

*Gregory C. Humphreys*

THE COMPANIES ACTS 1985 AND 1989

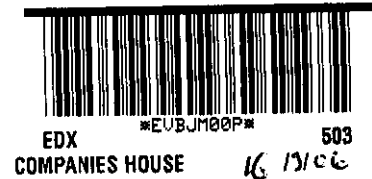
5656604

PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION OF

SYNTOPIX GROUP plc

- 1 The Company's name is SYNTOPIX GROUP plc.<sup>1</sup>
- 2 The Company is to be a public limited company.
- 3 The Company's registered office is in England and Wales.
- 4 The Company's objects are as follows:-



- 4.1 to carry on business as a general commercial company;
- 4.2 To carry on the business of a holding company and to acquire by purchase, exchange, subscription or otherwise and to hold the whole or any part of the shares, stock, debenture stock, loan stock bonds, obligations, securities, property, assets, rights, privileges or other interests of or in any company, corporation, firm or undertaking carrying on business of any kind whatsoever in any part of the world, and to enter into, assist or participate in financial, commercial, mercantile, industrial and other transactions, undertakings and business of every description and to carry on, develop and to manage, conduct, supervise, control and co-ordinate the activities, businesses, operations or affairs of any company, corporation or firm in which the Company is for the time being interested and to co-ordinate the policy and administration of any companies of which the Company is a member or which are in any manner controlled by or connected or associated with the Company;
- 4.3 to acquire any property, and rights or privileges of any kind over or for any property which the Company may use or which the Directors believe may increase the value of the Company's other property;
- 4.4 to acquire, protect, renew or dispose of any intellectual property rights which may benefit the Company and to make use of those rights;
- 4.5 to experiment on, test and improve any patents, inventions or rights which the Company acquires or plans to acquire;
- 4.6 to acquire an interest in the whole or part of or make any form of arrangement with any other company doing or intending to do any business similar to the Company's business. The Company may deal with any form of stock of the other company;
- 4.7 to deal in any way with the Company's property and rights;
- 4.8 to invest and deal with any money of the Company which the Company does not immediately need;

<sup>1</sup> (i) The Company changed its name from Pop Tart Limited with effect from 4 February 2006.  
(ii) The Company re-registered as a public company with effect from 16 March 2006.

- 4.9 to lend money, give guarantees, provide security or give credit to any person or association of persons the Company deals with on terms and conditions the Company decides;
- 4.10 to support or secure the performance of any responsibilities of any person or company associated with the Company in business or through shareholdings. (This includes any company which is a subsidiary or a holding company of the Company as defined in the Companies Act 1985.) The Company may do this by personal agreement, by covenant, by mortgaging the Company's property and assets, by using the Company's capital, or by any other method. This includes repaying loans and paying premiums, interest, dividends and any other costs relating to debentures, debenture stock, loan stock, shares or other securities;
- 4.11 to borrow or raise money in any way and to secure the repayment of this, money by mortgage or other security over the Company's property and assets, and to ensure that the money borrowed or raised is repaid. The "Company may also raise or borrow money in any way and Secure the repayment of this money by mortgage or other security over the Company's property and assets to ensure that it carries out its obligations;
- 4.12 to draw, make, accept, endorse, discount, execute and issue cheques, bills of exchange, promissory notes, bills of lading, warrants, debentures, and use any type of negotiable instrument which may help the Company achieve its objects;
- 4.13 to make arrangements with any government, authority, or other person £ or association of persons that may help the Company to achieve its £ objects;
- 4.14 to acquire and hold shares, stock or other interests or obligations in any company or corporation;|
- 4.15 to promote any other company to carry out any operation which may benefit the Company;
- 4.16 to sell, let, licence, develop or otherwise deal with any part of the business of the Company on any terms the Company thinks fit and to accept shares, debentures, or securities of any company in return for this;
- 4.17 to act as a sub-contractor and to use sub-contractors, agents, brokers and others to carry out the business of the Company;
- 4.18 to provide financial help according to Sections 155 to 158 of the Companies Act 1985 for any purpose set out in Sections 151(1) and 151(2) of that Act. (Sections 155 to 158 and 151(1) and 151(2) cover situations where the Company offers assistance to potential shareholders to purchase shares in the Company);
- 4.19 to pay any person or company providing services to the Company in cash, shares or other company securities (credited as fully paid or partly paid);
- 4.20 to use the Company funds to pay all costs involved in promoting, forming and creating the Company as a legal corporation or to contract with another person or company to pay these;
- 4.21 to pay commission to brokers and others for underwriting, placing, selling or guaranteeing the subscription of any of the Company's shares and securities;

