

**Private Company Limited by Shares**

**WRITTEN RESOLUTIONS**

**GG132 LTD**

**(Company Number: 07198322)**

**(the "Company")**

On the 23 June 2010 the following written resolutions were duly passed as special resolutions

**RESOLUTION 1**

"That the one ordinary share of £1 issued and registered in the name of Grove Industries Limited be and is hereby subdivided into 100 ordinary shares of £0.01 each having the rights and subject to the restrictions set out in the articles of association to be adopted pursuant to Resolution 2 below"

**RESOLUTION 2**

"That the Company adopt new articles of association in the form annexed hereto in substitution for the existing articles of association of the Company"

**RESOLUTION 3**

"That the Company change its name to Erlson Precision Holdings Limited"

DATED 23 June 2010

  
CHAIRMAN

SATURDAY



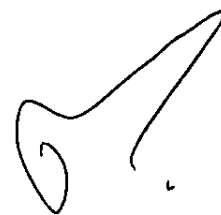
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COMPANIES HOUSE

DATED . . . . . 2010



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**ARTICLES OF ASSOCIATION**

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**EMW Picton Howell LLP**

LONDON ♦ MILTON KEYNES

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**GG132 LIMITED ("THE COMPANY")**

(adopted by special resolution passed on          June 2010)

**1        PRELIMINARY**

1.1        The regulations referred to in regulation 2, and set out in schedule 1, of The Companies (Model Articles) Regulations 2008 ("**the Model Articles**") apply to the Company except to the extent that they are excluded and modified by these articles, and are to the exclusion of all other regulations and articles

1 2        The registered office of the Company will be situated in England and Wales

**2        DEFINED TERMS**

2 1        In the articles, unless the context requires otherwise

"**Act**" means the Companies Act 2006

"**Alternate**" or "**Alternate Director**" has the meaning given in article 8

"**Appointor**" has the meaning given in article 8

"**Approved Offer**" means an arms length offer in writing for all the Shares in issue (including any Shares which may be allotted during the offer period or upon the offer becoming unconditional pursuant to the exercise or conversion of options or rights to subscribe for or securities convertible into Shares in existence at the date of such offer) on equal terms (unless in the case of a particular member less favourable terms are agreed in writing with that member) and which.

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

(b)        includes an undertaking by the offeror that neither it nor any person acting by agreement or understanding with it have entered into more favourable terms or have agreed more favourable terms with any other member for the purchase of Shares; and

(c)        has Investor Approval

"**Articles**" means the articles of association of the Company

"**B Ordinary Share**" means a B ordinary share of £0.01 in the capital of the Company having the rights and being subject to the restrictions set out in these Articles

**"Bad Leaver"** means a Holder of B Ordinary Shares who.-

- (a) is a Manager and breaches the terms of clause 7 of the Investment Agreement,
- (b) is a Manager who commits an Unremedied Breach,
- (c) is summarily dismissed from employment by a Group Company; or
- (d) resigns his employment from a Group Company, or
- (e) is an employee of a Group Company who before 30 June 2013 ceases to be an employee of a Group Company unless -
  - (i) he is immediately employed by another Group Company, or
  - (ii) such cessation is as a result of his death or his permanent incapacity through ill health

**"Beneficial Owner"** means the beneficial owner of any Shares

**"Board"** means the board of Directors of the Company from time to time

**"Business Day"** means a day (other than Saturday or Sunday) on which banks are generally open in London for normal business

**"Bad Leaver Shares"** means B Ordinary Shares held by a Bad Leaver on the Bad Leaver Transfer Date and any Shares that (as at the Bad Leaver Transfer Date) have been transferred by that Bad Leaver or his permitted transferees pursuant to Article 16

**"Bad Leaver Transfer Date"** means the date on which a member becomes a Bad Leaver

**"Conflict of Interest"** includes a conflict of duties, or a conflict of interest and duty, or a potential conflict

**"Director"** includes a former director or a shadow director to the extent that the general duties apply to them and the definition of "director" in regulation 1 of the Model Articles is modified accordingly

