

Company number 06829020

SPECIAL RESOLUTION

OF

VERBUS INTERNATIONAL LIMITED (Company)

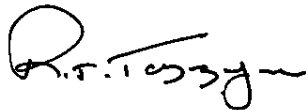
Passed on 28th May 2010

By written resolution of the Company duly passed on 28th May 2010 the following resolution was passed as a special resolution

SPECIAL RESOLUTION

That the draft regulations produced to the meeting and, for the purposes of identification, initialled by the Chairperson be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association

Signed



Chairman



14.

THE COMPANIES ACTS 1985 AND 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION OF VERBUS INTERNATIONAL LIMITED

(Adopted by written special resolution passed on 28 May 2010).

1 Preliminary

1.1 The regulations contained in table A in the schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985/805) (as amended by the Companies (Tables A-F) (Amendment) Regulations 1985 (SI 1985/1052), the Companies Act 1985 (Electronic Communications) Order 2000 (SI 2000/3373), the Companies (Tables A-F) (Amendment) Regulations 2007 (SI 2007/2541) and the Companies (Tables A-F) (Amendment) (No 2) Regulations 2007 (SI 2007/2826)) ("Table A") shall apply to the Company save insofar as they are excluded or varied by or are otherwise inconsistent with these Articles. Other than Table A, no other regulations or Articles set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies shall apply as the regulations or Articles of the Company.

1.1 Regulation 1 of Table A shall be modified by deleting the definition "Act" and substituting in its place the definition given in these Articles and by deleting the words "'communication" means the same as in the Electronic Communications Act 2000 "electronic communication" means the same as in the Electronic Communications Act 2000 "

1.2 In these Articles, the following words have the following meanings

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| Act | the provisions of the Companies Act 2006 as amended and in force at the date these Articles were adopted, |
| "A" Director | any director appointed to the Company by an "A" Shareholder |
| "A" Shareholder | a holder of "A" Shares from time to time |
| "A" Shares | the ordinary shares of £1 each in the capital of the Company, designated as "A" Shares |
| Accounting Period | means an accounting reference period of the Company beginning on 1 st January and ending on the following 31 st December, or such other date as is notified to the Registrar of Companies from time to time, |
| Acting in Concert | has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time), |
| Applicable Agreement | means any agreement from time to time, to which the Shareholders (in their capacity as Shareholders of the Company) are a party, relating to the business and affairs of the Company, |

Approved Offer

an offer in writing served on all Shareholders holding Ordinary Shares (including the proposing transferor), offering to purchase all of the Ordinary Shares held by such Shareholders (including any shares which may be allotted pursuant to the exercise or conversion of options, rights to subscribe for or securities convertible into Ordinary Shares in existence at the date of such offer) which

(a) is stipulated to be open for acceptance for at least 15 Business Days,

(b) includes an undertaking by or on behalf of the relevant buyer that no other consideration, (whether in cash or otherwise) is to be received or receivable by any Shareholder 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 for the shares to be sold by such Shareholder, and that neither the relevant buyer nor any person acting by agreement or understanding with it has otherwise entered into more favourable terms or has agreed more favourable terms with any other Shareholder for the purchase of Ordinary Shares, and

(c) is on terms that the sale and purchase of shares in respect of which the offer is accepted will be completed at the same time

Auditors

means the auditors of the Company from time to time,

"B" Director

any director appointed to the Company by an "B" Shareholder

Board

the board of Directors of the Company from time to time

"B" Shareholder

a holder of "B" Shares from time to time

"B" Shares

the ordinary shares of £1 each in the capital of the Company, designated as "B" Shares

Bad Leaver

means a Relevant Individual who ceases to be an employee and/or director and/or consultant of the Company or any member of the Group and who is not a Good Leaver,

Business

means the engineering and supply of accommodation modules built into oversized steel containers with a capability of being constructed over five storeys high, these modules, transportation and connection system are based upon the Company's patented technology, know-how and trademarks,

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| Business Day | a day (other than a Saturday or Sunday) when banks in London are open for business, |
| "C" Director | any director appointed to the Company by an "C" Shareholder |
| "C" Shareholder | a holder of "C" Shares from time to time |
| "C" Shares | the ordinary shares of £1 each in the capital of the Company, designated as "C" Share |
| Cessation Date | means the date on which a Relevant Individual ceases to be an employee or director or consultant of any Group Company for any reason (including death or bankruptcy), |
| Competitor | any person, firm or company whose principal activity is substantially the same as that of the Business, |
| Controlling Interest | means an interest in shares giving to the holder or holders control of the Company within the meaning of section 840 of the Income and Corporation Taxes Act 1988, |
| Credited as Paid Up | means amounts paid up or credited as paid up on a share including any premium, |
| "D" Director | any director appointed to the Company by an "D" Shareholder |
| Directors | the directors of the Company from time to time |
| "D" Shareholder | a holder of "D" Shares from time to time |
| "D" Shares | the ordinary shares of £1 each in the capital of the Company, designated as "D" Shares |
| "E" Director | any director appointed to the Company by an "E" Shareholder |
| "E" Shareholder | a holder of "E" Shares from time to time |
| "E" Shares | the ordinary shares of £1 each in the capital of the Company, designated as "E" Shares |
| Good Leaver | means a Relevant Individual <ul style="list-style-type: none"> (a) who ceases to be an employee and/or director and/or consultant of any Group Company as a result of his death, or as a result of his permanent incapacity due to ill-health which, in the opinion of an independent doctor appointed with the approval of the Investors (such approval not to be unreasonably withheld or delayed) is sufficiently serious to prevent him from carrying out his normal duties, or (b) who is wrongfully dismissed from his |

employment by any Group Company, or

(c) who is dismissed from his employment by any Group Company and who is subsequently awarded compensation for unfair dismissal by such Group Company by a competent employment tribunal where such compensation is intended to compensate the Relevant Individual for an unfair reason for the dismissal from such employment (but, for the avoidance of doubt, excluding any award which is limited to compensation for failure on the part of the relevant Group Company to adopt a fair procedure in relation to that dismissal), or

(d) who does not fall within category (a), (b) or (c) above, but is determined by the Board of Directors in their absolute discretion within 6 months of the Cessation Date to be a Good Leaver,

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| Group | means the Company and its subsidiaries (as defined by section 736 Companies Act 1989) from time to time and " Group Company " shall mean any one of them, |
| Market Value | has the meaning given in Article 11, |
| Ordinary Shareholders | means a holder of "A" Shares, "B" Shares, "C" Shares, "D" Shares or "E" Shares from time to time, |
| Ordinary Shares | means all of those shares designated as "A" Shares, "B" Shares, "C" Shares, "D" Shares and "E" Shares, |
| Permitted Group | <p>means</p> <p>in relation to a company (wherever incorporated), any wholly-owned Subsidiary of that company, any company of which it is a Subsidiary (its holding company) and any other wholly-owned Subsidiaries of any such holding company from time to time shall form that company's "Permitted Group",</p> <p>in relation to David Wookey (or other person, firm or entity notified to the Company as a trustee for the time being of shares held by members or employees of Buro Happold) all members for the time being of Happold LLP shall form the Permitted Group,</p> |
| Permitted Transferee | in relation to a Shareholder that is a company, any member of that company's Permitted Group, |
| Non Voting Ordinary Shareholder | means all those parties holding Non-voting Ordinary Shares from time to time and " Non-voting Ordinary Shareholders " means all of |

