislation will be a restatement of the final audited balance sheet prepared for the purpose of the Commonwealth Development Corporation Act 1978 with such adjustments as CDC's auditors consider appropriate.
- (F) CDC may from time to time change the accounting convention applied in the preparation of the audited balance sheet, but any new convention applied must comply with the requirements of the legislation. If CDC prepares a supplementary audited balance sheet applying a different convention from the main audited balance sheet, the

main audited balance sheet will be taken as the audited balance sheet for the purposes of the calculations under these articles.

- (G) The group will be taken as CDC and its subsidiary undertakings (if any).
- (H) A certificate or report by CDC's auditors:
 - (i) as to the amount of any borrowings; or
 - (ii) to the effect that the limit imposed by this article has not been or will not be exceeded at any particular time,

will be conclusive evidence of that amount or that fact.

109. POWERS OF ATTORNEY

Subject to articles 52 and 120(E);

- (A) the directors can appoint anyone as CDC's attorneys by granting a power of attorney or by authorising them in some other way. The attorneys can either be appointed directly by the directors or the directors can give someone else the power to select attorneys. The directors or the persons who are authorised by them to select attorneys can decide on the purposes, powers, authorities and discretions of attorneys. But they cannot give an attorney any power, authority or discretion which the directors do not have under these articles.
- (B) the directors can decide how long a power of attorney will last for and attach any conditions to it. The power of attorney can include any provisions which the directors decide on for the protection and convenience of anybody dealing with the attorney. The power of attorney can allow the attorney to grant any or all of his power, authority or discretion to any other person.
- (C) the directors may:
 - (i) delegate any of their authority, powers or discretions to any manager or agent of CDC;
 - (ii) allow managers or agents to delegate to another person;
 - (iii) remove any people they have appointed in any of these ways; and
 - (iv) cancel or change anything that they have delegated, although this will not affect anybody who acts in good faith who has not had any notice of any cancellation or change.

Any appointment or delegation by the directors which is referred to in this article can be on any conditions decided on by the directors.

- (D) the ability of the directors to delegate under this article applies to all their powers and is not limited because certain articles refer to powers being exercised by the directors or by a committee authorised by the directors while other articles do not.

110. DELEGATION TO INDIVIDUAL DIRECTORS

Subject to articles 52 and 120(E);

- (A) the directors can give a director any of the powers which they have jointly as directors. These powers can be given on terms and conditions decided on by the directors either in parallel with, or in place of, the powers of the directors acting jointly.
- (B) the directors can change the basis on which such powers are given or withdraw such powers. But if a person deals with an individual director in good faith without knowledge of the change or withdrawal, he will not be affected by it.
- (C) the ability of the directors to delegate under this article applies to all their powers and is not limited because certain articles refer to powers being exercised by the directors or by a committee authorised by the directors while other articles do not.

111. REGISTERS

CDC may use the powers given by the legislation to keep an overseas, local or other register. The directors may make and change any regulations previously made by them relating to any of such registers, as long as the legislation allows this.

112. PROVISION FOR EMPLOYEES

The directors may exercise the powers under the legislation to make provision for the benefit of employees or former employees of CDC or any of its subsidiaries in connection with the cessation or transfer of the whole or part of the business of CDC or that subsidiary.

113. CONDUCT OF DIRECTORS' MEETINGS

The directors may decide when to have meetings and how they will be conducted. They may also adjourn their meetings. A directors' meeting can be called by any director or by the secretary. The secretary must also call a directors' meeting if asked to by a director.

114. NOTICE OF DIRECTORS' MEETING

Directors' meetings are called by serving a notice on all the directors. Notice can be given personally, by word of mouth or in writing. A director who is out of the United Kingdom is not entitled to be given notice of any directors' meetings. Any director can waive notice of any directors' meeting, including one which has already taken place.

115. QUORUM

Five directors are a quorum.

116. DIRECTORS BELOW MINIMUM THROUGH VACANCIES

The directors can continue to act even if one or more of them stops being a director. But if the number of directors falls below the minimum which applies under these articles (including any change to that minimum number approved by an ordinary resolution of shareholders), the remaining director(s) will, as soon as is convenient:

- (i) either appoint further director(s) to make up the shortfall; or
- (ii) convene a general meeting for the sole purpose of appointing extra director(s) but not for any other purpose.

If no director or directors are willing or able to act under this article, any two shareholders can call a general meeting to appoint extra directors(s).

117. APPOINTMENT OF CHAIRMAN

The directors can elect any director appointed by CDC or the board as chairman or as one or more deputy chairman for such periods as the directors decide. No director appointed by the special shareholder may be appointed chairman or deputy chairman. If the chairman is at a directors' meeting, he will chair it. In his absence, the chair will be taken by a deputy chairman, if one is present. If more than one deputy chairman is present, the deputy chairman longest in office will take the chair, unless the directors decide otherwise. If there is no chairman or deputy chairman present within five minutes of the time when the directors' meeting is due to start, the directors who are present can choose which one of them will be the chairman of the meeting.