**"company"** includes (except when referring to the Company) any body corporate, partnership, limited liability partnership, unincorporated business or association or other body

**"Connected Company"** means.

- (a) any associated body corporate (as defined in section 256 of the Act) of the Company,
- (b) any company which is controlled by any person or group of persons who have control of the Company (to "control" a body corporate meaning to be entitled to exercise or to control the exercise of more than 50% of the voting power at any general meeting of that body corporate);
- (c) any company promoted by the Company or in which the Company is in any way interested, and

(d) any company with which the Company is engaged in any joint venture or joint enterprise

**"Connected Persons"** has the meaning ascribed to such expression in Section 839 of the Income and Corporation Taxes Act 1988

**"Controlling Interest"** means the holding of Shares (or the right to exercise the votes attaching to Shares) which confer in aggregate 50% or more of the total voting rights conferred by all the Shares for the relevant time being in issue

**"Directors"** means the directors of the Company from time to time

**"Employee Trust"** means a trust approved by the Investor Majority whose beneficiaries are bona fide directors, employees or future directors and/or employees of any Group Company

**"Family Trust"** means a trust (whether arising under a settlement inter vivos or a testamentary disposition by whomsoever made or on an intestacy) under which the only persons being (or capable of being) beneficiaries are the individual Beneficial Owner and/or his Privileged Relations and no power of control over the voting powers conferred by such shares is for the time being exercisable by or subject to the consent of any person other than the trustees as trustees or the individual Beneficial Owner or his Privileged Relations

**"Group Company"** means the Company or a Subsidiary of the Company or a Holding Company of the Company or a Subsidiary of the Holding Company of the Company

**"Holder"** in relation to shares means the member whose name is entered in the register of members as the holder of the shares

**"Hotbed"** means Hotbed Limited (company number 4197067) and its successors in title or assignees from time to time

**"Independent Expert"** means an independent accountant (acting as expert and not as an arbitrator) nominated by the parties concerned or in the event of disagreement as to nomination appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales

**"Investment Agreement"** means the agreement made on or about the date of adoption of these Articles between (inter alia) the Company and the Investors (as defined in that Agreement)

**"Investor"** shall have the meaning given to it in the Investment Agreement

**"Investor Approval"** means the approval of Investors holding more than 85% of the Shares held by Investors

**"Investor Majority"** means Investors holding more than 85% of the Shares held by Investors

**"Investor Member"** shall mean a member of Hotbed's investor member network

**"Investor Member Shares"** shall mean Shares held by or on behalf of an Investor Member by reason of the Investor Member being a member of Hotbed's investor member network

**"Invitees"** means a person or persons selected by an Investor Majority (in the 50 Business Days immediately following the date on which the Transfer Price is fixed, agreed or determined) being any employee or officer of the Company or Group Company or prospective employee or officer of the Company or Group Company or the trustees of an Employee Trust

**"Leaver"** means a Holder of B Ordinary Shares who is not a Bad Leaver and who ceases to be employed or engaged as a consultant by a Group Company (unless he is immediately employed or engaged as a consultant by another Group Company)

**"Leaver Shares"** means Shares held by a Leaver on the Leaver Transfer Date and any Shares that (as at the Leaver Transfer Date) have been transferred by that Leaver or his permitted transferees pursuant to Article 16

**"Leaver Transfer Date"** means the date on which a member becomes a Leaver

**"Manager"** shall have the meaning given to it in the Investment Agreement

**"Ordinary Share"** means an ordinary share of £0.01 in the capital of the Company having the rights and being subject to the restrictions set out in these Articles

**"Owner"** means a person beneficially entitled to shares held by an Investor

**"Privileged Relation"** means in relation to a member, a spouse of that member and all lineal descendants of that member (including for this purpose any stepchild, adopted child or illegitimate child of any such member or his lineal descendants)