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| | them together, |
| Non Voting Ordinary Shares | means the non-voting ordinary shares of £1 each in the capital of the Company, |
| Proposed Transferee | means a person to whom a Seller proposes to transfer Sale Shares, |
| Relevant Individual | means an employee or director or consultant of any Group Company, |
| Representative Shareholders | the following persons |

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|---------------------------|------------------------------|
| <u>Ordinary</u> | <u>Representative</u> |
| <u>Shareholder</u> | <u>Shareholder</u> |

| | |
|---------------|------------------|
| A Shareholder | Colin Harding |
| B Shareholder | David Wookey |
| C Shareholder | Robert Jenkins |
| D Shareholder | Mr Zhang Baoqing |
| E Shareholder | Roy Tazzyman |

(or any substitutes notified to the Company by the relevant Ordinary Shareholders from time to time in writing) entitled to give any consents authorities or permissions on behalf of such Ordinary Shareholders as may be required under any of the provisions contained herein and to receive notifications from the Company as the same may be disseminated from time to time,

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| Sale Shares | means shares or any interest in or arising from any shares (an option or other like right to acquire any shares (whether by subscription or otherwise) being deemed to be an interest in a share for this purpose) which a Seller wishes to transfer, |
| Seller | means a seller of shares in the Company, |
| Shareholder | means the holder of shares in the Company from time to time, |
| shares | means (unless the context requires otherwise) all of the shares of £1 each in the capital of the Company from time to time and share shall mean any one of them, |

Subsidiary in relation to a company wherever incorporated (a holding company) means "subsidiary" as defined in section 1159 of the Companies Act 2006 and any other company which is itself a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company Unless the context requires otherwise, the application of the definition of Subsidiary to any company at any time shall apply to the company as it is at that time,

Total Transfer Condition means a requirement that all and not some only of the shares held by a Shareholder are transferred at one time,

Transfer Notice an irrevocable notice in writing given by any Shareholder to the Company where the Shareholder desires, or is required by these Articles, to transfer or offer for transfer (or enter into an agreement to transfer) any shares in the Company that it holds Where such notice is deemed to have been served it shall be referred to as a "**Deemed Transfer Notice**"

1 3 Words and expressions defined in Regulation 1 of Table A have the same meanings in these Articles where the context admits

1 4 Regulations 2, 3, 8, 24, 32, 34, 35, 40, 41, 46, 50, 54, 64, 66, 73-80, 84, 88, 89, 91, 94, 96, 102, 103, 110, 112 and 118 of Table A do not apply to the Company

1 5 The Company is a private company and no shares or debentures of the Company may be offered to the public

1 6 Companies Acts means the Companies Act 1985 and the Companies Act 2006 as amended and in force at the date these Articles were adopted

2 Share Capital

2 1 The issued share capital of the Company at the date of adoption of these Articles is £1,231 divided into 1,231 Ordinary Shares of £1 each of which

2 1 1 1 381 are designated "A" Shares,

2 1 1 2 468 are designated "B" Shares,

2 1 1 3 62 are designated "C" Shares,

2 1 1 4 246 are designated "D" Shares, and

2 1 1 5 74 are designated "E" Shares

2 2 The Ordinary Shares and the Non-Voting Ordinary Shares shall rank *pari passu* with the rights attached thereto as set out in these Articles save as regards those rights set out in Articles 3, 5, 8, 12, 13, 20 and 22

2 3 The rights as regards income attaching to each class of shares shall be as set out in these Articles

2 4 On the transfer of any share as permitted by these Articles

2 4 1 a share transferred to a non-Shareholder shall remain of the same class as before the transfer, and

2 4 2 a share transferred to a Shareholder shall automatically be redesignated on transfer as a share of the same class as those shares already held by the Shareholder

If no shares of a class remain in issue following a redesignation under this paragraph, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, Shareholders of that class or Directors appointed by that class

2 5 Variation of the rights attaching to any class of shares shall be effective only if

2 5 1 the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of the affected class of Ordinary Shareholders is obtained, or

2 5 2 with the sanction of a special resolution passed at a separate general meeting of the holders of the affected class of Ordinary Shares. To any such separate general meeting all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one holder of the relevant class present in person or by proxy and holding or representing not less than one-third in nominal value of the issued shares of the relevant class, that every holder of shares of the relevant class shall be entitled on a poll to one vote for every such share held by him and that any holder of shares of the class present in person or by proxy or (being a corporation) by a duly authorised representative may demand a poll. For the purpose of this Article one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting

2 6 Each of the following shall not be deemed to constitute a variation of the rights attached to each class of shares (for which purpose the Ordinary Shares rank as a single class)

2 6 1 any alteration in the memorandum or these Articles of the Company (save where the alterations involves an alteration to the rights attaching to any class of shares to the detriment of that class),

2 6 2 any increase or reduction or subdivision or consolidation or other alteration in the authorised or issued share capital of the Company or any of the rights attaching to any share capital, and

2 6 3 any resolution to put the Company into liquidation

3 Share Rights - Dividend

No profits of the Company which are available for lawful distribution in respect of each Accounting Period will be declared and paid as dividends to the Shareholders unless and until at least four out of five Representative Shareholders shall approve such declaration and payment

4 Share Rights - Return of Capital

4 1 The rights as regards return of capital attaching to each class of shares shall be that on a return of capital on liquidation or otherwise (except on a redemption or purchase by the Company of any Shares), the surplus assets of the Company

remaining after the payment of its liabilities shall be distributed pro rata amongst the holders of the Ordinary Shares and the Non Voting Ordinary Shares (ranking pari passu for this purpose) according to the amount credited as paid up on each such share

5 Share Rights - Voting

5 1 The Shareholders holding Ordinary Shares shall be entitled to receive notice of and speak at any general meeting of the Company. The Shareholders holding Ordinary Shares who (being individuals) are present in person or by proxy, or (being corporations) are present by duly authorised representatives or by proxy shall on a show of hands, have one vote each and, on a poll, have one vote for each Ordinary Share of which he is a holder

5 2 The Shareholders holding Non-Voting Ordinary Shares shall be entitled to receive notice of all general meetings but will not be entitled to vote at any general meeting

5 3 The provisions of Article 5 4 shall apply if at any time

5 3 1 there has been proposed a resolution for the winding-up of the Company or a resolution for a reduction in the capital of the Company, and

5 3 2 the Company is in breach of the provisions of these Articles

5 4 If the provisions of this Article 5 4 apply in accordance with Article 5 3 then the Non-Voting Ordinary Shares shall entitle each holder thereof, on a show of hands, to one vote, and on a poll, to one vote for each Non-Voting Ordinary Share of which it is the holder (and the provisions of Article 5 1 and 5 2 shall apply, with the necessary changes being made, to the Non-Voting Ordinary Shares)