- 4.22 to take out and renew insurance policies to cover the Company officers and auditor against any costs, expenses and liabilities arising from negligence, default or breach of duty or trust in relation to their duties as permitted by section 310(3) of the Companies Act 1985;
  - 4.23 to support any charitable or public object, and any institutions, society, or club which may benefit the Company, its directors or employees;
  - 4.24 to pay the directors of the Company in any way the Company thinks fit;
  - 4.25 to provide pensions and other funds for past and present employees of the Company and others in the service of the Company or of any holding company of the Company or subsidiary company of the Company and for their dependants;
  - 4.26 to make payments towards life insurance for past and present employees of the Company, and others in the service of the Company and of any holding company of the Company or subsidiary company of the Company and for their dependants;
  - 4.27 to set up and maintain profit sharing, share option or share purchase schemes for the benefit of the employees of the Company or employees of any subsidiary or holding company of the Company and to lend money to employees or trustees to set up or maintain these schemes;
  - 4.28 to distribute the Company's property among the shareholders of the Company.
  - 4.29 to do any other things which may help the Company to achieve its objects;
  - 4.30 the objects set out in clauses 3.1 to 3.28 must be interpreted as widely as possible. They must be interpreted independently of each other unless the context requires them to be interpreted together;
  - 4.31 the word 'company' in this document includes any partnership, firm, corporation or company whether incorporated or not and whether domiciled in any part of the United Kingdom or elsewhere.
- 5 The liability of the Company's shareholders is limited.
- 6 The share capital of the Company is £1000. This is divided into 1000 shares of £1 each.<sup>2</sup>

I, the subscriber to this Memorandum of Association, wish to be formed into a Company and I agree to take the number of shares shown opposite my name.

Name and address of the subscriber and number of shares taken by the subscriber

York Place Company Nominees Limited

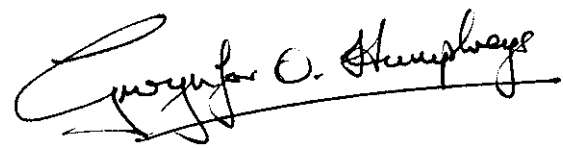
One

12 York Place Leeds LS1 2DS

Dated 16 December 2005

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<sup>2</sup> On 15 March 2006, the Company increased its authorised share capital to £340,000 divided into 340,000 ordinary shares of £1 each and subdivided each £1 share into ten ordinary shares of 10 pence each.



