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Napco 3 Limited (to be renamed Silver Cross Group Limited)

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COMPANIES HOUSE

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

Napco 3 Limited (to be renamed Silver Cross Group Limited) (No.7112004)

(Adopted by special resolution passed on 29 December 2009)

INTRODUCTION

1. INTERPRETATION

1 1 In these Articles, unless the context otherwise requires

Act: means the Companies Act 2006,

Appointor: has the meaning given in article 12 1),

Articles: means the company's articles of association for the time being in force,

A Shares: means the A ordinary shares of £1 00 each in the capital of the company,

B Shares: means the B ordinary shares of £1 00 each in the capital of the company,

Business Day: means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business,

Change of Control: means the acquisition (whether by purchase, transfer, renunciation or otherwise) by any person (a "Third Party Purchaser"), of any interest in any Shares if, upon completion of that acquisition, the Third Party Purchaser, together with persons acting in concert or connection with him, would hold or beneficially own more than 50% of the Shares,

Conflict: has the meaning given in article 8 1,

Eligible Director: means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter),

Listing: means either

- (a) the admission by UKLA of all or any of the issued equity share capital of the company to its Official List, and such admission becoming effective, or
- (b) the granting of permission by the London Stock Exchange for the introduction of all or any of the issued equity share capital of the company to the Alternative Investment Market, and such permission becoming effective, or
- (c) any equivalent admission to, or permission to deal or trade on, any other Recognised Investment Exchange becoming unconditionally effective in relation to all or any of the issued equity share capital of the company

Model Articles: means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles,

Proceeds: means the total proceeds due to the shareholders taken as a whole on a Sale and includes, without limitation, whether payable on completion of such Sale or otherwise;

Realisation Value: means the value of the issued Shares of the company (which shall include shares deriving there from since their date of issue, including shares deriving therefrom following any capital reorganisation effected prior to the Listing) calculated as the market value of the Listing shares determined by reference to the price per share at which such shares are to be offered for sale, placed or otherwise marketed pursuant to the arrangements relating to the Listing, all as determined by the merchant bank or, if none, the broker appointed by the directors to advise in connection with the Listing and on the basis that the Listing has been effected in accordance with its terms

Sale: means the making of one or more agreements (being unconditional agreements or, if conditional, such agreements following the satisfaction of all conditions thereto) for the disposal, transfer, purchase, subscription or renunciation of all of the share capital of the Company and for the purposes of this definition "disposal" shall mean a sale, transfer, assignment or other

disposition whereby a person ceases to be the absolute beneficial owner of the share in question or voting rights attached thereto or an agreement to enter into such a disposal or the grant of a right to compel entry into such an agreement, and

Shares: means the A Shares and the B Shares and **"Share"** means any one share of any such class

- 1 2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles
- 1 3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles
- 1 4 A reference in these Articles to an "article" is a reference to the relevant article of these Articles unless expressly provided otherwise
- 1 5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of
 - (a) any subordinate legislation from time to time made under it, and
 - (b) any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts
- 1 6 Any phrase introduced by the terms **"including"**, **"include"**, **"in particular"** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms
- 1 7 The Model Articles shall apply to the company, except in so far as they are modified or excluded by these Articles
- 1 8 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), (3), 38, 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company
- 1 9 Article 7 of the Model Articles shall be amended by
 - (a) the insertion of the words "for the time being" at the end of article 7(2)(a), and
 - (b) the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may"

- 1 10 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors) and the secretary" before the words "properly incur"
- 1 11 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity"
- 1 12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But"
- 1 13 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name"
- 1 14 Articles 31(a) to (d) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide"

2. SHARE CAPITAL

- 2 1 The share capital of the company is £1,000 00 divided into 550 A Shares of £1 00 each and 450 B Shares of £1 00 each
- 2 2 Except as otherwise provided in these Articles, the A Shares and the B Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares

DIVIDENDS

- 2 3 The directors may in their absolute discretion declared and/or pay a dividend and/or distribution (subject to the provisions of the Act) on any one class of Shares but not on two or more classes of Share in respect of the same dividend and/or distribution, subject to the prior approval in writing of the holders of a majority of the A Shares and the holders of a majority of the B Shares
- 2 4 Following the date of the adoption of these Articles each time a dividend and/or distribution is declared and/or paid on either the A Shares and/or the B Shares ("**Current Dividend**") the directors will procure that the following calculation is carried out in order to determine the difference between the amount of total dividend and/or distribution entitlement paid and/or declared

one such class of Share over the entitlement of the other such class of Shares ("Arrears")

$$(i) \quad AAn = \frac{bn \times An - an}{Bn}$$

$$(ii) \quad BAn = \frac{an \times An - bn}{Bn}$$

where

AAn = the A Arrears (provided that if *AAn* is a negative number it shall be treated as £nil)