5 5 The provisions of Article 5 4 shall

5 5 1 in the case of Article 5 3 1, only apply in relation to such resolution as is there mentioned, and

5 5 2 in the case of Articles 5 3 2 continue for so long as such breach subsists

5 6 For the avoidance of doubt, the provisions in Article 5 4 shall enable the holders of any Non-Voting Ordinary Shares in issue from time to time

5 6 1 to pass written resolutions of the Company pursuant to section 288 of the Act, and

5 6 2 to consent to the holding of a general meeting of the Company on short notice pursuant to section 307 of the Act

6 Powers of Directors

Save to the extent authorised from time to time by the Shareholders, the Directors must not exercise any power of the Company to allot shares or to grant rights to subscribe for, or to convert any security into shares in the capital of the Company

7 Lien

The Company shall have a first and paramount lien on every share (whether or not it is a fully paid share) for all monies (whether presently payable or not) called or payable at a fixed time in respect of that share but the Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article

8 Issue and Allotment of New Shares

- 8 1 If the Company wishes to issue further shares, and provided that it has complied with Article 20 1 4, the Shareholders shall procure (so far as is possible in the exercise of their rights and powers) that the Company gives notice to each Ordinary Shareholder stating the number of shares to be issued and the price of the shares
- 8 2 Subject to the terms of any Applicable Agreement, and unless the Company by special resolution directs otherwise, any new shares will be offered by the Directors for subscription to the holders of the Ordinary Shares in such proportions as equal (as nearly as possible) the proportion of Ordinary Shares held by them respectively at that time For the purpose of this Article, the Ordinary Shares will be treated as one class of share
- 8 3 The offer will be made by notice specifying the number and class of shares offered, the price per share, and a time (being not less than 14 Business Days) within which the offer, if not accepted, will be deemed to be declined At the end of that period or, if earlier, on the receipt of an indication from the person(s) to whom such notice is given that he/they decline(s) to accept some or all of the shares so offered, the Directors will offer the declined shares in the same proportions to the holders of Ordinary Shares who have accepted all the shares initially offered to them This further offer will be made in the same manner as the original offer but may, at the discretion of the Directors, be limited to a period of 7 Business Days after which it will (to the extent that any shares remain unaccepted) be deemed to have been withdrawn
- 8 4 Any shares not taken up at the end of the procedure set out in Articles 8 2 and 8 3 may be offered by the Directors to a third party, and, subject to these Articles, the provisions of the Companies Acts, such shares will be at the disposal of the Directors who may allot, grant options over or otherwise dispose of them to such persons at such times and generally on such terms as they think fit However
- 8 4 1 no shares will be issued at a lower price than that at which they were offered to the Shareholders,
- 8 4 2 no shares will be issued more than three months after the end of the period for acceptance of the last offer of such shares under Articles 8 2 and 8 3 unless the procedure set out in those Articles is repeated in respect of such Shares, and
- 8 4 3 no shares will be issued on terms which are more favourable than those on which they were offered to the Shareholders
- 8 5 The provisions of sections 561 and 562 of the Act relating to statutory pre-emption rights will not apply to the Company
- 8 6 If, due to any inequality between the number of new shares to be issued and the number of shares held by Shareholders entitled to have the offer of new shares made to them, any difficulty arises in the apportionment of any such new shares amongst the Shareholders, such difficulties will be resolved by the Board

9 Transfer of Shares

- 9 1 All transfers of shares shall be effected by instrument in writing in any form for the time being authorised by the Stock Transfer Act 1963 (or any statutory modification or re-enactment thereof for the time being in force) or in any other form which the Directors may approve
- 9 2 No Shareholder shall sell, transfer, assign, pledge, charge or otherwise dispose of any share or any interest in any share except

- 9 2 1 with the prior written consent of all Shareholders for the time being, or
 - 9 2 2 in accordance with Article 10 1, or
 - 9 2 3 in accordance with Article 12, or
 - 9 2 4 in accordance with Article 13, or
 - 9 2 5 a Shareholder may transfer all (but not some only) of its shares in the Company to any person for cash and not on deferred terms in accordance with the procedure set out in Article 10 2 to Article 10 13, or
 - 9 2 6 in accordance with Article 14
- 9 3 The Directors will not register any transfer of shares to any person who, in the opinion of the Ordinary Shareholders is a Competitor of the Company or any member of the Group, except this restriction will not apply to any transfer of shares to an existing Ordinary Shareholder of the Company, who was already an Ordinary Shareholder of shares in the Company prior to the proposed registration of the relevant transfer
- 9 4 The Directors will not register any transfer of shares to any person who does not have legal capacity to transfer such shares or otherwise to comply fully with the provisions of these Articles
- 10 Pre-emption**
- 10 1 A Shareholder ("**Original Member**") may at any time transfer all (but not some only) of its shares in the Company to a Permitted Transferee. If a Permitted Transferee ceases to be a member of the Permitted Group, the Permitted Transferee must, not later than the date five Business Days after the date on which it so ceases, transfer all (but not some only) of its shares in the Company back to the Original Member or to a member of the same Permitted Group as the Original Member (which in either case is not in liquidation), failing which the Company may execute a transfer of the shares on behalf of the Permitted Transferee and register the Original Member as the holder of such shares
- 10 2 Save in the case of a transfer to a Permitted Transferee, a Shareholder wishing to transfer its shares ("**Seller**") must give a Transfer Notice to the Company
- 10 3 Each Transfer Notice will relate to one class of shares only and will specify
- 10 3 1 the number and class of Sale Shares,
 - 10 3 2 the identity of the Proposed Transferee(s) (if any),
 - 10 3 3 the price per share at which the Seller wishes to transfer the Sale Shares ("**Price**"), and
 - 10 3 4 whether or not the Transfer Notice is subject to a Total Transfer Condition. In the absence of any such stipulation it will be deemed not to be so conditional. No Total Transfer Condition will apply in respect of any Transfer Notice deemed to have been given pursuant to Articles 12 or 13
- 10 4 No Transfer Notice will be capable of variation or cancellation without the consent of all of the Shareholders unless the independent accountants subsequently determine the Market Value of the Sale Shares to be less than the price specified in the Transfer Notice, in which case the Seller may withdraw the Transfer Notice within 3 Business Days of determination of the Market Value