**"Shares"** means shares in the capital of the Company

**"Subsidiary"** and **"Holding Company"** have the meanings ascribed to such expressions by section 1159 of the Act

**"Transfer Notice"** means a notice in writing to the Company notifying a wish to transfer Shares under these Articles

**"Unremedied Breach"** means a breach of the Investment Agreement, these Articles or a Manager's service agreement with the Company that (if capable of remedy) is not remedied to the satisfaction of the Investors Majority within 10 Business Days of receipt of notice by the relevant Manager from any of the Investors or the Company to remedy such breach

2.2 Unless the context otherwise requires words or expressions which have particular meanings in the Model Articles or in the Act have the same meanings in these articles

### **3 DECISION-MAKING BY DIRECTORS**

3.1 Any decision of the Directors must be

3.1.1 a majority decision at a Directors' meeting; or

3.1.2 a decision taken in accordance with regulation 8 of the Model Articles, or

3.1.3 in the form of a Directors' written resolution,

and regulation 7(1) of the Model Articles is modified accordingly.

#### **4 QUORUM FOR DIRECTORS' MEETINGS**

- 4 1 The quorum for directors' meetings is two directors of which one director must be an Investor Director (as defined in Article 12 1) Regulation 11(2) of the Model Articles does not apply to the Company

#### **5 CASTING VOTE**

- 5 1 In the case of an equality of votes, the chairman shall not have a casting vote and regulation 13 of the Model Articles shall not apply to the Company

#### **6 DIRECTORS' WRITTEN RESOLUTION**

- 6.1 Any Director may propose a Directors' written resolution
- 6 2 The Directors, or the company secretary (if one is appointed), must propose a Directors' written resolution if a Director so requests
- 6.3 A Directors' written resolution is proposed by giving notice of the proposed resolution to the Directors
- 6 4 Notice of proposed Directors' written resolution must indicate:
- 6.4.1 the proposed resolution, and
- 6.4.2 the time by which it is proposed that the Directors should adopt it
- 6.5 Notice of a proposed Directors' written resolution must be given in writing to each Director
- 6 6 Any decision which a person giving notice of a proposed Directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.
- 6 7 A proposed Directors' written resolution is adopted when all the Directors who would have been entitled to vote on the resolution at a Directors' meeting have signed one or more copies of it, provided that those Directors would have formed a quorum at such a meeting
- 6 8 It is immaterial whether any Director signs the resolution before or after the time by which the notice proposed that it should be adopted
- 6 9 Once a Directors' written resolution has been adopted, it must be treated as if it had been a decision taken at a Directors' meeting in accordance with the articles
- 6 10 The Directors, or the company secretary (if any), must ensure that the Company keeps a record, in Writing, of all Directors' written resolution for at least 10 years from the date of their adoption

#### **7 DIRECTORS' CONFLICTS OF INTEREST**

- 7 1 Regulation 14 of the Model Articles does not apply.

- 7 2 This article 7 contains provisions for dealing with directors' conflicts of interest, so that the general duties of directors set out in sections 171 to 177 of the Act (the "general duties") are not infringed by anything done (or omitted) by a director in accordance with this article. So far as is lawful, the general duties have effect subject to any authority given by or under this article 7
- 7 3 The authorisations in this article 7 are subject to any more restrictive provisions contained in any contract between a director and the Company, in any applicable policy or code adopted by the Company or in any conditions imposed in any authorisation under this article 7. If any such provisions require disclosure or prior approval of any conflict of interest or benefit otherwise authorised by this article, or impose conditions on any such authorisation (which may include conditions permitted by article 7 9), the authorisations in this article apply only to the extent that those requirements or conditions are complied with, provided that the directors may excuse any non-compliance either before or after it occurs
- 7 4 A director may be an officer or employee of, engaged in any other capacity in, or have a direct or indirect interest in.
- 7 4.1 any connected company;
- 7 4.2 if he is a director appointed by another company which has, under these articles or any contract between members of the Company, a right to appoint a director of the Company, his appointing company or any member of the same group as his appointing company;
- 7 4 3 any company which does not compete to a material extent with the business of the Company,
- 7 4 4 any company whose securities are dealt with on a recognised investment exchange (as defined in the Financial Services and Markets Act 2000) or on AIM or Plus (or any successors to such markets), provided the director's interest is limited to a direct or indirect holding of securities not amounting to more than 5% of the equity share capital of that company;
- 7 4 5 any trust or scheme whose primary purpose is the provision of pensions, life assurance or employee benefits or any employees' share scheme;
- and may do anything in the ordinary course of acting in that character which is not calculated directly to harm the interests of the Company
- 7.5 A director may enter into any transaction in or relating to securities of the Company or its holding company or may have any interest arising as holder of securities of the Company or its holding company or in any transaction in his character as holder of such securities
- 7 6 A director may exploit any property, information or opportunity wholly outside the scope of the Company's business or that of its connected companies. This article 7 6 does not authorise a director to exploit property of the Company or confidential information of the Company or information received by the Company under a duty of confidentiality
- 7 7 The directors may authorise any matter proposed to them which otherwise would or might infringe the duty of a director to avoid conflicts of interest. Provided that he has declared the nature and