118. COMPETENCE IN MEETINGS

A directors' meeting at which a quorum is present can exercise all the powers and discretions of the directors.

119. VOTING

Matters to be decided at a directors' meeting will be decided by a majority vote, subject to article 52. If votes are equal, the chairman of the meeting has a second, casting vote, subject to article 52.

120. DELEGATION TO COMMITTEES; BUSINESS PRINCIPLES COMMITTEE

Subject to articles 52 and 120(E);

- (A) The directors may delegate any of their powers or discretions to committees of one or more directors. If the directors have delegated any power or discretion to a committee, any references in these articles to using that power or discretion include its use by the committee. Subject to paragraph E below, any committee must comply with any regulations laid down by the directors. These regulations can require or allow people who are not directors to be members of the committee, and can give voting rights to such people. But:
 - (i) there must be more directors on a committee than persons who are not directors; and
 - (ii) a resolution of the committee is only effective if a majority of the members of the committee present at the time of the resolution were directors.
- (B) Unless the directors decide not to allow this, any committee may sub-delegate any of its powers or discretions to sub-committees. Reference in these articles to committees include sub-committees permitted under this article.

- (C) If a committee consists of more than one person, the articles which regulate directors' meetings and their procedure will also apply to committee meetings (if they can apply to committee meetings), unless these are inconsistent with any regulations for the committee which have been laid down under this article.
- (D) The ability of the directors to delegate under this article applies to all their powers and discretions and is not limited because certain articles refer to powers and discretions being exercised by committees authorised by directors while other articles do not.
- (E) There will be a business principles committee. This committee will consist of four non-executive directors, two of whom will be directors appointed by the special shareholder. The directors will delegate to the committee the power, authority and discretion to:
 - (i) monitor the operation and application, and review the content of, the statement of business principles and policies and the related guidelines; and
 - (ii) make recommendations to the board concerning such operation, application and content.

This delegation will not be capable of being revoked by the directors. Three directors, of whom two are directors appointed by the special shareholder, are a quorum. Questions arising at a meeting of the business principles committee are to be decided by a majority of votes.

- (F) Any appointment or delegation under this article may be made on such terms and subject to such conditions as the directors think fit. The directors may remove any person appointed under this article and may revoke or vary any delegation. Third parties dealing in good faith will not be affected by the revocation or variation.

121. PARTICIPATION IN MEETINGS BY TELEPHONE

All or any of the directors or members of a committee may take part in a meeting of the directors or a committee by way of a conference telephone or any communication equipment which allows everybody to take part in the meeting by being able to hear each of the other people at the meeting and by being able to speak to all of them at the same time. A person taking part in this way will be treated as being present at the meeting and will be entitled to vote and be counted in the quorum. Such meetings will be treated as taking place where most of the participants are or where the chairman of the meeting is if no more than one is in each place.

122. RESOLUTION IN WRITING

This article applies to a written resolution which is signed by all of the directors who at the time are entitled to receive notice of a directors' meeting and who would be entitled to vote on the resolution at a directors' meeting, where such directors are together sufficient in number to form a quorum. A written resolution will be valid at the time it is signed by the last director. This kind of resolution is just as valid and effective as a resolution passed by those directors at a meeting which is properly called and held. The resolution can be passed using several copies of a document if each document is signed by one or more directors. These copies can be fax copies.

123. MINUTES

The board shall cause minutes to be made in books kept for the purpose:

- (a) of all appointments of officers made by the board or the Special Shareholder;
- (b) of the names of all the directors present at each meeting of the board and of any committee; and
- (c) of all resolutions and proceedings of all meetings of CDC and of any class of members, and of the board and of any committee.

124. VALIDITY OF ACTS OF DIRECTORS OR COMMITTEE

Everything which is done by any directors' meeting, or by a committee of the directors, or by a person acting as a director, or as a member of a committee, will be valid even if it is discovered later that any director, or person acting as a director, was not properly appointed. This also applies if it is discovered later that anyone was disqualified from being a director, or had ceased to be a director or was not entitled to vote. In any of these cases, anything done will be as valid as if there was no defect or irregularity of the kind referred to in this article.

125. APPOINTMENT AND REMOVAL OF THE SECRETARY

The directors can appoint the secretary for such term and upon such conditions as they see fit; and any secretary so appointed can be removed by the directors. A company secretary must be qualified or eligible under s.286 of Companies Act 1985.

126. OFFICIAL SEALS

The directors can use all the powers given by the legislation relating to official seals.