- 10 5 Within 3 Business Days of receipt of the Transfer Notice, the Company shall request that the Auditors determine the Market Value of the Sale Shares as at the date of the Transfer Notice in accordance with Article 11
- 10 6 The Transfer Notice will constitute the Company as the agent of the Seller for the transfer of all the legal title to, beneficial ownership of and all interests and rights attaching to the Sale Shares in accordance with this Article 10 at the lower of the Market Value and the Price ("**Transfer Price**")
- 10 7 Within 10 Business Days after its receipt of a Transfer Notice or, where later, on the determination of the Transfer Price, the Company (in its capacity as agent for the Seller) will give notice in writing to each of the Shareholders (other than the Seller, the holders of Non Voting Ordinary Shares, a Compulsory Seller and any other Shareholder who has served or who is deemed to have served a Transfer Notice in respect of his entire holding of shares pursuant to which the sale of such shares has not then been concluded) offering the Sale Shares for sale at the Transfer Price in accordance with Article 10 6 The notice will specify that the Shareholders will have a period of up to 20 Business Days from the date of such notice within which to apply for some or all of the Sale Shares
- 10 8 It will be a term of the offer that, if there is competition between Shareholders for the Sale Shares, such Sale Shares will be treated as offered among the Shareholders in proportion (as nearly as possible) to their existing holdings of shares ("**Proportionate Entitlement**") However, the offer will also invite Shareholders to indicate in their applications for Sale Shares, whether they would be willing to buy shares in excess of their Proportionate Entitlement should any such shares be available and, if so, how many ("**Extra Shares**")
- 10 9 After the expiry of the offer period specified in Article 10 7 (or, if sooner, upon valid applications being received for all of the Sale Shares in accordance with that Article), the Board will allocate the Sale Shares as follows
- 10 9 1 if the total number of Sale Shares applied for (including Extra Shares) is equal to or less than the available number of Sale Shares, each offeree will be allocated the number applied for in accordance with his application, or
- 10 9 2 if the total number of Sale Shares applied for is greater than the available number of Sale Shares, each offeree will be allocated his Proportionate Entitlement, or, if less, the number of Sale Shares which he has applied for, and
- 10 9 3 applications for Extra Shares will be allocated in accordance with such applications or, in the event of competition between Shareholders, among those applying for Extra Shares in such proportions as equal (as nearly as possible) the proportions of all the shares held by such offerees
- 10 10 Allocations of Sale Shares made by the Company pursuant to this Article 10 will constitute the acceptance by the persons to whom they are allocated of the offer to purchase those Sale Shares on the terms offered to them, provided that no person will be obliged to take more than the maximum number of Sale Shares which he has indicated to the Company he is willing to purchase
- 10 11 Except in the case of an acquisition of Sale Shares by the Company, if the Seller fails by the due completion date to execute and deliver transfers in respect of any of the Sale Shares which he is due to transfer, the Board may, authorise any Director to
- 10 11 1 execute the necessary transfer(s) on the Seller's behalf, and

10 11 2 against receipt by the Company of the Transfer Price payable for the relevant Sale Shares (to be held on trust for the Seller without interest) (the receipt being a good discharge to the offeree who will not be bound to see to the application of it), deliver such transfer(s) to the relevant offeree(s)

The Board will authorise registration of the transfer(s), and of the offeree(s) as the holder(s) of the Sale Shares so transferred, once appropriate stamp duty has been paid. After registration, the title of such offeree(s) as registered holder(s) of such Sale Shares will not be affected by any irregularity in, or invalidity of such proceedings, which will not be questioned by any person.

10 12 In the case of an acquisition of Sale Shares by the Company, if the Seller fails by the due completion date to transfer and/or to deliver the certificates (or a suitable indemnity) in respect of any Sale Shares, the Board may (and will if requested by the Ordinary Shareholders) authorise any Director to execute, complete and deliver the necessary transfer and indemnity to the Company on the Seller's behalf. When that instrument has been duly stamped, the Company will ensure that such share capital is cancelled in accordance with the Companies Act, and will hold the purchase monies on trust (without interest) for the Seller.

10 13 Immediately after the exhaustion of any pre-emption process followed in accordance with these Articles, if any Sale Shares remain unallocated, the Company will notify the Seller of that fact. The Seller may, at any time within one calendar month after receiving such notice (but not otherwise unless the pre-emption procedure set out in these Articles is repeated), transfer any unsold Sale Shares to the Proposed Transferee at any price which is not less than the Transfer Price, except that

10 13 1 the Board will refuse registration of any transfer to a Proposed Transferee who is a person to whom shares may not be transferred by virtue of Articles 9 3 or 9 4,

10 13 2 if any such transfer would, if made and registered, result in the Proposed Transferee obtaining or increasing a Controlling Interest, the Board will refuse registration of such transfer until such time as an Approved Offer has been made,

10 13 3 any such transfer must be in good faith and the Board may require to be satisfied (in such manner as it may reasonably think fit) that the Sale Shares are being sold at a price which is not less than the Transfer Price without any deduction, rebate or allowance whatsoever. If not so satisfied, the Board (subject to the approval of the Investors) may refuse to register the transfer, and

10 13 4 in the case of any deemed transfer process pursuant to Article 12 and Article 13, the Compulsory Seller will not be entitled to transfer any unsold Sale Shares to any third party.

11 Valuation

11 1 If the Auditors are required to determine Market Value of shares in the Company pursuant to Articles 10 5, 12 4 or 13 4, the provisions set out below will apply.

11 2 The Auditors shall be instructed that the fair market value of the relevant shares is to be determined with regard to the following agreed assumptions and bases:

11 2 1 valuing the relevant shares on an arm's length sale between a willing vendor and a willing buyer,

11 2 2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so,

- 11 2 3 that the relevant shares are capable of being transferred without restriction,
 - 11 2 4 without discount for minority holdings or premium for majority holdings,
 - 11 2 5 taking into account the potential (if such potential realistically exists at that time) of the shares of the Company being immediately listed on any recognised stock exchange, including the base price of the shares in the Company in respect of any such proposed listing,
 - 11 2 6 taking into account future revenue streams for existing licenses of the Intellectual Property Rights, and
 - 11 2 7 unless otherwise provided in this agreement, the valuation of the relevant shares should be given as at the date of the original notice to sell or transfer those shares
- 11 3 The Company and the Shareholders must render all such assistance and provide all such documentation and other information to the Auditors as the Auditors may consider necessary and will use their respective best endeavours to procure that the Auditors will issue to the Company a certificate as to the market value of the relevant shares as soon as reasonably practicable and, in any case, within 20 days of the Auditors receiving instructions, unless otherwise agreed between the Shareholders in writing. The market value of the relevant shares shall be as certified by the Auditors of the Company in accordance with this Article 11 3 ("**Market Value**")
- 11 4 The costs of the Auditors in connection with the preparation of the certificate as to the Market Value of the relevant shares will be borne by the Company unless the Seller withdraws the Transfer Notice in accordance with Article 10 4 in which event the Seller shall be liable for all costs of the Auditors in connection with the preparation of the certificate as to the Market Value of the relevant shares
- 12 Obligatory Transfers**
- 12 1 If any of the following events ("**Obligatory Transfer Events**") happen to a Shareholder, that Shareholder shall serve a Transfer Notice on the Company as soon as possible, which shall include details of the Obligatory Transfer Event
- 12 1 1 the liquidation (voluntary or otherwise) of the Shareholder, other than a genuine solvent reconstruction or amalgamation in which the new company assumes (and is capable of assuming) all the obligations of the Shareholder, or
 - 12 1 2 a change of control (as control is defined in section 840 of the Income and Corporation Taxes Act 1988) of the Shareholder although in the case of a Permitted Transferee that ceases to be a member of the Permitted Group, it shall transfer the shares back to the Original Member or to another Permitted Transferee in accordance with Article 10 rather than serve a Transfer Notice under this Article, or
 - 12 1 3 an order is made by a court of competent jurisdiction, or a resolution is passed for the administration of the Shareholder, or documents are filed with the court for the appointment of an administrator, or notice of intention to appoint an administrator is given by the Shareholder, or its directors or by a qualifying floating charge holder (as defined in paragraph 14 of Schedule B1 to the Insolvency Act 1986), or
 - 12 1 4 any step is taken by any person other than a member of another Shareholder's group (and is not withdrawn or discharged within 60 Business Days) to appoint a receiver, administrative receiver or manager in respect of

the whole or a substantial part of the assets or undertaking of the Shareholder, or