Company number: 5656604

**THE COMPANIES ACT 1985**

**PUBLIC COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**of**

**SYNTOPIX GROUP plc**

**Adopted by special resolution on 15 March 2006**

**WALKER MORRIS**  
Kings Court  
12 King Street  
Leeds  
LS1 2HL  
Tel: 0113 283 2500  
Fax: 0113 245 9412

## 1 DEFINITIONS

1.1 In these articles the following words and phrases have the meanings set out opposite them below:

|                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 'Wellcome'            | The Wellcome Trust Limited (registered number 2711000), a charity registered in England with number 210183; or any body corporate or unincorporated to which Wellcome transfers all its Ordinary Shares by way of permitted transfer pursuant to article 7.4 below;                                                                                                                                                                                           |
| 'White Rose'          | White Rose Technology Limited (registered number 3785280) which has its registered office at 10-12 East Parade, Leeds LS1 2AJ (and 'a member of the White Rose Group' shall mean White Rose, any subsidiary of White Rose and any company of which White Rose is a subsidiary) or any body (corporate or unincorporated) to which White Rose Technology Limited transfers all its Ordinary Shares by way of permitted transfer pursuant to Article 7.3 below; |
| 'White Rose Director' | any director appointed by White Rose pursuant to Article 13;                                                                                                                                                                                                                                                                                                                                                                                                  |
| 'the Act'             | the Companies Act 1985 and every statutory modification or re-enactment thereof for the time being in force;                                                                                                                                                                                                                                                                                                                                                  |
| 'Angel Shares'        | Ordinary shares of 10 p each in the Company acquired by individuals at the same time and at the same price as Ordinary shares of 10 p each in the Company acquired by institutional investors such as Techtran or White Rose;                                                                                                                                                                                                                                 |
| 'Benefits'            | all salary and all items included as 'emoluments' in paragraph 1(4) of Schedule 6 of the Act;                                                                                                                                                                                                                                                                                                                                                                 |
| 'Observer'            | means any person appointed by White Rose, the University, Techtran or Wellcome as an observer pursuant to the Investment Agreement;                                                                                                                                                                                                                                                                                                                           |

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 'Connected Persons'    | as defined by section 839 Income and Corporation Taxes Act 1988;                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 'Controlling Interest' | an interest in shares (as defined in Schedule 13 Part 1 and section 324 of the Act) in a company conferring in the aggregate 50% or more of the total voting rights conferred by all the issued shares in that company;                                                                                                                                                                                                                                                                                                   |
| 'Employee Member'      | a person who is or has been a director and/or an employee of the Company or any of its subsidiaries or provides services to the Company whether or not remaining an employee of a third party;                                                                                                                                                                                                                                                                                                                            |
| 'Ordinary Shares'      | Ordinary Shares of 10 pence each in the Company;                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| 'Independent Expert'   | an umpire (acting as an expert and not as an arbitrator) nominated by the parties concerned or in the event of disagreement as to nomination, appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales;                                                                                                                                                                                                                                                               |
| 'Investment Agreement' | an investment agreement made on 11 October 2004 between Syntopix Limited, its members, White Rose, Techtran, the Angel Investors and the University;                                                                                                                                                                                                                                                                                                                                                                      |
| 'Listing'              | either the listing of any of the Company's shares on the main market of London Stock Exchange becoming effective, or the granting of an application by the Company for the dealing in any of the Company's shares on another public securities market whereby such shares can be freely traded and the approval for such dealing becoming effective, in either case whether such listing or admission to trading is effected by way of an offer for sale, a new issue of shares, an introduction, a placing or otherwise; |
| 'Original Members'     | persons who were members of the Company on                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                          | the date of the adoption of these articles and the Privileged Relations of such members;                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| 'Murray Johnstone'       | Aberdeen Murray Johnstone Limited of 10 Queens Terrace, Aberdeen, AB10 1YG;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 'Murray Johnstone Group' | Aberdeen Murray Johnstone, any subsidiary of Aberdeen Murray Johnstone and any company of which Aberdeen Murray Johnstone is a subsidiary;                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 'Privileged Relations'   | the spouse or widow or widower of the member and the member's parents, siblings, children and grandchildren (including step and adopted children and their issue) and step and adopted children of the member's children;                                                                                                                                                                                                                                                                                                                                        |
| 'Share Sale'             | any transaction or series of transactions (including a takeover offer or scheme of arrangement or a Listing) whereby any person who is not a member of the Company at the date of the proposed Share Sale (a 'Third Party Purchaser'), acquires any interest in any shares in the Company, if upon completion of that acquisition the Third Party Purchaser and other persons acting in concert or connected with him, would hold or own beneficially more than 50 per cent, of the aggregate issued equity shares of the Company (being a 'Change of Control'); |
| 'Share Option Scheme'    | ordinary shares equivalent to 10 per cent of the issued share capital of the Company;                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| 'Shares'                 | the Ordinary Shares and the Preference Shares;                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 'Table A'                | Table A in the Companies (Tables A - F) Regulations 1985 as amended by the Companies (Tables A - F) (Amendments) Regulations 1985;                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 'Termination Date'       | (a) where employment ceases by virtue of notice given by the employer to the employee, the date on which such notice expires;<br>(b) where a contract of employment is terminated by the employer and a payment is                                                                                                                                                                                                                                                                                                                                               |

made in lieu of notice, the date on which notice of termination was served;

(c) where the Employee Member concerned is not an employee of the Company, the date on which his contract for services with the Company is terminated or he ceases to provide services to the Company; and

(d) in any other case, the date on which the contract of employment is terminated.