127. USE OF SEALS

- (A) The directors must arrange for every seal of CDC to be kept safe.
- (B) A seal may only be used with the authority of the directors or a committee authorised by the directors.
- (C) Subject as otherwise provided in these articles, every document which is sealed using the common seal, must be signed by one director and the secretary, or by two directors or by any other person or persons authorised by the directors.
- (D) Any document to which the official seal is applied need not be signed, unless the directors decide otherwise or legislation requires otherwise.
- (E) The directors may resolve that the requirement for any counter-signature in this article may be dispensed with on any occasion or that the seal or any counter-signature may be printed by some mechanical, electronic or photographic method.

128. DECLARATION OF DIVIDENDS BY CDC

CDC's shareholders can declare dividends by passing an ordinary resolution. No such dividend can exceed the amount recommended by the directors.

129. PAYMENT OF INTERIM AND FIXED DIVIDENDS BY DIRECTORS

Subject to the legislation, if the directors consider that the financial position of CDC justifies such payments, they can:

- (i) pay the fixed dividends on any class of shares carrying a fixed dividend on the dates prescribed for the payment of those dividends; and
- (ii) pay interim dividends on any class of shares of any amounts and on any dates and for any periods that they decide.

If the directors act in good faith, they will not be liable for any loss that any shareholders may suffer because a lawful dividend has been paid on other shares which rank equally with or behind their shares.

130. CALCULATION AND CURRENCY OF DIVIDENDS

- (A) All dividends will be divided and paid in proportions based on the amounts which have been paid up on the shares during any period for which the dividend is paid. Sums which have been paid up in advance of calls will not count as paid up for this purpose. If the terms of any share say that it will be entitled to a dividend as if it were a fully paid up, or partly paid up, share from a particular date (in the past or future), it will be entitled to a dividend on this basis. This article applies unless the rights attached to any shares, or the terms of any shares, say otherwise.
- (B) Unless the rights attached to any shares, or the terms of any shares, or these articles say otherwise, a dividend or any other money payable in respect of a share can be paid in whatever currency the directors decide.

131. AMOUNTS DUE ON SHARES MAY BE DEDUCTED FROM DIVIDENDS

If a shareholder owes CDC any money for calls on shares or money in any other way relating to his shares, the directors may deduct any of this money from any dividend or other money payable to the shareholder on or in respect of any share held by him. Money deducted in this way can be used to pay amounts owed to CDC in connection with the shares.

132. NO INTEREST ON DIVIDENDS

Unless the rights attached to any shares, or the terms of any shares say otherwise, no dividend or other sum payable by CDC on or in respect of its shares carries a right to interest from CDC.

133. PAYMENT PROCEDURE

- (A) Any dividend or other money payable in cash relating to a share can be paid by:
 - (i) cheque or warrant payable to the shareholder who is entitled to it or to someone else named in a written instruction from the shareholder (or all joint shareholders);
 - (ii) inter-bank transfer or by other electronic means directly to an account with a bank or other financial institution (or other organisations operating deposit

accounts if allowed by CDC) in the United Kingdom named in a written instruction from the person entitled to receive the payment under this article;

- (iii) some other way agreed between the shareholder (or all joint shareholders) and CDC.
- (B) For joint shareholders or persons jointly entitled to shares by law, CDC can rely on a receipt for a dividend or other money paid on shares from any one of them on behalf of all of them.
- (C) Cheques and warrants are sent, and payment in any other way is made, at the risk of the person who is entitled to the money. CDC is treated as having paid a dividend if the cheque or warrant is cleared.

134. UNCASHED DIVIDENDS

- (A) CDC may stop sending dividend payments through the post, or cease using any other method of payment (including payment through CREST), for any dividend if:
 - (i) for two consecutive dividends:
 - (a) the dividend payments sent through the post have been returned undelivered or remain uncashed during the period for which they are valid; or
 - (b) the payments by any other method have failed; or
 - (ii) for any one dividend:
 - (a) the dividend payment sent through the post has been returned undelivered or remains uncashed during the period for which it is valid; or
 - (b) the payment by any other method has failed,

and reasonable enquiries have failed to establish any new address or account of the registered shareholder.
- (B) CDC will recommence sending dividend payments if requested in writing by the shareholder, or the person entitled by law to the relevant shares.

135. FORFEITURE OF UNCLAIMED DIVIDENDS

The directors can invest any dividends or other amounts payable on a share which have not been claimed until the dividends or other amounts are claimed or the directors can use them in any other way for CDC's benefit until they are claimed. CDC will not be a trustee of the money and will not be liable to pay interest on it. If a dividend has not been claimed for 12 years after being declared or becoming due for payment, it will be forfeited and go back to CDC.