- 12 1 5 the Shareholder being unable to pay its debts as they fall due for the purposes of section 123 of the Insolvency Act 1986, or
- 12 1 6 the Shareholder entering into a composition or arrangement with its creditors, or
- 12 1 7 any chargor enforcing any charge created over any shares held by the Shareholder in the Company, or
- 12 1 8 a process having been instituted that could lead to the Shareholder being dissolved and its assets being distributed among the Shareholder's creditors, shareholders or other contributors, or
- 12 1 9 the Shareholder ceasing to carry on its business or substantially all of its business, or
- 12 1 10 if under any Applicable Agreement, the Shareholder is called upon to offer their shares in the Company for transfer

If the Shareholder that has suffered the Obligatory Transfer Event fails to serve a Transfer Notice, it shall be regarded as giving a Deemed Transfer Notice in relation to its shares in the Company on the date on which the Company becomes aware of the Obligatory Transfer Event

- 12 2 The Company shall within 3 Business Days of receiving the Transfer Notice in respect of the Obligatory Transfer Event provide a copy of the Transfer Notice and details of the Obligatory Transfer Event to the other Shareholders
- 12 3 Each of the other Shareholders, have the right, within 7 Business Days of receiving the Transfer Notice (the first Business Day is the day after it received the Transfer Notice), to offer to buy their Proportionate Entitlement (and to indicate whether they would like to acquire more than their Proportionate Entitlement, if available) (in this Article the "**Buyers**") of the shares in the Company of the Shareholder serving the Transfer Notice ("**Compulsory Seller**") at a price for cash specified by the Buyers and not on deferred terms ("**Offer**") Where not all of the other Shareholders wish to acquire their Proportionate Entitlement, the Shareholders who have indicated that they wish to acquire more than their Proportionate Entitlement shall be entitled to acquire any remaining shares in such proportions as equal (as nearly as possible) the proportions of all the shares held by them
- 12 4 The Compulsory Seller has a period of 21 Business Days ("**Share Pricing Period**") from receiving the Offer (the first Business Day is the day after the date of the Offer) within which to
 - 12 4 1 accept the price offered for the shares by the Buyers, or
 - 12 4 2 request that a Market Value for the shares as at the date of the Obligatory Transfer Event is determined by the Auditors in accordance with Article 11,

and the Compulsory Seller is deemed to have accepted the Offer at the price stated by the Buyers in the Offer notice under Article 12 3 if the Seller does not expressly accept or request a Market Value determination by the end of the Share Pricing Period

- 12 5 The price for the shares shall be

- 12 5 1 the price offered by the Buyers if, at the expiry of the Share Pricing Period, the Compulsory Seller has accepted that price, or neither accepted that price nor requested the determination of a Market Value by the Auditors, or
- 12 5 2 the Market Value determined by the Auditors if the Compulsory Seller requests such a determination before the expiry of the Share Pricing Period
- 12 6 Where the price is referred to the Auditors, to exercise its right to buy the Buyers shall give notice to the Compulsory Seller within 3 Business Days of receiving notification of the Market Value determined by the Auditors (the first Business Day being the day after the Buyers receive the Market Value notification)
- 12 7 Acceptance or deemed acceptance under Article 12 4 or the service of a notice to buy under Article 12 6 shall bind the parties to buy and sell the shares, as the case may be
- 13 Obligatory Transfer in respect of Non-Voting Ordinary Shareholders**
 - 13 1 Notwithstanding Articles 29 to 31 of Table A, when a Non-Voting Ordinary Shareholder ceases for any reason (including death, bankruptcy or liquidation) to be an employee and/or director or consultant of any Group Company it shall be deemed to have served a Transfer Notice on the other Shareholders
 - 13 2 Within 6 months after the Cessation Date, the Board may serve notice ("**Compulsory Sale Notice**") on the Relevant Individual (or the Personal Representatives of any deceased Non-Voting Ordinary Shareholder or the trustee in bankruptcy of any bankrupt Non-Voting Ordinary Shareholder), (each a "**Compulsory Seller**" and together "**Compulsory Sellers**") requiring each such person to offer for sale all Non-Voting Ordinary Shares registered in his or their name(s) or to which he is or they are or may become entitled whether as a result of his or their holding of shares or otherwise
 - 13 3 The Non-Voting Ordinary Shares which are the subject of the Compulsory Sale Notice will be offered for sale (other than to any Compulsory Seller or any other Shareholder who has served or who is deemed to have served a Transfer Notice in respect of his entire holding of shares which is still outstanding) in accordance with the provisions of Article 10, which will apply as if set out in full in this Article except to the extent that they are varied by the following provisions of this Article 13 The Board of Directors may also determine in their absolute discretion to revoke any Transfer Notice previously given or deemed to have been given by the Compulsory Seller(s) which is still outstanding at the Cessation Date
 - 13 4 The price for the Sale Shares will be
 - 13 4 1 if the Non-Voting Ordinary Shareholder is a Good Leaver, the Market Value of the Sale Shares on the Cessation Date, to be determined by the Auditors in accordance with Articles 11 and 13 5,
 - 13 4 2 if the Non-Voting Ordinary Shareholder is a Bad Leaver, such amount as is equal to the lower of the Par Value and the Market Value on the Cessation Date (as determined by the Auditors in accordance with Articles 11 and 13 5),
 - 13 5 "**Market Value**" for the purposes of this Article 13 will have regard also to the effect on the Group of the Relevant Individual in question ceasing to be an employee or director or consultant of any Group Member
 - 13 6 Unless Ordinary Shareholders direct otherwise in writing, any shares held by a Compulsory Seller on the Cessation Date (and any shares issued to a Compulsory Seller after such date by virtue of the exercise of any right or option granted or

arising by virtue of his holding of the Sale Shares) will cease to confer the right to be entitled to receive notice of and attend any general meeting of the Company, or any meeting of the holders of any class of shares with effect from the Cessation Date (or, where appropriate, the date of issue of such Shares, if later), and such shares will not be counted in determining the total number of votes which may be cast at any such meeting, or for the purposes of a written resolution of any Shareholders or class of Shareholders

14 Drag Along

14 1 If the holders of 75% of the shares in the Company in issue for the time being ("**Selling Shareholders**") wish to transfer all of their interest in their shares in the Company ("**Sellers' Shares**") to a bona fide arm's length purchaser ("**Proposed Buyer**"), the Selling Shareholders may require all other Shareholders ("**Called Shareholders**") to sell and transfer all their shares to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this Article ("**Drag Along Option**")

14 2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect ("**Drag Along Notice**") at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify

14 2 1 that the Called Shareholders are required to transfer all their shares ("**Called Shares**") pursuant to this Article 14,

14 2 2 the person to whom the Called Shares are to be transferred,

14 2 3 the consideration payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per share offered by the Proposed Buyer for the Sellers' Shares. Save that in the event that the Called Shareholder shall fail to provide (on a pro rata basis) such warranties, indemnities and like undertakings as are provided in favour of the Proposed Buyer by the Selling Shareholders, an amount equal to the value of such obligations agreed by the Selling Shareholders and the Called Shareholders or otherwise as determined by the Auditors shall be deducted from such consideration payable to the Called Shareholder, and

14 2 4 the proposed date of the transfer

14 3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 30 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.