'the University'

the University of Leeds or any body (corporate or unincorporated) to which the University of Leeds transfers all its Ordinary Shares by way of permitted transfer pursuant to Article 7.4 below;

'Techtran'

Techtran Group Limited (registered number 4544276) which has its registered office at Leeds Innovation Centre, 103 Clarendon Road, Leeds LS2 9DF or any body (corporate or unincorporated) to which Techtran Group Limited transfers all its Ordinary Shares by way of permitted transfer pursuant to Article 7.4 below.

## **2 APPLICATION OF TABLE A**

2.1 The regulations contained in or incorporated in Table A shall apply to the Company save insofar as they are excluded or varied hereby or are inconsistent herewith and such regulations (save as so excluded varied or inconsistent) and the articles hereinafter contained shall be the regulations of the Company.

2.2 Regulations 54, 73-80, 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company.

## **3 SHARE CAPITAL**

3.1 The authorised share capital of the Company at the adoption of these articles is £340,000, divided into 3,400,000 Ordinary Shares of 10p each.



- 3.2 All shares in the authorised share capital with which the Company is incorporated and which the Directors propose to issue shall first be offered to the members in proportion as nearly as may be to the number of the existing shares held by them respectively unless the Company in general meeting shall by special resolution otherwise direct. The offer shall be made by notice specifying (a) the number of shares offered and (b) a period (not being less than fourteen days) within which the offer, if not accepted, will be deemed to be declined. After the expiration of that period, those shares so deemed to be declined shall be offered in the proportion aforesaid to the persons who have, within the same period, accepted all the shares offered to them. Such further offer shall be made in like terms in the same manner and limited by a like period as the original offer. Any shares not accepted pursuant to such offer or further offer as aforesaid or not capable of being offered aforesaid except by way of fractions and any shares released from the provisions of this Article by any such special resolution as aforesaid shall be under the control of the directors, who may allot, grant options over or otherwise dispose of the same as; they think fit, provided that, in the case of shares not accepted as aforesaid, such shares shall not be disposed of on terms which are more favourable to the subscribers therefore than the terms on which they were offered to the members. The foregoing provisions of this Article 3.2 shall have effect subject to Section 80 of the Act.
- 3.3 In accordance with Section 91 (1) of the Act, Sections 89(1) and 90(1) to (6) inclusive shall not apply to the Company.
- 3.4 The rights attaching to the Ordinary Shares are as follows:
- 3.4.1 on a return of capital on liquidation or otherwise, the assets of the Company available for distribution among the members shall be distributed amongst the holders of the Ordinary Shares in proportion to the number of shares held by each of them;
  - 3.4.2 the holders of the Ordinary Shares shall be entitled to attend and vote at any general meeting of the Company and any holder of Ordinary Shares shall be entitled to demand a poll at such meeting in which case if a poll is duly demanded each holder of Ordinary Shares shall be entitled to one vote for every Ordinary Share held by them; and

- 3.4.3 the holders of the Ordinary Shares shall be entitled to receive any dividend declared or proposed to be declared by the Company in proportion to the number of Ordinary Shares held by each of them.

#### **4 RETURN OF CAPITAL**

- 4.1.1 On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after the payment of its liabilities shall be distributed amongst the holders of the Ordinary Shares in proportion to the amounts paid up or credited as paid up on the Ordinary Shares held by them respectively

#### **5 VOTING**

- 5.1 Each Ordinary Share shall carry one vote per share.
- 5.2 Votes on shares may be exercised:
- 5.2.1 on a show of hands by every member who (being an individual) is present in person or (being a corporation) is present by a representative (in which case each member holding shares with votes shall have one vote);
- 5.2.2 on a poll by every member who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case each member holding shares with votes shall have one vote for each such share held).