extent of his interest as if the matter were a transaction or arrangement with the Company in which he was interested, a director may vote and be counted in the quorum on any resolution to authorise a conflict of interest of his and section 175(6) of the Act shall not apply

7.8 The directors may.

7.8.1 give any such authorisation subject to such conditions as they think fit,

7.8.2 vary or terminate the authorisation or waive, vary or terminate any such conditions at any time or excuse any non-compliance with such conditions either before or after it occurs, but any termination or variation will not affect anything done or committed to be done by the director prior to such termination or variation

7.9 The conditions may include that the director

7.9.1 is to be excluded from discussions, whether at meetings of directors or otherwise, relating to matters in respect of which he has the conflict of interest,

7.9.2 is not to be given documents or information relating to matters in respect of which he has the conflict of interest,

7.9.3 may not vote, or count in the quorum at any future meeting of directors in relation to any resolution relating to matters in respect of which he has the conflict of interest

7.10 A director who holds a position outside the Company or its connected companies which does not give rise to a conflict of interest or which is authorised by or under this article 7 who in that character obtains any information in respect of which he owes a duty of confidentiality to another person (other than a connected company or a director of the Company) is under no obligation to disclose such information to the Company or to use or apply any such confidential information for the purpose of or in connection with the performance of his duties as a director if to do so would amount to a breach of that confidence.

7.11 Any authorisation of a conflict of interest authorised by or under this article 7 shall (unless the contrary intention appears) extend to any conflict of interest which may reasonably be expected to arise out of the matter authorised either at the time of giving the authority or subsequently

7.12 A director is not required to account to the Company for any remuneration, profit or other benefit which he gains from any matter in respect of which he has a conflict of interest which has been authorised by or under this article 7, no contract, arrangement or transaction shall be avoided on the grounds of any conflict of interest so authorised, and the receipt of such remuneration, profit or benefit shall not constitute a breach of the director's duty not to accept benefits from third parties

7.13 The Company may by ordinary resolution authorise or ratify any contract, transaction, arrangement, conflict of interest, acceptance of a benefit or other proposal which might otherwise infringe or may have infringed the general duties, including any contravention of any provision of this article 7. When shareholders ratify a conflict of interest the vote of any shareholder who is also an interested director will not be counted.

7.14 A director may accept from third parties and retain the benefit of

- 7 14 1 entertainment of a character and extent that can reasonably be regarded as intended to foster relationships between the Company and such person and not to exercise improper influence over the decisions of the director and in any event not exceeding (in the reasonable estimation of the director) a cost of £1,000 on any occasion or £5,000 from any one company or person in any financial year of the Company,
  - 7 14 2 training, travel, meals, accommodation or other services or facilities in the ordinary course of the director's functions on behalf of the Company,
  - 7 14 3 small gifts with a cost (in the reasonable estimation of the director) not exceeding £250 from any one company or person in any financial year of the Company,
  - 7 14 4 frequent flyer or similar incentives for use of travel or accommodation, or incentives for the use of personal credit or debit cards for Company expenses, provided openly under a published scheme, where the value of the incentives (in the director's reasonable estimation) does not exceed 2% of the expenditure on the item, and
  - 7.14.5 anything which would be permitted by paragraphs 7 14 1 to 7.14.4 but for any financial limit, if the directors resolve to waive the financial limit in relation to that particular thing.
- 7.15 The directors may authorise the receipt and retention by a director or any specific benefit from a third party which has been disclosed to the directors which is not authorised by article 7.14.