14 4 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this Article 14.

14 5 Completion of the sale of the Called Shares shall take place on the Completion Date. Completion Date means the date proposed for completion of the sale of the Sellers' Shares unless

14 5 1 all of the Called Shareholders and the Selling Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by all of the Called Shareholders and the Selling Shareholders, or

14 5 2 unless otherwise agreed in accordance with Article 14 5 1, if the date proposed is less than 30 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 30th Business Day after the date of the Drag Along Notice.

- 14 6 The rights of pre-emption set out in these Articles shall not apply to any transfer of shares to a Proposed Buyer (or as it may direct) pursuant to a sale for which a Drag Along Notice has been duly served
- 14 7 Within 14 Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) to the Company. On the Completion Date, the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are due for their shares pursuant to Article 14 2 3 to the extent that the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 14 2 3 in trust for the Called Shareholders without any obligation to pay interest.
- 14 8 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the consideration due pursuant to Article 14 2 3, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificates (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this Article 14 in respect of their Shares.
- 14 9 If any Called Shareholder does not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by it, the defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute all necessary transfer(s) on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares, to deliver such transfer(s) to the Proposed Buyer (or as they may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of shares under this Article 14.
- 14 10 Following the issue of a Drag Along Notice, on any person becoming a Shareholder of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company or on the conversion of any convertible security of the Company ("New Shareholder"), a Drag Along Notice shall be deemed to have been served on the New Shareholder on the same terms as the previous Drag Along Notice. The New Shareholder shall then be bound to sell and transfer all shares acquired by it to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this Article 14 shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the shares shall take place immediately on the Drag Along Notice being deemed served on the New Shareholder.
- 15 Forfeiture of shares and dividends**
- 15 1 **Shares.** If a Shareholder of the Company cannot be traced or contacted by the Company for a period of at least 12 years, the Directors may give such Shareholder not less than 10 Business Days notice in writing at the last known address of such Shareholder on the Company's share register, requiring the Shareholder to provide the Company with its up to date contact details. The notice shall state that if the notice is not complied with, all of the shares held by the Shareholder in the Company at the date of the notice will be liable to be forfeited.
- 15 2 If the notice is not complied with, any share in respect of which it was given may, upon expiry of the notice period, be forfeited by a resolution of the Directors and the forfeiture shall include all dividends and other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

- 15 3 Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine and at any time before sale, re-allotment or other disposition, the forfeiture may be cancelled on such terms as the Directors think fit. Where for the purpose of its disposal a forfeited share is to be transferred to any person, the Directors may authorise some person to execute an instrument of transfer of the share to that person.
- 15 4 A person any of whose shares have been forfeited shall cease to be a Shareholder in respect of them and, if at any time after the forfeiture such Shareholder re-establishes contact with the Company, shall surrender to the Company for cancellation the certificate for the shares forfeited but shall remain liable to the Company for all moneys which at the date of forfeiture were presently payable by him to the Company in respect of those shares with interest at the rate at which interest was payable on those moneys before the forfeiture or, if no interest was so payable, at the appropriate rate (as defined in the Act) from the date of forfeiture until payment but the Directors may waive payment wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.
- 15 5 A statutory declaration by a Director or the secretary that a share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings in reference to the forfeiture or disposal of the share.
- 15 6 **Dividends.** Any dividend declared by the Directors of the Company which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company.
- 16 Power of Attorney**
- 16 1 In the event that any Shareholders of the Company become bound to transfer any shares to a purchaser, and fail to do so, the Directors may authorise some person to sign an instrument of transfer on behalf of the relevant transferor in favour of the purchaser and the Company may receive the purchase money and shall, on receipt of the purchase money, cause the name of the purchaser to be entered in the register as the holder of the shares and shall hold the purchase money on trust for the transferor. The receipt of the Company for the purchase money shall be a good discharge to the purchaser, who shall not be bound to see to its application and after his name has been entered into the register the validity of the proceedings shall not be questioned by any person.
- 17 Proceedings at General Meetings**
- 17 1 The Company shall give notice of all general meetings of the Company to each Shareholder whether or not that Shareholder has given to the Company an address within the United Kingdom at which notices may be given to him. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to the joint holders.
- 17 2 The quorum for a general meeting shall be the presence of Ordinary Shareholders holding at least 50% of the Ordinary Shares of the Company present in person or by proxy and shall include the presence of the D Shareholder present in person or by proxy, provided that where the D Shareholder is proposing to enter a Connected

Transaction for the purposes of Articles 20 3 and 20 4 and is not permitted to vote on that matter, the D Shareholder shall not be necessary for the quorum in respect of such matter

17 3 If a quorum is not present within half an hour of the time appointed for a general meeting, the meeting is adjourned to such day and at such time and place as the Directors may determine and if a quorum is not present within half an hour from the time appointed for the adjourned meeting the meeting is dissolved

17 4 A poll may be demanded at any general meeting by any Shareholder present in person or by proxy and entitled to vote

17 5 In the case of an equality of votes whether on a show of hands or on a poll the Chairman shall not have a casting vote

17 6 A person may participate in a meeting of the Shareholders by means of electronic communication provided that throughout the meeting all persons participating in the meeting are able to communicate interactively and simultaneously with all other parties participating in the meeting notwithstanding accidental disconnection of the means of electronic communication during the meeting A person participating in a meeting in this manner shall be deemed present in person at the meeting and shall be entitled to vote and be counted in the quorum

18 Votes of Shareholders

Subject to any rights or restrictions attached to any shares and to any other provisions of these Articles, on a show of hands every Shareholder present in person or by proxy shall have one vote, unless the proxy is himself a Shareholder entitled to vote and on a poll every Shareholder present in person or by proxy shall have one vote for every share of which he is the holder

19 Proxies

19 1 An instrument appointing a proxy shall be in writing, executed by or on behalf of the appointor and in any common form or in such other form as the Directors may approve, and the Directors may at their discretion treat a faxed or other machine-made copy of an instrument in any such form as an original copy of the instrument The instrument of proxy shall, unless the contrary is stated in it, be valid for any adjournment of the meeting as well as for the meeting to which it relates, and shall be deemed to include authority to vote as the proxy thinks fit on any amendment of a resolution put to the meeting for which it is given

19 2 The instrument appointing a proxy and (if required by the Directors) any authority under which it is executed or a copy of the authority (certified notarially or in any other manner approved by the Directors) may