#### **6 TRANSFER OF SHARES**

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

## **7. PERMITTED AND MANDATORY TRANSFERS**

### Permitted transfer to relations

- 7.1 Notwithstanding any other provision in these articles any member may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to a Privileged Relation.

### Permitted transfers by White Rose, the University, Techtran and Wellcome

- 7.2 Notwithstanding any other provisions of these articles a transfer of any shares in the Company held by any member of the White Rose Group may be made between the member of the White Rose Group holding such shares and any other member of the White Rose Group without restriction as to price or otherwise and any such transfer shall be registered by the directors. If any such transferee ceases to be a member of the White Rose Group it shall forthwith transfer the relevant shares to a member of the White Rose Group.
- 7.3 White Rose shall be entitled at its sole discretion to transfer up to 5% of the Ordinary Shares held by it to Murray Johnstone or to any company within the Murray Johnstone Group.
- 7.4 Each of Techtran, the University and Wellcome shall be entitled at its sole discretion to transfer Ordinary Shares to any company in which Techtran, the University or Wellcome is a majority shareholder or any other body (corporate or unincorporated) established by Techtran, the University or Wellcome to hold and manage shares in trading companies.

### Mandatory transfer on cessation of employment

- 7.5 If an Employee Member is no longer either a director or employee of the Company or any of its subsidiaries and does not continue in either capacity in relation to any of them, or ceases to provide any services to the Company then, at the discretion of the directors of the Company, Transfer Notices shall be deemed to have been served on the relevant Termination Date in respect of:
- 7.5.1 all shares, excluding Angel Shares, held by the Employee Member immediately before such cessation; and

- 7.5.2 all shares, excluding Angel Shares, then held by the Employee Member's Privileged Relations (other than shares which the directors are satisfied were not acquired by such holders either (i) directly or indirectly from the Employee Member or (ii) by reason of their connection with the Employee Member, and the decision of the board of directors in this respect will be final).

PROVIDED THAT this clause 7.5 shall only apply where the reason for the Employee Member ceasing to be an Employee member is either dismissal for gross misconduct or incompetence or voluntary resignation by the Employee Member (not amounting to constructive dismissal or being by reason of ill health or retirement at or above the normal retiring age of the Company for an employee in his position)

Transfers under this sub-article are in these articles referred to as Compulsory Employee Transfers.

Cessation of employment not covered by Article 7.5

- 7.6 Where an Employee Member ceases to be an Employee Member (in that he is no longer an employee or director of or providing services to the Company) in circumstances to which Article 7.5 does not apply then for the avoidance of doubt the Employee Member (or his Privileged Relations as the case may be) shall be entitled to retain any shares held by him.

Mandatory transfer on change of control of shareholder

- 7.7 If a corporate member ceases to be within the control (as such term is defined by section 840 Income and Corporation Taxes Act 1988) of the person(s) who controlled such company on the date on which it became a member of the Company or on the date of adoption of these articles (whichever shall be the later) it shall be deemed to have immediately given a Transfer Notice in respect of all the shares as shall then be registered in its name; provided that this sub-article shall have no application to White Rose (or to any member of the White Rose Group) or Murray Johnstone (or any member of the Murray Johnstone Group) or to Techtran or the University.

## 8 PRE-EMPTION RIGHTS

### Transfer notices

- 8.1 Save as otherwise provided in these articles, every member who desires to transfer any shares (hereinafter called 'the Seller') shall give to the Company notice in writing to that effect (a 'Transfer Notice'). Where there is a Compulsory Employee Transfer in respect of an employee such employee (also hereinafter included in the term 'Seller') shall be deemed to have given written notice to the Company (a 'Deemed Transfer Notice'). A Transfer Notice or a Deemed Transfer Notice shall constitute the Company the Seller's agent for the sale of the shares specified therein ('the Sale Shares') in one or more lots at the discretion of the directors at the Sale Price.