BAn = the B Arrears (provided that if *BAn* is a negative number it shall be treated as £nil)

bn = the total amount of the Current Dividend paid on the B Shares

Bn = the number of B Shares in issue at the time when the Current Dividend is paid

an = the total amount of the Current Dividend paid on A the Shares

An = the number of A Shares in issue at the time when the Current Dividend is paid

VOTING

- 2 5 The holders of the A Shares and B Shares shall be entitled to receive notice of and to attend and vote at general meetings of the company and upon any resolution proposed at such general meeting on a show of hands and on a poll every holder thereof who (being an individual) is present in person or (if a corporation) by a duly authorised representative shall have one vote in respect of each fully paid A Share and/or each fully paid B Shares registered in his name,

CAPITAL

- 2 6 On a return of capital whether on liquidation or capital reduction or otherwise (other than a redemption or purchase of shares made in accordance with these Articles) the surplus assets of the company remaining after the payment of its liabilities shall be applied as if they were the Proceeds of a Sale under article 26
- 2 7 All or any of the rights or privileges for the time being attached to any share or class of shares in the capital of the company (notwithstanding that the

company may be or be about to be in liquidation) may with the sanction of a special resolution passed at a general meeting of the company be varied or abrogated

- 2 8 Subject to the Act and without prejudice to the rights attached to any existing shares, any share may be issued with or have attached to it such rights or restrictions as the company may by special resolution determine

DIRECTORS

3. DIRECTORS TO TAKE DECISIONS COLLECTIVELY

- 3 1 The general rule about decision making by directors is that any decision of the directors must be either a majority decision, or a unanimous decision taken in accordance with the provisions of article 3 3

- 3 2 If-

- (a) The company has only one director for the time being, and
- (b) No provisions of the Articles requires it to have more than one director,

Then the general rule referred to in article 4 1 does not apply, and the director may, for so long as he remains the sole director, take decisions without regard to any of the provisions of the Articles relating to directors decision making

- 3 3 A unanimous decision of the directors is taken when all eligible directors indicate to each other by any means that they share a common view on a matter. Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing

- 3 4 A decision may not be taken in accordance with this article 3 if the eligible directors would not have formed a quorum at such a meeting

4. CALLING A DIRECTORS' MEETING

- 4 1 Any director may call a directors' meeting by giving not less than 5 business days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice

- 4 2 Notice of a directors' meeting must be given to each director but need not be in writing

- 4 3 It shall not be necessary to give notice to a director who is absent from the United Kingdom

5. QUORUM FOR DIRECTORS' MEETINGS

- 5 1 The quorum for the transaction of business at a meeting of directors is any one director

- 5 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

6. CASTING VOTE

- 6 1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting shall not have a casting vote

7. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Companies Acts, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company

- (a) may be a party to, or otherwise interested in, any transaction or arrangement with the company or in which the company is otherwise (directly or indirectly) interested,
- (b) shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested,
- (c) shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested,
- (d) may act by himself or his firm in a professional capacity for the company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director,

- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the company is otherwise (directly or indirectly) interested, and
- (f) shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act

8. DIRECTORS' CONFLICTS OF INTEREST

- 8 1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director ("**Interested director**") breaching his duty under section 175 of the Act to avoid conflicts of interest ("**Conflict**")
- 8 2 Any authorisation under this article 8 will be effective only if
 - (a) to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles,
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director, and
 - (c) the matter was agreed to without the Interested director voting or would have been agreed to if the Interested Director's vote had not been counted
- 8 3 Any authorisation of a Conflict under this article 8 may (whether at the time of giving the authorisation or subsequently)
 - (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,
 - (b) provide that the Interested director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict,

- (c) provide that the Interested director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict,
- (d) impose upon the Interested director such other terms for the purposes of dealing with the Conflict as the directors think fit,
- (e) provide that, where the Interested director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the company) information that is confidential to a third party, he will not be obliged to disclose that information to the company, or to use it in relation to the company's affairs where to do so would amount to a breach of that confidence, and
- (f) permit the Interested director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters

8 4 Where the directors authorise a Conflict, the Interested director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict

8 5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested director, prior to such revocation or variation, in accordance with the terms of such authorisation

8 6 In authorising a Conflict the directors may decide (whether at the time of giving the authorisation or subsequently) that if a director has obtained any information through his involvement in the Conflict otherwise than as a director of the company and in respect of which he owes a duty of confidentiality to another person, the director is under no obligation to

- (a) disclose such information to the directors or to any director or other officer or employee of the company, or
- (b) use or apply any such information in performing his duties as a director,

where to do so would amount to a breach of that confidence

8 7 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds

9. RECORDS OF DECISIONS TO BE KEPT

- 9 1 Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye
- 9 2 The directors must ensure that the company keeps a record, in writing, for at least 10 years for the date of the decision recorded, of every unanimous or majority decision taken by the directors

10. NUMBER OF DIRECTORS

- 10 1 Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall not be less than one (who must be a natural person, if a sole director)
- 10 2 If and for so long as the number of directors is one, a sole director may exercise all the authorities and powers which are vested in the directors by the Model Articles and by these Articles

11. DEFAULT APPOINTMENT OF DIRECTORS

In any case where, as a result of death or bankruptcy, the company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) has (have) the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director for the avoidance of doubt, where two or more shareholders die in circumstances rendering it uncertain who was the last to die, the youngest shareholder is deemed to have died last

12. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS

- 12 1 Any director ("**Appointor**") may appoint as an alternate any other director, or any other person approved by resolution of the directors, to
- (a) exercise that director's powers, and
 - (b) carry out that director's responsibilities,

in relation to the taking of decisions by the directors, in the absence of the alternate's Appointor

12 2 Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the Appointor, or in any other manner approved by the directors

12 3 The notice must

- (a) identify the proposed alternate, and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice

13. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS

13 1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's Appointor

13 2 Except as the Articles specify otherwise, alternate directors

- (a) are deemed for all purposes to be directors,
- (b) are liable for their own acts and omissions,
- (c) are subject to the same restrictions as their Appointors, and
- (d) are not deemed to be agents of or for their Appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his Appointor is a member of

13 3 A person who is an alternate director but not a director

- (a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating),
- (b) may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate), and
- (c) shall not be counted as more than one director for the purposes of articles 13 3(a) and (b)

13 4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision), but shall not count as more than one director for the purposes of determining whether a quorum is present

- 13 5 An alternate director may be paid expenses and may be indemnified by the company to the same extent as his appointor but shall not be entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company

14. TERMINATION OF ALTERNATE DIRECTORSHIP

An alternate director's appointment as an alternate terminates

- (a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate,
- (b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,
- (c) on the death of the alternate's appointor, or
- (d) when the alternate's appointor's appointment as a director terminates

15. SECRETARY

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors

SHAREHOLDERS

16. GENERAL MEETINGS

- 16 1 No business shall be transacted at any general meeting unless a quorum is present. Save in the case of a company with a single shareholder, two shareholders entitled to vote upon the business to be transacted, or a proxy for a shareholder or a duly authorised representative of a corporation, shall be a quorum
- 16 2 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

- 16 3 No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place
- 16 4 If and so long as the company has only one shareholder and that shareholder takes any decisions which is required to be taken in general meeting or by means of a written resolution, that decision shall be as valid and effectual as if agreed by the company in general meeting, save to the provisions of the Companies Acts regarding the removal of a director before the expiration of his period of office, and under section 510 of the Act and for the removal of an auditor before the expiration of his period of office, which shall only be considered by the company in general meeting
- 16 5 A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles
- 16 6 In the case of a resolution duly proposed as a special resolution no amendment (other than an amendment to correct a patent error) may be considered
- 16 7 In the case of a resolution duly proposed as an ordinary resolution, no amendment (other than an amendment to correct a patent error) may be considered or voted upon unless either at least forty-eight hours prior to the time appointed for holding the meeting or adjourned meeting at which such ordinary resolution is to be proposed, notice in writing of the terms of the amendment and intention to move the same has been lodged at the registered office of the company or the chairman in his absolute discretion decides that it may be considered or voted upon
- 16 8 If an amendment shall be proposed to any resolution under consideration but shall be ruled out of order by the chairman of the meeting the proceedings on the substantive resolution shall not be invalidated by any error in such ruling

17. POLL VOTES

- 17 1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting
- 17 2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made" as a new paragraph at the end of that article