## **8 ALTERNATE DIRECTORS**

- 8.1 Any Director (the "Appointor") may appoint as an Alternate any other Director, or any other person approved by resolution of the Directors, to:
- 8 1 1 exercise that Director's powers, and
  - 8 1 2 carry out that Director's responsibilities,
- in relation to the taking of decisions by the Directors in the absence of the Alternate's Appointor
- 8 2 Any appointment or removal of an Alternate must be effected by notice in writing to the Company's signed by the Appointor, or in any other manner approved by the Directors
- 8 3 The notice must.
- 8.3.1 identify the proposed Alternate, and
  - 8 3 2 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

## **9 RIGHTS OF ALTERNATE DIRECTORS**

- 9.1 An Alternate Director has the same rights, in relation to any Directors' meeting or Directors' written resolution, as the Alternate's Appointor
- 9.2 Except as the articles specify otherwise, Alternate Directors

- 9 2 1 are deemed for all purposes to be Directors;
  - 9.2.2 are liable for their own acts and omissions,
  - 9 2.3 are subject to the same restrictions as their Appointors, and
  - 9 2.4 are not deemed to be agents of or for their Appointors.
- 9 3 A person who is an Alternate Director but not a Director.
- 9 3.1 may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person's Appointor is not participating), and
  - 9 3 2 may sign a written resolution (but only if it is not signed or to be signed by that person's Appointor).

No Alternate may be counted as more than one Director for such purposes.

- 9 4 An Alternate Director is not 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
- 9 5 An 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, 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 absence but shall not be entitled to receive any remuneration from the Company for his services as an Alternate Director. But it shall not be necessary to give notice of such a meeting to an Alternative Director who is absent from the United Kingdom

## **10 TERMINATION OF ALTERNATE DIRECTORSHIP**

- 10 1 An Alternate Director's appointment as an Alternate terminates.
- 10 1 1 when the Alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate,
  - 10.1 2 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,
  - 10 1 3 on the death of the Alternate's Appointor, or
  - 10 1 4 when the Alternate's Appointor's appointment as a Director terminates

## **11 ASSOCIATE DIRECTOR**

- 11 1 The Directors may at any time and from time to time appoint any person to be an associate director with a title including the word "director". An associate director is not a Director of the Company and is not a member of the board The Directors may define and limit the powers and

duties of any associate and may be in addition to their remuneration as managers or employees of the Company.

## **12 INVESTOR DIRECTOR**

12 1 For so long as any of the Investors shall be the Holder of more than 10% of the Shares, each such Investor may at any time and from time to time appoint one person to be a Director ("Investor Director") or remove from office such Investor Director so appointed and replace him with a new Investor Director. Upon request of any Investor who is the holder of more than 10% of the Shares the Company shall procure any Investor Director appointed pursuant to this Article 12.1 is appointed a director of any Group Company

12 2 Any such appointment, removal, consent or notice shall be in writing served on the Company and signed on behalf of the relevant Investor. No person dealing with the Company shall be concerned to see or enquire as to whether the powers of the Directors have been in any way restricted hereunder or as to whether any requisite consent of the relevant Investor has been obtained and no obligation incurred or security given or transaction effected by the Company to or with any third party shall be invalid or ineffectual unless the third party had at the time express notice that the incurring of such obligation or the giving of such security or the effecting of such transaction was in excess of the powers of the Directors.