### Calculation of the Sale Price

- 8.2 The Sale Price shall be such price as is agreed between the Seller and the Company. If the parties fail to agree within 28 days of the Transfer Notice being given or the Deemed Transfer Notice being deemed to have been given the Sale Price shall be instead such price as an Independent Expert shall certify to be in his opinion a fair value thereof.
- 8.3 In arriving at his opinion the Independent Expert will value the shares on a going concern basis as between a willing seller and a willing buyer and on the assumption that the Sale Shares are capable of transfer without restriction, as follows :-
- 8.3.1 in the case of a Deemed Transfer Notice, where an Employee Member leaves:
- (a) as a result of having been dismissed or removed from office (or any contract under which he provides services having been terminated) for incompetence or gross misconduct (and such dismissal, removal or termination is not wrongful);
  - (b) as a result of a voluntary resignation (not amounting to constructive dismissal or being by reason of ill health or retirement at or above the normal retiring age of the Company for an employee in his position) prior to 10 October 2007;

the price to be ascribed to the Sale Shares shall be the lower of market value and the price paid at subscription unless the Board in its absolute discretion determines by majority (excluding, if he is a Director, the Employee Member concerned) that the Sale Price should be determined in accordance with Article 8.3.2 below; and

8.3.2 in any other case (including, for the avoidance of doubt, a case which the Board has determined, pursuant to Article 8.3.1 above, should be determined in accordance with this Article 8.3.2), then the price to be paid for the shares will be the fair value ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest. .

8.4 The decision of the Independent Expert as to the Sale Price shall be final and binding.

8.5 If a member, having become bound under these Articles to transfer shares in the Company makes default in transferring the same the Secretary shall be authorised (and (except in the case of Wellcome) shall be deemed to be the attorney of such member for the purpose) to execute the necessary instrument of transfer of such shares and may deliver it on behalf of the member and the Company may receive the purchase money and thereafter (subject to the instrument being duly stamped) cause the transferee to be registered as the holder of such shares and shall hold such purchase money on behalf of said member. The Company shall not be bound to earn or pay interest on any money so held. The receipt of the Company shall be a good discharge to the transferee who shall not be bound to see the application thereof, and after the name of the transferee has been entered in the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person.

#### Certification of the Sale Price

8.6 If the Independent Expert is asked to certify the fair value his certificate shall be delivered to the Company, As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. The cost of obtaining the certificate shall be paid by the Seller save where the certificate is obtained in connection with a Deemed Transfer Notice in which case the cost shall be borne by the Company.

#### Pre-emptive offers-general

- 8.7 Once the Sale Price has been determined then the Sale Shares shall be offered for sale as set out below. All offers made by the Company shall give details of the number and Sale Price of the Sale Shares.

#### First Offer

- 8.8 As soon as Sale Shares become available they shall be forthwith offered for sale by the Company to all holders of Shares (other than the Seller) pro rata as nearly as may be to the respective numbers of Shares held by such members and as if they constituted one class.

Any offer made by the Company under this sub-article will invite the relevant members to state in writing the maximum number of the shares offered to them they wish to purchase and will remain open for 21 days ('the First Offer Period').

#### Second Offer

- 8.9 If at the end of the First Offer Period there are any Sale Shares offered which have not been allocated the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them.

This offer will invite the relevant members to state in writing the maximum number of shares they wish to purchase. If there are insufficient Sale Shares to meet the demand then the directors will allocate the Sale Shares pro rata as nearly as may be in proportion to the number of Ordinary Shares held by the relevant members. This offer will remain open for a further period of 21 days.

Thereafter the Company shall continue to make offers on the same terms while any member continues to state in writing his willingness to purchase all shares offered to him.

#### Transfer procedure for pre-emptive offers

- 8.10 If the Company finds a purchaser for all or any of the Sale Shares under the terms of this article the Seller shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Seller defaults in transferring Sale Shares the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Seller and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holder of such of the Sale Shares as shall have been transferred to them.

#### Effect of non-compliance

- 8.11 Any purported transfer of shares otherwise than in accordance with the provisions of these articles shall be void and have no effect.