18. PROXIES

- 18 1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"
- 18 2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid ,unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article

ADMINISTRATIVE ARRANGEMENTS

19. MEANS OF COMMUNICATION TO BE USED

- 19 1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient
- (a) if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider),
 - (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address,
 - (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and
 - (d) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website

For the purposes of this article, no account shall be taken of any part of a day that is not a working day

19 2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act

19 3 A shareholder present, either in person or by proxy, at any meeting of the company or of the holders of any class of shares in the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called

20. INDEMNITY

20 1 Subject to article 20 2, but without prejudice to any indemnity to which a Relevant Officer (as defined at article 20 3 (b)) is otherwise entitled

(a) each Relevant Officer shall be indemnified out of the company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer

(i) in the actual or purported execution and/or discharge of his duties, or in relation to them,

(ii) in relation to the company's (or any associated company's) activities as trustee of an occupational pension scheme (as defined in section 235(6) of the Act), and

(iii) any liability incurred by that relevant officer in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,

including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's (or any associated company's) affairs, and

(b) the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 20 1 (a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

20 2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law

20 3 In this article

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and
- (b) a **"Relevant Officer"** means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act) , but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor)

21. INSURANCE

21 1 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any Relevant Officer (as defined at article 21 2 (a)) in respect of any Relevant Loss (as defined at article 21 2 (b))

21 2 In this article

- (a) a **"Relevant Officer"** means any director or other officer or former director or other officer of the company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act) , but excluding in each case any person engaged by the company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor),
- (b) a **"Relevant Loss"** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate

22. COMPANY'S LIEN OVER SHARES

22 1 The company has a lien (the **"Company's Lien"**) over every share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the company, whether he is the sole registered holder of the share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the company, whether payable immediately or at some time in the future

22 2 The Company's Lien over a share

- (a) takes priority over any third party's interest in that share, and
 - (b) extends to any dividend or other money payable by the company in respect of that share and (if the lien is enforced and the share is sold by the company) the proceeds of sale of that share
- 22 3 The directors may at any time decide that a share which is or would otherwise be subject to the Company's Lien shall not be subject to it, either wholly or in part
- 22 4 Subject to the provisions of this article, if
 - (a) a lien enforcement notice has been given in respect of a share, and
 - (b) the person to whom the notice was given has failed to comply with it,the company may sell that share in such manner as the directors decide
- 22 5 A lien enforcement notice
 - (a) may only be given in respect of a share which is subject to the Company's Lien, in respect of which a sum is payable and the due date for payment of that sum has passed,
 - (b) must specify the share concerned,
 - (c) must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires),
 - (d) must be addressed either to the holder of the share or to a transmittee of that holder, and
 - (e) must state the company's intention to sell the share if the notice is not complied with
- 22 6 Where shares are sold under this article
 - (a) the directors may authorise any person to execute an instrument of transfer of the shares to the purchaser or to a person nominated by the purchaser, and
 - (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale
- 22 7 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the lien) must be applied
 - (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the lien enforcement notice, and

- (b) second, to the person entitled to the shares at the date of the sale, but only after the certificate for the shares sold has been surrendered to the company for cancellation, or an indemnity in a form reasonably satisfactory to the directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien for any money payable (whether payable immediately or at some time in the future) as existed upon the shares before the sale in respect of all shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders) after the date of the lien enforcement notice

22 8 A statutory declaration by a director or the company secretary that the declarant is a director or the company secretary and that a share has been sold to satisfy the Company's Lien on a specified date

- (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and
- (b) subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the share

ISSUE OF SHARES

23. AUTHORITY TO ISSUE

23 1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the company

23 2 Subject to the remaining provisions of this article 23 and to article 24, the directors are generally and unconditionally authorised, for the purposes of section 551 of the 2006 Act and generally, to exercise any power of the company to

- (a) offer or allot,
- (b) grant rights to subscribe for or to convert any security into,
- (c) otherwise deal in, or dispose of,

any shares in the company to any person, at any time and subject to any terms and conditions as the directors think proper

23 3 The authority referred to in article 23 2

- (a) shall be limited to a maximum nominal amount of £20,000,

- (b) shall only apply insofar as the company has not renewed, waived or revoked it by ordinary resolution, and
- (c) may only be exercised for a period of five years commencing on the date on which these Articles are adopted, save that the directors may make an offer or agreement which would, or might, require shares to be allotted after the expiry of such authority (and the directors may allot shares in pursuance of an offer or agreement as if such authority had not expired)