## **13 SHARE CERTIFICATES**

13.1 Sub-paragraph (d) of regulation 24(2) of the Model Articles shall not apply.

## **14 RESTRICTIONS ON ALLOTMENT OF SHARES**

14 1 Subject to the provisions of these Articles, the directors are generally and unconditionally authorised, for the purpose of section 551 of the Act, to exercise any power of the Company to

14.1.1 offer or allot;

14 1 2 grant rights to subscribe for or to convert any security into, or

14.1.3 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

14 2 The authority referred to in Article 14 1

14 2 1 shall be limited to a maximum nominal amount of.

14 2 1 1 £10,000 of Ordinary Shares, and

14 2 1 2 £10,000 of B Ordinary Shares

or such other amounts as may from time to time be authorised by the Company by ordinary resolution;

- 14 2 2 shall only apply insofar as the Company has not, subject to these Articles, renewed, waived or revoked it by ordinary resolution, and
- 14 2 3 may only be exercised for a period of five years from the date of adoption of these Articles, 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).
- 14 3 The Shares shall rank equally except as specifically set out in these Articles.
- 14.4 The rights attaching to any class of the Shares may not be amended or altered in any way unless previously approved by.-
- 14 4 1 Holders of at least 75% of the Ordinary Shares, and
- 14.4 2 Holders of at least 75% of the voting rights in respect of all Shares
- 14.5 Subject to the provisions of the Acts, Shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the Holder on such terms and in such manner as may be provided by the Articles.
- 15 ALLOTMENT OF SHARES**
- 15 1 Shares may be allotted or otherwise disposed of only in accordance with the provisions of this Article
- 15.2 Unless the Investor Majority directs otherwise, any new Shares to be created shall, before they are allotted, be offered to the members in proportion as nearly as may be to the number of Shares held by them unless the Company shall by special resolution otherwise direct. Such offer shall be made by notice in writing specifying the number of Shares and limiting the time in which the offer if not accepted will lapse and determine, such time limit to be not less than 25 Business Days ("the Lapse Date")
- 15 3 If the offer to a member lapses and determines without any of the Shares the subject of the offer having been accepted or if members accept some but not all of the Shares offered by the Lapse Date, then the Company shall make a second offer in the manner specified above of the Shares unaccepted on the first offer to those members who did accept all the Shares offered to them in the first offer
- 15.4 First and second offers shall be deemed to be accepted upon receipt of a letter of acceptance by the Company
- 15.5 If any Shares offered have not been accepted in the second offer (due to the expiration of such time limit or on receipt of a written intimation from the person to whom the offer was made that he declines to accept any or all of the Shares comprising in the second offer) or if any Shares are released from the provisions of Article 15 2 by special resolution of the Company in general meeting then the Directors may allot or grant options over such Shares in such manner to such persons on such terms as they think most beneficial to the Company
- 15 6 The Directors may also dispose in such manner to such persons on such terms as they think most beneficial to the Company any Shares which cannot be offered except by way of fractions.