136. DIVIDENDS NOT IN CASH

If recommended by the directors, CDC may pass an ordinary resolution that a dividend be paid wholly or partly by distributing specific assets (and, in particular, paid up shares or debentures of any other company). Where any difficulty arises on such a distribution, the directors may resolve it as they decide. For example, they may:

- (i) authorise any person to sell and transfer any fractions of shares;
- (ii) ignore any fractions of shares;
- (iii) value assets for distribution purposes;
- (iv) pay cash of a similar value to adjust the rights of shareholders; and/or
- (v) vest any assets in trustees for the benefit of more than one shareholder.

137. OFFER OF EXTRA SHARES INSTEAD OF DIVIDENDS

The directors can offer ordinary shareholders the right to choose to receive extra ordinary shares, which are credited as fully paid up, instead of some or all of their cash dividend. Before they can do this, shareholders must have passed an ordinary resolution authorising the directors to make this offer.

- (i) The ordinary resolution can apply to a particular dividend or dividends. Or it can apply to some or all of the dividends which may be declared in the period up to and including the annual general meeting which is held in the fifth year after the ordinary resolution is passed.
- (ii) A shareholder will be entitled to ordinary shares whose total "relevant value" is as near as possible to the cash dividend he would have received, but not more than it. The relevant value of a share is the average value of CDC's ordinary shares for the five dealing days starting from, and including, the day when the shares are first quoted "ex dividend". This average value is worked out from the average middle market quotations for CDC's ordinary shares on the London Stock Exchange, as published in its Daily Official List.
- (iii) The ordinary resolution may require that the relevant value is worked out in some different way. A certificate or report from the auditors stating the relevant value of a share for any dividend will be conclusive evidence.
- (iv) After the directors have decided how many new shares ordinary shareholders will be entitled to, they can notify them in writing of their right to opt for new shares. This notice should also say how, where and when shareholders must notify CDC if they wish to receive new shares. Where shareholders have opted to receive new shares in place of all future dividends, if new shares are available, CDC will notify them of a right to opt for new shares. No shareholders will receive a fraction of a share. The directors can decide how to deal with any fraction left over. CDC can, if the directors decide, have the benefit of these left-over fractions.

- (v) The directors can also offer shareholders the right to request new shares instead of cash for all future dividends (if a share alternative is available), until they tell CDC that they no longer wish to receive new shares.
- (vi) The directors can exclude or restrict the right to opt for new shares, or make any other arrangements where they decide that this is necessary or convenient to deal with any of the following legal or practical problems:
 - (a) problems relating to laws of any territory; or
 - (b) problems relating to the requirements of any recognised regulatory body or stock exchange in any territory.
- (vii) If a shareholder has opted to receive new shares, no dividend on the shares for which he has opted to receive new shares (which are called the "elected shares"), will be declared or payable. Instead, new ordinary shares will be allotted on the basis set out earlier in this article. To do this, the directors will convert into capital the sum equal to the total nominal amount of the new ordinary shares to be allotted. They will use this sum to pay up in full the appropriate number of new ordinary shares. These will then be allotted and distributed to the holders of the elected shares on the basis set out above. The sum to be converted into capital can be taken from:
 - (a) any amount which is then in any reserve or fund (including the share premium account, any capital redemption reserve and the profit and loss account); or
 - (b) any other sum which is available to be distributed.
- (viii) The new ordinary shares will rank equally in all respects with the existing fully paid up ordinary shares, and the new shares will be fully entitled to all future dividends on ordinary shares. But, they will not be entitled to share in the dividend from which they arose, or to have new shares instead of that dividend.
- (ix) The directors can decide that new shares will not be available in place of any cash dividend. They can decide this at any time before new shares are allotted in place of such dividend, whether before or after shareholders have opted to receive new shares.

138. POWER TO CAPITALISE RESERVES AND FUNDS

- (A) If recommended by the directors, CDC's shareholders can pass an ordinary resolution to capitalise any sum:
 - (i) which is part of any of CDC's reserves (including premiums received when any shares were issued, capital redemption reserves or other undistributable reserves); or
 - (ii) which CDC is holding as net profits.
- (B) Unless the ordinary resolution states otherwise, the directors will use the sum which is capitalised by setting it aside for the ordinary shareholders on the register at the close of business on the day the resolution is passed (or another date stated in the resolution or

fixed as stated in the resolution) and in the same proportions as the ordinary shareholders' entitlement to dividends (or in other proportions stated in the resolution or fixed as stated in the resolution). The sum set aside may be used:

- (i) to pay up some or all of any amount on any issued shares which has not already been called, or paid in advance; or
- (ii) to pay up in full unissued shares, debentures or other securities of CDC which would then be allotted and distributed, credited as fully paid, to shareholders.

However, a share premium account, a capital redemption reserve, or any reserve or fund representing unrealised profits, may only be used to pay up in full CDC's unissued shares.