24. TRANSFER OF SHARES

- 24 1** The directors shall refuse to register the transfer of any Share in the capital of the company
- (a) being a share which is not fully paid, to a person of whom they do not approve,
 - (b) on which the company has a lien,
 - (c) to a person who is (or whom the directors reasonably believe to be) under 18 years of age or a person who does not have (or whom the directors reasonably believe does not have) the legal capacity freely to dispose of any Share without let, hindrance or court order, or
 - (d) not being a transfer permitted by article 24 5 purported to be made otherwise than in accordance with or as permitted by these Articles
- 24 2** The transferor shall remain the holder of the Share concerned until the name of the transferee is entered into the Register of Members in respect thereof
- 24 3** For the purposes of this article the following shall be deemed (but without limitation) to be a transfer by a holder of Shares in the company
- (a) any direction (by way of renunciation or otherwise) by a shareholder entitled to an allotment or transfer of Shares that a share be allotted or issued or transferred to some person other than himself, and
 - (b) any sale or any other disposition of any legal or equitable interest in a share or the granting of any mortgage or charge or any other security interests over any share and whether or not the consideration or otherwise and whether or not effected by an instrument in writing
- 24 4** Except as provided by the earlier provisions of this article 24, the A Shares and the B Shares shall be freely transferable.
- 24 5** Subject to the provisions of these articles, any shareholder may at any time transfer any Share in accordance with the provisions of the Act to the company

25. DRAG ALONG

- 25 1 If at any time one or more shareholders (together, the **"Selling Shareholders"**) wish to transfer on arms length terms any interest in any Shares where that transfer would result in a Change of Control, the Selling Shareholder shall have the option (**"Drag Along Option"**) to require all the other holders of Shares to transfer all their Shares to the Third Party Purchaser or as the Third Party Purchaser directs in accordance with this article 25
- 25 2 The Selling Shareholders may exercise the Drag Along Option by giving notice to that effect (a **"Drag Along Notice"**) to all other shareholders (**"Drag Shareholders"**) at any time before the transfer of Shares resulting in a Change of Control. A Drag Along Notice shall specify that the Dragged Shareholders are required to transfer all their Shares (**"Dragged Shares"**) pursuant to article 25, the price at which the Dragged Shares are to be transferred (calculated in accordance with article 25 4) and the proposed date of transfer
- 25 3 A Drag Along Notice is irrevocable but the Drag Along Notice and all obligations under it will lapse if for any reason there is not a Change of Control caused by the transfer of Shares by the Selling Shareholders to the Third Party Purchaser within 60 days after the date of the Drag Along Notice
- 25 4 The Proceeds shall be allocated to the shareholders in accordance with article 26 1
- 25 5 Completion of the sale of the Dragged Shares under this article shall take place on the same date as the date proposed for completion of the sale of the Selling Shareholders' Share unless
- (a) all of the Dragged Shareholders and the Selling Shareholders agree otherwise, or
 - (b) that date is less than 7 days after the Drag Along Notice, where it shall be deferred until the 7 day after the Drag Along Notice

26. PROVISION ON SALE/LISTING

- 26 1
- (a) On a Sale the following provisions of this article 26 shall apply to determine the allocation of the Proceeds of such Sale at the time/s at which such Proceeds or a proportion thereof are received
 - (b) The shareholders selling Shares shall pay the Proceeds received into a joint account at a UK clearing bank nominated by the holder(s) of over

50% of the A Shares and the holder(s) of over 50% of the B Shares and such Proceeds shall as between the shareholders be allocated and paid to them in the following priorities

- (i) firstly, the sum of A Arrears and B Arrears will be determined and
 - A there shall be paid to the holders of the A Shares (as a class) the sum of the A Arrears
 - B there shall be paid to the holders of the B Shares (as a class) the sum of the B Arrears
- (ii) secondly, in paying any surplus Proceeds from the Sale to the holders of the A Shares and the B Shares *pari passu* as if the same constituted one class of Shares

26 2 Prior to and conditionally upon a Listing the shareholders shall enter into such reorganisation of the share capital of the Company as they may agree or, in default, as the holders of at least 75 per cent of the A Shares and the holders of at least 75 per cent of the B Shares may reasonably specify, to ensure that the Realisation Value is reallocated between the shareholders in the same proportion as the preceding provisions of article 26 1 would provide on a Sale at the Realisation Value