- 15.7 Any Shares accepted in the first offer shall be paid for within 20 Business Days of the date on which the offer lapsed. Where Shares were accepted on the second offer then they shall be paid for within 20 Business Days of the date on which the second offer lapsed. Payment shall be deemed to be made on the day the Company receives a cheque, credit transfer or banker's draft for the appropriate sum. Failure to pay within the time specified will enable the Company to re-offer the Shares unpaid for as if they had been offered to and unaccepted by the defaulting member.
- 15.8 Section 561 of the Act does not apply to the allotment by the Company of any equity security.
- 16 PERMITTED TRANSFERS**
- 16.1 Any member may at any time transfer all or any of his Shares to any other person with the prior written consent of the Investor Majority and any such transfers shall be registered by the Board.
- 16.2 Any Ordinary Shares may be transferred:-
- 16.2.1 by a Beneficial Owner who is an individual to a Privileged Relation of such Beneficial Owner or to trustees to be held upon Family Trusts, or
- 16.2.2 by the nominee of a Beneficial Owner to the Beneficial Owner or to another nominee of the Beneficial Owner.
- 16.3 Where any Ordinary Shares have been transferred to Privileged Relations or trustees pursuant to Article 16.2 the Privileged Relation or the trustees as the case may be may transfer any such Ordinary Shares to a person or persons shown to the reasonable satisfaction of the Board to be
- 16.3.1 the trustees for the time being (on a change of trustee) of the Family Trusts in questions and/or,
- 16.3.2 the Beneficial Owner or any Privileged Relation of the Beneficial Owner.
- 16.4 In any case where a member proposing to transfer Ordinary Shares under Article 16.2 (the "Proposing Transferor") holds those Ordinary Shares as a result of an earlier transfer authorised under Article 16.2 from the first Holder of those Shares (the "Original Member") the Proposing Transferor may only transfer those Ordinary Shares to a person to whom the Original Member could have transferred such Ordinary Shares under Article 16.2.
- 16.5 Where Ordinary Shares are held by trustees of a Family Trust and any such Ordinary Shares cease to be held upon Family Trusts (otherwise than in consequence of a transfer authorised under Articles 16.2 to 16.4) the trustees shall forthwith transfer such Ordinary Shares to a transferee permitted under Articles 16.2 to 16.4 and in default thereof the trustees shall, unless the Investor Majority (ignoring for the purposes in calculating the Investor Majority any Ordinary Shares held by the member in default) agrees otherwise, be deemed to have given a Transfer Notice in respect of the Ordinary Shares in question provided that the price shall be the issue price (including any premium).
- 16.6 Any Ordinary Shares held by an Original Member may be transferred to any company in which that Original Member holds a Controlling Interest provided that if that Original Member ceases to hold a Controlling Interest then such company shall within 5 Business Days of such cessation transfer any

Ordinary Shares held by it to the Original Member or to a company in which the Original Member holds a Controlling Interest or another person to whom the Original Member could have transferred such Shares under Article 16 2

- 16 7 Any Ordinary Shares held by an undertaking when first transferred to a company under Article 16 6 ("Original Undertaking") may be transferred to any other company ("Transferee Undertaking") which is a holding company or subsidiary of the Original Undertaking or a subsidiary of a holding company of the Original Undertaking (a "Group Undertaking") provided that such company is a company in respect of which the relevant Original Member holds a Controlling Interest
- 16 8 If any Transferee Undertaking ceases to be a Group Undertaking in relation to the Original Undertaking then such Transferee Undertaking shall within 5 Business Days of such cessation transfer any Ordinary Shares held by the Transferee Undertaking to the Original Undertaking or to a company which, in relation to the Original Undertaking, is a Group Undertaking provided that such company is a company in respect of which the relevant Original Member holds a Controlling Interest.
- 16.9 In the event of any default of Articles 16 6, 16 7 or 16 8 the Original Undertaking or the Transferee Undertaking or the company referred to in Article 16 8 (as the case may be) shall, unless the Investor Majority (ignoring for the purposes in calculating the Investor Majority any Ordinary Shares held by the member in default) agrees otherwise, be deemed to have served a Transfer Notice in respect of all such Ordinary Shares provided that the price shall be the issue price (including any premium)
- 16 10 Any Investor Member may transfer Shares to any person who is also an Investor Member with the prior written consent of Hotbed
- 16.11 Any Investor may with the prior written consent of Hotbed transfer Shares to:-
- 16 11 1 any person who is an Owner; or
- 16 11 2 any person who is to hold the Shares as nominee for an Owner
- 16.12 Notwithstanding the other provisions of these Articles (other than Articles 17 19 to 17 22 which this Article 16 12 shall be subject to), no Investor or Investor Member may transfer Investor Member Shares to any person without the prior written consent of Hotbed

## **17 SHARE TRANSFER PROCEDURE**

- 17.1 Any member holding Shares who wishes to transfer any of such Shares ("a Vendor") otherwise than in accordance with Article 16 shall give a Transfer Notice to the Company of his wish specifying
- 17 1 1 the number of Shares which he wishes to transfer ("Sale Shares"),
- 17 1 2 the price per Share at which he wishes to sell such Sale Shares,
- 17.1 3 the name and address of any third party to whom he proposes to transfer the Sale Shares and the terms of any offer made by that third party, and