- (C) The directors can appoint any person to sign any contract with CDC on behalf of those who are entitled to shares, debentures or other securities under the resolution. Such a contract is binding on all concerned.

139. SETTLEMENT OF DIFFICULTIES IN DISTRIBUTION OF CAPITALISED RESERVES

If any difficulty arises in connection with any distribution of any capitalised reserve or fund, the directors can resolve it in any way which they decide. For example, they can deal with entitlements to fractions of shares by deciding that the benefit of fractions belong to CDC or that fractions are ignored or deal with fractions in some other way.

140. RESTRICTIONS ON DIVIDENDS

All dividends must be paid out of profits available for distribution. If CDC gives notice under section 266(1) of the Companies Act of its intention to carry on business as an investment company, CDC must not distribute its capital profits (within the meaning of section 266 of the Companies Act) in the period between the giving of the notice and its revocation. This restriction does not apply to CDC redeeming or purchasing its shares in accordance with section 160 or 162 of the Companies Act.

141. POWER TO CHOOSE ANY RECORD DATE

- (A) This article applies to any dividend on any shares, or any distribution, allotment or issue to any of the shareholders. This can be paid or made to the registered shareholder or shareholders, or to anyone entitled in any other way, at the close of business on a particular day. It will be based on the number of shares registered on that day, even if this is before any resolution to authorise what is being done was passed.
- (B) This article applies whether what is being done is the result of a resolution of the directors, or a resolution at a general meeting. The date can be before the dividend, allotment or issue is to be paid or made, or before any relevant resolution was passed. The rights attaching to any shares, and the terms of any shares, override this article if they are inconsistent with it.
- (C) This article does not affect the rights between past and present shareholders to payments and so on.

142. RECORDS TO BE KEPT

The directors must ensure that proper accounting records that comply with the legislation are kept to record and explain CDC's transactions and show its financial position with reasonable accuracy.

143. INSPECTION OF RECORDS

A shareholder is not entitled to inspect any of CDC's books or papers unless:

- (i) the legislation or a proper court order gives him that right;
- (ii) the directors authorise him to do so; or
- (iii) the shareholders authorise him to do so by ordinary resolution.

144. SUMMARY FINANCIAL STATEMENTS

CDC may send summary financial statements to its shareholders instead of copies of its full reports and accounts.

145. SERVICE OF NOTICES

- (A) CDC may deliver or serve any notice or other document, including a share certificate, to or on a shareholder:
 - (i) personally;
 - (ii) by addressing it to him and posting it to, or leaving it at, the shareholder's registered address;
 - (iii) through CREST, where the notice or document relates to CREST shares; or
 - (iv) as authorised in writing by the relevant shareholder.
- (B) Where there are joint shareholders, the notice or other document may be delivered to or served on any one of the joint shareholders and will be treated as having been delivered or served to or on all the joint shareholders.

146. RECORDED DATE FOR SERVICE

Where CDC serves or delivers notices or documents to shareholders, it may do so by reference to the shareholders' register as it stands at any time not more than 15 days before the date the notice or document is served or delivered. Any change of details on the register after that time will not invalidate the service or delivery and CDC is not obliged to send the same notice or document to any person entered on the shareholders' register after the date selected by CDC.

147. SHAREHOLDERS RESIDENT ABROAD

If a shareholder's address on the register is outside the United Kingdom, he can give CDC a United Kingdom address to which notices or other documents can be served on him. If he does, he is entitled to have notices or other documents served on him at that

address. Otherwise, he is not entitled to receive any notices or other documents from CDC.

148. SERVICE OF NOTICES ON PERSONS ENTITLED BY TRANSMISSION

This article applies where a shareholder has died, or become bankrupt or is in liquidation, but is still registered as a shareholder. It applies whether he is registered as a sole or joint shareholder. A person who is entitled to that shareholder's shares by law and who proves this to the reasonable satisfaction of the directors, can give a United Kingdom address for service of notices and other documents. If this is done, notices and other documents must be sent to that address. Otherwise, if any notice or other document is served on the shareholder named on the register, or sent to him in accordance with these articles, this will be valid despite his death, bankruptcy or liquidation. This applies even if CDC knew about these things. If notices or other documents are served or sent in accordance with this article, there is no need to send them to, or serve them in any other way, on any other people who may be involved.

149. WHEN NOTICES DEEMED SERVED

- (A) If a notice or document is sent by CDC by post, it is treated as being served or delivered the day after it was posted. In proving that a notice or document was served or delivered, it is sufficient to show that the envelope was properly addressed and put into the postal system with first class postage paid.
- (B) If a notice or document is left by CDC at a shareholder's registered address, it is treated as being served or delivered on the day it was left.
- (C) If a notice is sent through CREST, it is treated as being served or delivered when CDC, or any CREST participant acting for CDC, sends the issuer-instruction relating to the notice.
- (D) If a notice or document is served or delivered by CDC by any other means authorised in writing by a shareholder, it is treated as being served or delivered when CDC has done what it was authorised to do by that shareholder for service or delivery.