#### Shares for which no purchaser is found

- 8.12 If after exhausting the procedure outline above, there remain Sale Shares for which no purchaser has been found, the Seller shall be at liberty to transfer those Sale Shares to such person as he may choose during the period of three months after the date on which the final offer was made by the Company pursuant to Article 8.9 above provided that the price is no less than the Sale Price.



## 9 TRANSFER OF CONTROL

### Transfers permitted where offer is made for Shares

9.1 No sale or transfer of the legal or beneficial interest in any Shares in the Company may be made or validly registered without the consent in writing of White Rose and Techtran if as a result of such sale or transfer and registration thereof a Controlling Interest would be obtained in the Company by a person or persons who are not Original Members unless the proposed transferee or transferees or his or their nominees are independent third parties acting in good faith and has or have offered;

9.1.1 to purchase all the issued shares in the capital of the Company (of whatever class) at the Specified Price ; and

9.1.2 to repay all sums then owed or repayable to White Rose and Techtran.

### Calculation of the Specified Price

9.2 In this article the 'Specified Price' means the greater of:

9.2.1 the nominal value of each share, and

9.2.2 the consideration (in cash or otherwise) per share equal to that offered or paid or payable by the proposed transferee or his or their nominees for the shares being acquired, plus the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such other shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable.

9.3 In the event of disagreement the calculation of the Specified Price shall be referred to an Independent Expert whose decision shall in the absence of manifest error be final and binding.

### Interpretation

9.4 In this article:

- 9.4.1 the expressions 'transfer' and 'transferee' shall include respectively the renunciation of a renounceable letter of allotment and the renounce under any such letter of allotment;
- 9.4.2 the expression 'shares' includes bearer shares, depository receipts and any other security or instrument into which shares may be converted with a view to a sale;
- 9.4.3 whether or not persons are acting in concert will be determined by the then most recent edition of the City Code on Takeovers and Mergers.

#### Primacy of Article

All other regulations of the Company relating to the transfer of shares and the rights to registration of transfers shall be read subject to the provisions of this article.

### **10 FORCED SALE PROVISIONS**

- 10.1 If, after nineteen months from the date of adoption of these Articles, White Rose and Techtran received an offer for their shares in the Company ('the White Rose and Techtran Offer'), White Rose and Techtran shall be entitled to call upon the other shareholders in the Company to buy the shareholdings of White Rose and Techtran, on the same terms as the White Rose and Techtran Offer. Should the other shareholders fail to buy the shares then held by White Rose and Techtran within one month of White Rose and Techtran giving written notice to the Company of the White Rose and Techtran Offer, then unless within the said period of one month the University objects in writing to them doing so, White Rose and Techtran shall be entitled to insist that all shareholders in the Company sell their shareholding in accordance with the White Rose and Techtran Offer. White Rose and Techtran shall not be entitled to exercise their rights under this paragraph if at the time the White Rose and Techtran Offer is received the members of the Company include any person who is not a member of the Company at the date of adoption of these Articles and who holds shares in the course of any business which provides venture capital and the shareholding of such person exceeds 10% of the issued share capital of the Company at that time.

- 10.2 If any member or other shareholder, having become bound under the previous article 10.1 to transfer shares in the Company makes default in transferring the same White Rose and Techtran shall be authorised (and shall (except in the case of Wellcome) be deemed to be the attorney of the member for the purpose) to execute the necessary instrument of transfer of such shares and may deliver it on behalf of the member and White Rose and Techtran may receive the purchase money and thereafter (subject to the instrument being duly stamped) shall hold such purchase money on behalf of the Member. White Rose and Techtran shall not be bound to earn or pay interest on any money so held. The receipt of White Rose and Techtran shall be a good discharge to the transferee who shall not be bound to see the application thereof, and after the name of the transferee has been entered in the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person.