19 2 1 be delivered to the registered office, or to some other place within the United Kingdom or to some person specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at any time, before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or

19 2 2 in case of a poll taken after the date of the meeting or adjourned meeting, before the time appointed for the taking of the poll, and an instrument of proxy which is not so delivered shall be invalid

20 Matters Requiring Consent of the Shareholders

20 1 Reserved unanimous decisions: The Company shall not and shall procure that each member of the Group shall not without the prior written consent of all Representative Shareholders

20 1 1 amend these Articles of Association or the objects contained in its memorandum of association, or

20 1 2 seek any listing of the shares of the Company on any stock exchange or market, or

20 1 3 do, permit or suffer to be done any act or thing whereby the Company or any member of the Group may be wound-up, or enter into any compromise or arrangement under the Insolvency Act 1986 including entering into liquidation, administration, creditor voluntary arrangement or any similar arrangement, or

20 1 4 issue and/or allot any additional shares or other instruments convertible into equity in any member of the Group, or

20 1 5 alter any rights attaching to any class of share in the capital of any member of the Group, or

20 1 6 cease to be a private company or change the nature of its Business, or

20 1 7 seek to settle any claim, legal action or proceedings for any amount in excess of 10% of the previous year's turnover for the Group,

20 1 8 serve any notice on any Shareholder of any Event of Default on the part of that Shareholder triggering a Deemed Transfer Notice, provided that for the purposes of this Article 20 1 8 neither the consent of such Shareholder nor that of its Representative Shareholder shall be required,

20 1 9 increase the amount of its authorised or issued share capital , grant any option or other interest (in the form of convertible securities or in any other form) over or in its share capital, redeem or purchase any of its own shares or effect any other reorganisation of its share capital, or

20 1 10 create any option or right to acquire any shares in the capital of the Company or any member of the Group, or

20 1 11 dispose of any interest in any of the Intellectual Property Rights (excluding the granting of any licence), or

20 1 12 merge or amalgamate with any other company or undertaking, or acquire directly or indirectly any interest in any shares or other security convertible into shares of any other company, or form or acquire any subsidiary, or

20 1 13 effect any increase, reduction, sub-division, cancellation, purchase or redemption of the capital or any allotment or issue of shares of the Company, or

20 1 14 remove any Director appointed by a Shareholder (except in accordance with Article 22 3 where a Shareholder removes a Director that they have appointed), or

20 1 15 pass any resolution or engage in any other matter which represents a substantial change in the nature of the business of the Company or in the manner in which the business is conducted, or

- 20 1 16 permit Verbus Systems Limited or Verbus Developments Limited to enter into any material contracts, or
- 20 1 17 hold any meeting of the Shareholders or purport to transact any business at such meeting, unless authorised representatives or proxies are present for each of the Shareholders or have been given a reasonable opportunity to attend
- 20 2 **Reserved majority decisions:** The Company shall not and shall procure that each member of the Group shall not without the prior written consent of four out of five Representative Shareholders
 - 20 2 1 change the name of the Company or the relevant member of the Group, or
 - 20 2 2 sell or otherwise dispose of the whole or any part of any member of the Group's undertaking, property, assets or any shares in any subsidiary of the Company, or any interest therein or contract to do so, whether or not for valuable consideration, or
 - 20 2 3 conduct its business otherwise than in the ordinary course of business on an arms' length basis, or
 - 20 2 4 factor or assign any of the book debts of any member of the Group, or
 - 20 2 5 establish or amend any pension scheme or grant any pension rights to any Director, employee, former Director or employee, or any member of any such person's family, or
 - 20 2 6 borrow any money in excess of any limits agreed between all of the Representative Shareholders, or create any mortgage, debenture, pledge, lien or other encumbrances over the undertaking or assets of any member of the Group, or factor, assign, discount or otherwise dispose of any book debts or other debts of any member of the Group, or
 - 20 2 7 give any guarantee, make any payment or incur any obligation or act as surety otherwise than in connection with the Group's ordinary business for the time being, or
 - 20 2 8 lend or agree to lend, grant any credit or make any advance to any person otherwise than in the ordinary course of the business of the Group, or
 - 20 2 9 withdraw any application to register any intellectual property rights of the Group, or
 - 20 2 10 grant any licences or make material variations to any existing licence including in relation to any rights or interests over the intellectual property rights of the Group
- 20 3 **Reserved majority decisions for connected transactions:** The Company shall not and shall procure that each member of the Group shall not without the prior written consent of three out of four Representative Shareholders, enter into any transaction with any Shareholder, with the exception of any matters relating to the Licence and the Convertible Loan (a "Connected Transaction")
- 20 4 For the purpose of the reserved majority decision under Article 20 3, the Shareholder with whom any member of the Group is proposing to enter into the Connected Transaction shall be entitled to propose such matter for decision by the Company, but shall not be entitled to vote on such decision
- 20 5 A Connected Transaction shall include, but not be limited to

- 20 5 1 any member of the Group entering into a subcontract with a Shareholder,
 - 20 5 2 any member of the Group entering into an arrangement for a loan to or from a Shareholder, and
 - 20 5 3 any member of the Group repaying all or part of a loan owing to such Shareholder
- 20 6 The repayment of a loan by any member of the Group to a Shareholder pursuant to Article 20 5 shall be subject to the further condition that there are sufficient monies available to meet the Group's cashflow requirements in accordance with the Company's reserves policy from time to time

21 Alternate Directors

- 21 1 An alternate director may act as alternate director to more than one director and is entitled at a meeting of the Directors or of a committee of the Directors to one vote for every Director that he acts as alternate director for in addition to his own vote (if any) as a Director of the Company, but an alternate director counts as only one Director in determining whether a quorum is present
- 21 2 An alternate director is entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a Shareholder, to attend and vote at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his appointor's absence
- 21 3 Unless otherwise determined by ordinary resolution of the Company, an alternate director is not entitled to receive any remuneration from the Company, save that he may be paid by the Company such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice to the Company direct

22 Appointment and Retirement of Directors

- 22 1 **Number.** The Board shall consist of
 - 22 1 1 two "A" Directors,
 - 22 1 2 two "B" Directors,
 - 22 1 3 one "C" Director,
 - 22 1 4 two "D" Directors, and
 - 22 1 5 one "E" Director,

and such other Directors as the Board may appoint from time to time in accordance with the provisions of these Articles
- 22 2 **Chairman:** The Board shall have the right to select a Chairman from among themselves. The current Chairman is Roy Tazzyman. If the "D" Shareholders acquire a shareholding greater than 50% of the issued share capital in the Company, the "D" Shareholders shall have the right to select a Chairman from among the "D" Directors
- 22 3 **Appointment of Directors:** The "A" Shareholders, the "B" Shareholders and the "D" Shareholders each have the right to appoint two Directors to the Board and replace or remove those same Directors appointed by themselves. The "C" Shareholders and the "E" Shareholders each have the right to appoint one Director

to the Board and replace or remove those same Directors appointed by themselves. If the "D" Shareholders acquire a shareholding equalling 35% or more of the issued share capital of the Company, the "D" Shareholders shall have the right to appoint three Directors to the Board rather than two and should the "D" Shareholders acquire a shareholding greater than 50% of the issued share capital in the Company, the "D" Shareholders shall have the right to appoint six Directors to the Board. Such rights shall be exercisable by giving notice in writing to the Company. The Directors appointed by the "A" Shareholders shall be known as "A" Directors, the Directors appointed by the "B" Shareholders shall be known as "B" Directors, the Director appointed by "C" Shareholders shall be known as the "C" Director, the Directors appointed by the "D" Shareholders shall be known as "D" Directors and the "E" Shareholder as appointed to the Board shall be known as the "E" Director. The Company will promptly notify all Representative Shareholders of new appointments of and removal of Directors whether "A", "B", "C", "D" or "E".