150. NOTICE WHEN POST NOT AVAILABLE

If a general meeting cannot be called by sending notices through the post because the postal service in the United Kingdom or some part of the United Kingdom is suspended or restricted, the directors may call the meeting by publishing a notice in at least one United Kingdom national newspaper (or, if the postal service is only restricted or suspended in part of the United Kingdom, in one or more local newspapers having general circulation in that area). Notice published in this way will be treated as being properly served on shareholders who are entitled to receive it on the day the advertisement appears. If it becomes practicable to send notices by post again at least six clear working days before the meeting, the directors will send a copy of the notice by post to those entitled to receive it by way of confirmation.

151. NOTICE TO THE CROWN

All notices required by these articles to be given to the Crown, shall be given to the Secretary of State for International Development at the Department for International Development, 94 Victoria Street, London SW1E 5JL, or at such other address, or to

such other emanation of the Crown, as the Secretary of State for International Development may specify in writing to the company secretary of CDC at CDC's registered office.

152. PRESUMPTION WHERE DOCUMENTS DESTROYED

- (A) CDC may destroy or delete:
 - (i) all transfer forms or Operator-instructions transferring shares, and documents sent to support a transfer, and any other documents which were the basis for making an entry on the register, after six years from the date of registration;
 - (ii) all dividend payment instructions and notifications of a change of address or name, after two years from the date these were registered; and
 - (iii) all cancelled share certificates, after one year from the date they were cancelled.
- (B) If CDC destroys or deletes a document under this article, it is conclusively treated as having been a valid and effective document in accordance with CDC's records relating to the document. Any action of CDC in dealing with the document in accordance with its terms before it was destroyed or deleted is conclusively treated as properly taken.
- (C) This article only applies to documents which are destroyed or deleted in good faith and where CDC is not on notice of any claim to which the document may be relevant.
- (D) This article does not make CDC liable:
 - (i) if it destroys or deletes a document earlier than referred to in paragraph (A); or
 - (ii) if CDC would not be liable if this article did not exist.
- (E) This article applies whether a document is destroyed, deleted or disposed of in some other way.

153. DISTRIBUTION OF ASSETS OTHERWISE THAN IN CASH

If CDC is wound up (whether the liquidation is voluntary, under supervision of the court or by the court), the liquidator can, with the authority of a special resolution passed by the shareholders, divide among the shareholders the whole or any part of the assets of CDC. This applies whether the assets consist of property of one kind or different kinds. For this purpose, the liquidator can set such value as he considers fair upon any property and decide how such division is carried out as between shareholders or different groups of shareholders. The liquidator can transfer any part of the assets to trustees upon such trusts for the benefit of shareholders as the liquidator, acting under that resolution, decides. However, no shareholder can be compelled to accept any shares or other property under this article which carries a liability.

GLOSSARY

About the Glossary

This Glossary is to help readers understand the company's memorandum and articles. Words are explained as they are used in the memorandum and articles - they might mean different things in other documents. This Glossary is not legally part of the memorandum or articles, and it does not affect their meaning. The definitions are intended to be a general guide - they are not precise. Words and expressions which are printed in both **bold** and *italic* in a definition have their own legal definition as well as a more general explanation of their meaning which is contained in this Glossary.

adjourn Where a meeting breaks up, to be continued at a later time or day, at the same or a different place.

allot When new shares are allotted, they are set aside for the person they are intended for. This will normally be after the person has agreed to pay for a new share, or has become entitled to a new share for any other reason. As soon as a share is allotted, that person has the right to have his name put on the register of shareholders. When he has been registered, the share has also been ***issued***.

asset Anything which is of any value to its owner.

attorney An attorney is a person who has been appointed to act for another person. The person is appointed by a formal document, called a "***power of attorney***".

authorised share capital The total number of shares which a company has the potential, under its memorandum of association, to have ***in issue*** at any time. Authorised share capital includes all the shares which a company has ***in issue*** at any time as well as any shares which have been authorised by a shareholder's meeting but are not yet ***issued*** (whether or not authority to ***issue*** them has been given under the company's articles).

brokerage Commission which is paid to a broker by a company ***issuing*** shares where the broker's clients have applied for shares.

call A call to pay money which is due on shares which has not yet been paid. This happens if the company ***issues*** shares which are partly paid, where money remains to be paid to the company for the shares. The money which has not been paid can be "called" for. If all the money to be paid on a share has been paid, the share is called a "***fully paid share***".

capitalise To convert some or all of the ***reserves*** of a company into capital (such as shares).