## **11 SHARE OPTIONS**

- 11.1 An employee share option scheme shall be established over Ordinary Shares in the company equivalent to 10% of the issued share capital of the Company following the initial subscription .
- 11.2 Any awards under the employee share option scheme shall require the approval of White Rose and Techtran (such approval not to be unreasonably withheld or delayed).
- 11.3 Notwithstanding any other provision of these Articles, Ordinary Shares to be issued to employees pursuant to 11.1 above shall not be subject to any right of pre-emption.

## **12 APPOINTMENT OF DIRECTORS**

- 12.1 The Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.
- 12.2 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with these Articles as the maximum number of directors.

### **13 WHITE ROSE, TECHTRAN AND UNIVERSITY APPOINTEES**

- 13.1 Notwithstanding any other provisions of these articles, so long as White Rose is the holder of Ordinary Shares constituting not less than 8% of the issued share capital of the Company, it shall be entitled to appoint as a director of the Company any person approved by the directors (whose approval shall not be unreasonably withheld) and to remove from office any person so appointed and (subject to such approval) to appoint another person in his place. Upon request by White Rose the Company shall also procure that the White Rose appointee be appointed a director to any subsidiary of the Company. Any fee or expenses shall payable to such director shall be at the discretion of the board. For the avoidance of doubt no more than one person shall hold office pursuant to this Article 13.1 at any time.
- 13.2 Notwithstanding any other provisions of these articles, so long as Techtran is the holder of ordinary shares constituting not less than 8% of the issued share capital of the Company, it shall be entitled to appoint as a director of the Company any one person approved by the directors (whose approval shall not be unreasonably withheld) and to remove from office any person so appointed and (subject to such approval) to appoint another person in his place. Upon request by Techtran the Company shall also procure that the Techtran appointee be appointed a director to any subsidiary of the Company. Any fee or expenses shall payable to such director shall be at the discretion of the board. For the avoidance of doubt no more than one person shall hold office pursuant to this Article 13.2 at any time.
- 13.3 Notwithstanding any other provisions of these articles, so long as the University is the holder of ordinary shares constituting not less than 20% of the issued share capital of the Company, it shall be entitled to appoint as a director of the Company any one person approved by the directors (whose approval shall not be unreasonably withheld) and to remove from office any person so appointed and (subject to such approval) to appoint another person in his place. Upon request by University the Company shall also procure that the University appointee be appointed a director to any subsidiary of the Company. Any fee or expenses shall payable to such director shall be at the discretion of the board. For the avoidance of doubt no more than one person shall hold office pursuant to this Article 13.3 at any time.

#### **14 WHITE ROSE, TECHTRAN, UNIVERSITY AND WELLCOME OBSERVERS**

14.1 The Observers shall have the rights set out in the Investment Agreement.

#### **15 MEETINGS OF DIRECTORS**

15.1 Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him. Meetings of the directors may be held by conference telephone or similar equipment, so long as all the participants can hear each other. Such meetings shall be as effective as if the directors had met in person.

15.2 No meeting of the Directors shall be validly held at less than seven days notice unless all the Directors or their duly appointed alternate directors are present or have given their written consent to the meeting proceeding in their absence.

#### **16 DIRECTORS' CONFLICTS OF INTEREST**

16.1 Subject to the provision of the Act and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:-

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

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

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

16.1.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and

16.1.5 shall be entitled to vote and be counted in the quorum on any matter referred to in the foregoing paragraphs of this article.

16.2 For the purposes of this article.-

16.2.1 a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;

16.2.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

16.2.3 an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

## 17 LIEN

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

## **18 CALLS**

- 18.1 The liability of any member in default in respect of a call shall be increased by the addition at the end of the first sentence of regulation 18 in Table A of the words "and all expenses that may have been incurred by the Company by reason of such non-payment."

## **19 SEAL**

- 19.1 Regulation 6 of Table A shall be modified so as to remove the reference to the company seal and regulation 101 of Table A shall be modified by the insertion of the words, "if the Company has one", after the words "The seal" at the beginning of that regulation.

## **20 INDEMNITY**

- 20.1 Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- 20.2 The Company may purchase and maintain insurance against any liability falling upon its directors or other officers or auditors which arises out of their respective duties to the Company or in relation to its affairs.