- 22.4 **Entitlement to be a Director.** If a Shareholder sells or disposes of all or part of his shares in the Company so that the aggregate nominal value of his holding of shares falls below 5% in nominal value of the issued ordinary share capital of the Company, he and any Director appointed by him, shall immediately resign any office and employment with the Company without claim for compensation.
- 22.5 **Quorum.** The quorum for all meetings of the Board shall be one Director (and shall include at least one "D" Director), present in person or his alternate, from all of the issued classes of Ordinary Shares in the Company. No business shall be conducted at any meeting of the Board unless a quorum is present (including by electronic means) at the beginning of the meeting and at the time when there is to be voting on any business.
- 22.6 **Meetings not quorate.** Each of the Shareholders shall take all steps available to them to ensure that any meeting of the Board or any committee of the Board and every general meeting has the necessary quorum throughout. If, within 15 minutes of the scheduled start time of any such meeting, a quorum is not present, the meeting shall be adjourned for the same day (or nearest Business Day) and time falling 7 days thereafter. If a quorum is not present at such adjourned meeting, any and all Directors present at such adjourned meeting (provided that the "D" Directors shall have been given proper notice of the adjourned meeting and shall have declined to attend) shall represent a quorum and business dealt with and resolutions passed at such meeting shall be deemed to have been validly conducted and passed.
- 23 **Proceedings of Directors**
- 23.1 All Directors shall be given adequate notice of meetings of the Directors and all Directors shall be given the opportunity to participate in meetings of the Directors by way of electronic means. Questions arising at a meeting of the Directors shall be decided by a majority of votes and in the event of equality of votes the Chairman shall have a second or casting vote.
- 23.2 A person may participate in a meeting of the Directors or of a committee of Directors by means of electronic communication provided that throughout the meeting all persons participating in the meeting are able to communicate interactively and simultaneously with all other parties participating in the meeting notwithstanding accidental disconnection of the means of electronic communication during the meeting. A person participating in a meeting in this manner shall be deemed present in person at the meeting and shall be entitled to vote and be counted in the quorum.

24 Directors' Conflicts of Interests

- 24 1 The Directors may, in accordance with the requirements set out in this Article 24, authorise any matter proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under section 175 of the Companies Act 2006 to avoid conflicts of interest ("**Conflict**")
- 24 2 For the purposes of section 175 of the Act, any Director appointed by the "D" Shareholder shall be authorised to hold office as a Director or other officer of, be employed or engaged by, hold shares or other securities in, or otherwise be interested in, whether directly or indirectly, the holder(s) of the "D" Shares from time to time and any group undertaking of such holder(s)
- 24 3 For the purposes of section 175 of the Act, where an office, employment, engagement or interest held by a Director in another person has been authorised pursuant to Articles 24 1 or 24 2 and his relationship with that person gives rise to an actual or potential conflict of interest, a Director shall be authorised to
- 24 3 1 attend and vote at meetings of the Directors (or any committee thereof) at which any matter relating to the actual or potential conflict of interest will or may be discussed and receive board papers or other documents relating thereto, and
- 24 3 2 receive confidential information and other documents and information relating to the Company, use and apply such information in performing his duties as a director, officer or employee of, or consultant to such other person and disclose that information to third parties in accordance with these Articles
- 24 4 If an office, employment, engagement, Conflict or interest, has been authorised pursuant to Articles 24 1 or 24 2, then the Director in question shall not be required to disclose to the Company any confidential information received by him (other than by virtue of his position as Director) relating to such office, employment, engagement or interest, or use such information in relation to the Company's affairs if to do so would result in a breach of a duty or obligation of confidence owed by him in relation to or in connection with that office, employment, engagement or interest
- 24 5 A Director shall not be accountable to the Company for any remuneration or other benefit which he (or a person connected with him) derives from any office, employment, engagement or interest authorised pursuant to Articles 24 1 or 24 2, nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act
- 24 6 For the purposes of this Article 24, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interests
- 24 7 Without prejudice to the obligation of any Director to disclose his interest in proposed or existing transactions or arrangements with the Company in accordance with the Companies Acts, a Director (including an alternate director) may vote on any resolution concerning any transaction or arrangement in which he is interested and, if he does so vote, his vote shall be counted and he shall be counted in the quorum present at a meeting in relation to any such resolution
- 24 8 Where the Directors authorise a Conflict in accordance with Article 24 1
- 24 8 1 the Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict,

24 8 2 the Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Companies Act 2006 provided he acts in accordance with such terms, limits and conditions (if any) as the Directors impose in respect of its authorisation

25 Directors' Declaration of Interests

25 1 A Director who is in any way, whether directly or indirectly interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other Directors before the Company enters into the transaction or arrangement in accordance with the Companies Acts

25 2 A Director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other Directors as soon as is reasonably practicable in accordance with the Companies Acts, unless the interest has already been declared under Article 25 1

25 3 Subject, where applicable, to the disclosures required under Article 25 1 and Article 25 2, and to any terms and conditions imposed by the Directors in accordance with Article 24, a Director shall be entitled to vote in respect of any proposed or existing transaction or arrangement with the Company in which he is interested and if he shall do so his vote shall be counted and he shall be taken into account in ascertaining whether a quorum is present

25 4 A Director need not declare an interest under Article 25 1 and Article 25 2 as the case may be

25 4 1 if it cannot reasonably be regarded as likely to give rise to a conflict of interest,

25 4 2 of which the Director is not aware, although for this purpose a Director is treated as being aware of matters of which he ought reasonably to be aware,

25 4 3 if, or to the extent that, the other Directors are already aware of it, and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware, or

25 4 4 if, or to the extent that, it concerns the terms of his service contract that have been, or are to be, considered at a board meeting

26 Indemnity

26 1 Subject to the Companies Acts, but without prejudice to any indemnity to which a Director may otherwise be entitled, each Director or other officer of the Company (other than any person (whether an officer or not) engaged by the Company as auditor) shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Director or other officer of the Company or any company that is a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006) in the actual or purported execution and/or discharge of his duties, or in relation thereto including any liability incurred by him in defending any civil or criminal proceedings, 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 the court grants him relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's affairs

- 26.2 The Company may buy and maintain insurance against any liability falling upon its Directors or other officers which arises out of their respective duties to the Company, or in relation to its affairs