capital redemption reserve A ***reserve*** which a company may have to set up to maintain the level of its capital base when shares are ***redeemed*** or bought back.

certificated form A shareholder holds a share or other security in certificated form if it is not able to be held in ***uncertificated form*** or, if it is able to be held in ***uncertificated form*** but that shareholder has requested that a certificate be issued for that share or other security (see also ***uncertificated form***).

company representative If a corporation owns shares, it can appoint a company representative to attend a shareholders' meeting to speak and vote for it.

consolidate When shares are consolidated, they are combined with other shares - for example, three £1 shares might be consolidated into one new £3 share.

debenture A typical debenture is a long-term borrowing by a company. The loan usually has to be repaid at a fixed date in the future and carries a fixed rate of interest.

declare When a dividend is declared, it becomes due to be paid.

entitled to a share by law In some situations, a person will be entitled to have shares which are registered in somebody else's name registered in his own name or to require the shares to be transferred to another person. When a shareholder dies, or the sole survivor of joint shareholders dies, his *personal representatives* have this right. If a shareholder is made bankrupt, his *trustee* in bankruptcy has the right.

equity securities For Section 89 of the Companies Act this means all the shares of a company except:

- shares which only have a limited right to share in the company's income and *assets*;
- shares held as a result of share schemes for employees (such as profit sharing schemes);
- shares taken by the founders of the company on its incorporation; and
- bonus shares *issued* when the company *capitalises reserves*.

Also included are securities which can be converted into the kinds of shares referred to in the first two bullet points above, or which allow their holder to *subscribe for the shares*.

executed A document is executed when it is signed or sealed or made valid in some other way.

exercise When a power is exercised, it is used.

extraordinary resolution A decision reached by a majority of at least 75 per cent. of votes cast. Shareholders must be given at least 14 days' notice of any extraordinary resolution.

forfeit and forfeiture When a share is forfeited it is taken away from the shareholder and goes back to the company. This process is called "forfeiture". This can happen if a *call* on a *partly paid share* is not paid on time.

fully paid shares When all of the money or other property which is due to the company for a share has been paid or received, a share is called a "fully paid share".

good title If a person has good title to a share, he owns it outright.

holding company A company which controls another company (for example, by owning a majority of its shares) is called the "holding company" of that other company. The other company is the *subsidiary* of the holding company.

indemnity and indemnify If a person gives another person an indemnity, he promises to make good any losses or damage which the other might suffer. The person who gives the indemnity is said to "indemnify" the other person.

in issue See *issue*.

instruments Formal legal documents.

issue When a share has been issued, everything has been done by a company to make the shareholder the owner of the share. In particular, the shareholder's name has been put on the register. Existing shares which have been issued are called "*in issue*".

liabilities Debts and other obligations.

lien Where the company has a lien over shares, it can take the dividends, and any other payments relating to the shares which it has a lien over, or it can sell the shares, to repay the debt and so on.

members Shareholders.

nominal amount or nominal value The amount of the share shown in a company's account. The nominal value of the company's ordinary shares is 10p. This amount is shown on the share certificate for a share. When a company *issues* new shares this can be for a price which is at a *premium* to the nominal value. When shares are bought and sold on the stock market this can be for more, or less, than the nominal value. The nominal value is sometimes also called the "par value".

office copy An extract copy of an official document, supplied by the office which holds, or issued, the original.

officer The term officer includes (subject to the provisions of the articles) a director, secretary, any employee who reports directly to a director or any other person who the directors decide should be an officer.

Operator A person approved by the Treasury under the Uncertified Securities Regulations as operator of a *relevant system*.

Operator-instruction A properly authenticated instruction sent by or on behalf of an *Operator* and sent or received by means of a *relevant system*.

ordinary resolution A decision reached by a simple majority of votes - that is by more than 50 per cent. of the votes cast.

partly paid shares If any money remains to be paid on a share, it is said to be partly paid. The unpaid money can be "*called*" for.

personal representatives A person who is entitled to deal with the property (the "estate") of a person who has died. If the person who has died left a valid will, the will appoints "executors" who are personal representatives. If the person died without a will, the courts will appoint one or more "administrators" to be the personal representatives.

poll On a vote taken on a poll, the number of votes which a shareholder has will depend on the number of shares which he owns. An ordinary shareholder has one vote for each share he owns. A poll vote is different to a vote taken on a *show of hands*, where each person who is entitled to vote has just one vote, however many shares he owns.

power of attorney A formal document which legally appoints one or more persons to act on behalf of another person.

pre-emption rights The right of some shareholders which is given by the Companies Act to be offered a proportion of certain classes of newly issued shares and other securities before they are offered to anyone else. This offer must be made on terms which are at least as favourable as the terms offered to anyone else.

premium If a company *issues* a new share for more than its *nominal value*, the amount above the *nominal value* is the premium.

proxy A proxy is a person who is appointed by a shareholder to attend a meeting and vote for that shareholder. A proxy is appointed by using a *proxy form*. A proxy does not have to be a shareholder.

proxy form A form which a shareholder uses to appoint a *proxy* to attend a meeting and vote for him. The proxy forms are sent out by the company and must be returned to the company before the meeting to which they relate.

quorum The minimum number of shareholders or directors who must be present before a shareholders' or, as appropriate, directors' meeting can start. When this number is reached, the meeting is said to be "quorate".

rank When either capital or income is distributed to shareholders, it is paid out according to the rank of the shares. For example, a share which ranks ahead of (or above) another share in sharing in a company's income is entitled to have its dividends paid first, before any dividends are paid on shares which rank below (or after) it. If there is not enough income to pay dividends on all shares, the available income must be used first to pay dividends on shares which rank first, and then to shares which rank below. The same applies for repayments of capital. Capital must be paid first to shares which rank first in sharing in the company's capital, and then to shares which rank below. A company's preference shares (if it has any) generally rank ahead of its ordinary shares.

redeem, redemption and redeemable When a share is redeemed, it goes back to the company in return for a sum of money which was fixed (or calculated from a formula fixed) before the share was *issued*. This process is called "redemption". A share which can be redeemed is called a "redeemable" share.

relevant system This is a term used in the legislation for a computer system which allows shares without share certificates to be transferred without using transfer forms. The CREST system for paperless share dealing is a "relevant system".

renounces and renunciation Where a share has been *allotted*, but nobody has been entered on the share register for the share, it can be renounced to another person. This transfers the right to have the share registered to another person. This process is called "renunciation".

requisition A formal process which shareholders can use to call a meeting of shareholders. Generally speaking the shareholders who want to call a meeting must hold at least 10 per cent. of the *issued* shares.

reserves A fund which has been set aside in the accounts of a company - profits which are not paid out to shareholders as dividends, or used up in some other way, are held in a reserve by the company.

retire by rotation At every annual general meeting a proportion of the directors retires in turn. This gives the shareholders the chance to confirm or renew their appointments by voting on whether to re-elect them.

revoke To withdraw or cancel.

rights issue A way by which companies raise extra share capital. Usually the existing shareholders will be offered the chance to buy a certain number of new shares, depending on how many they already have. For example, shareholders may be offered the chance to buy one new share for every four they already have.

share premium account If a new share is *issued* by a company for more than its *nominal value*, the amount above the *nominal value* is the *premium* and the total of these *premiums* is held in a *reserve* (which cannot be used to pay dividends) called the share premium account.

show of hands A vote where each person who is entitled to vote has just one vote, however many shares he holds.

special resolution A decision reached by a majority of at least 75 per cent. of votes cast. Shareholders must be given at least 21 days' notice of any special resolution.

special rights These are the rights of a particular class of shares as distinct from rights which apply to all shares generally. Typical examples of special rights are: where the shares *rank*; their rights to sharing in income and *assets*; and voting rights.

statutory declaration A formal way of declaring something in writing. Particular words and formalities must be used - these are laid down by the Statutory Declarations Act of 1835.

subdivide When shares are subdivided they are split into shares which have a smaller *nominal amount*. For example, a £1 share might be subdivided into two 50p shares.

subject to Means that something else has priority, or prevails, or must be taken into account. When a statement is subject to something this means that the statement must be read in the light of that other thing, which will prevail if there is any conflict.

subscribe for shares To agree to take new shares in a company (usually for a cash payment).

subscribers The people who first buy the shares.

subsidiary A company which is controlled by another company (for example, because the other company owns a majority of its shares) is called a subsidiary of that company.

subsidiary undertaking This is a term used by the Companies Act. It has a wider meaning than *subsidiary*. Generally speaking, it is a company which is controlled by another company because the other company:

- has a majority of the votes in the company, either alone or acting with others;
- is a shareholder who can appoint or remove a majority of the directors; or

- can *exercise* dominant influence over the company because of anything in the company's memorandum or articles or because of a certain kind of contract.

trustees People who hold property of any kind for the benefit of one or more other people under a kind of arrangement which the law treats as a "trust".

uncertificated form A share or other security is held in uncertificated form if no certificate has been issued for it. A share or other security held in uncertificated form is eligible for settlement in CREST or any other *relevant system*.

underwriting A person who agrees to buy new shares if they are not bought by other people underwrites the share offer.

wind up The formal process to put an end to a company. When a company is wound up, its *assets* are distributed. The *assets* go first to creditors who have supplied property and services and then to shareholders. Shares which *rank* above other shares in sharing in the company's *assets* will receive any funds which are left over before any shares which *rank* after (or below) them.