- 17.1 4 whether the Transfer Notice is conditional upon all and not part only of the Sale Shares so specified being sold pursuant to the offer hereinafter mentioned, and in the absence of such stipulation it shall be deemed not to be so conditional
- 17 2 Where any Transfer Notice is given in accordance with Article 17 1, the sale price of the Sale Shares shall, subject to Investor Approval, be the price per Share specified in the Transfer Notice pursuant to Article 17 1 2
- 17 3 Where any Transfer Notice is deemed to have been given in accordance with these Articles, the deemed Transfer Notice shall be treated as having specified
- 17.3.1 that all the Shares registered in the name of the Vendor shall be included for transfer;
- 17 3 2 that the sale price of the Sale Shares shall be determined in accordance with Articles 17 4 to 17 6 below, and
- 17 3.3 that the Transfer Notice is not conditional upon all and not part only of the Shares so specified being sold pursuant to the offer
- 17 4 Where any Transfer Notice is deemed to have been given in accordance with these Articles, the Vendor, the Investor Majority and the Board shall seek to agree the sale price of the Sale Shares the subject of the deemed Transfer Notice within 10 Business Days of the date of the deemed Transfer Notice and, if agreement is reached such agreed price shall be the sale price of the Sale Shares the subject of the deemed Transfer Notice.
- 17 5 In the event that agreement is not reached as to the sale price of the Sale Shares pursuant to Article 17 2 or 17 4 (as appropriate) within 10 Business Days of the date of the Transfer Notice, the Board shall within 20 Business Days of the Transfer Notice or, in the case of Article 17 4, within 20 Business Days of receiving notice of the events giving rise to the deemed issue of such Transfer Notice having occurred instruct the Independent Expert to determine in accordance with Article 17 6 the sale price of the Sale Shares the subject of the Transfer Notice
- 17 6 Where the Independent Expert is instructed in accordance with these Articles the sale price of the Sale Shares shall, subject to Article 18 2, be the value which the Independent Expert certifies in his opinion as a fair value of the Sale Shares. In arriving at his opinion the Independent Expert will value the Sale Shares as at the date the Transfer Notice is deemed to have been served -
- 17 6 1 as shares in the Company on a going concern basis,
- 17 6 2 as on an arms length basis between a willing seller and a willing buyer,
- 17 6 3 ignoring any reduction or enhancement in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority or majority interest, and
- 17.6.4 on the assumption that the Sale Shares are capable of transfer without restriction.
- 17.7 The sale price of the Sale Shares whether fixed, agreed or determined under these Articles shall be referred to as the "Transfer Price"
- 17 8 Any member (including the Vendor) shall be entitled to make representations, in connection with the calculation of the fair value of the Sale Shares to the Independent Expert within 20 Business

Days of his appointment (which shall be notified to the members within 5 Business Days of being made) and the Independent Expert shall be required to take into account in calculating the fair value of the Sale Shares all reasonable representations so made to him

- 17 9 The decision of the Independent Expert as to the Transfer Price shall, save in the case of clerical or manifest error appearing within 15 Business Days of the Independent Expert's determination of the Transfer Price, be final and binding. The Independent Expert's charges including disbursements and value added tax in connection with the determination will be paid as to one half by the Company and the other half by the Vendor.
- 17 10 No Transfer Notice once given in accordance with this Article 17 shall be withdrawn without the consent in writing of the Investor Majority.
- 17 11 The Transfer Notice shall constitute the Company the agent of the Vendor for the sale of the Sale Shares specified therein at the Transfer Price.
- 17 12 Once the Transfer Price has been fixed, agreed or determined (as the case may be) the Company may (with the consent of the Investor Majority) not later than 15 Business Days from the Transfer Price being agreed, fixed or determined exercise its power, subject to the provisions of the Act, to purchase any of the Sale Shares at the Transfer Price.
- 17 13 If the Company declines or is unable to exercise the powers referred to in Article 17 12 it shall within 60 Business Days of the Transfer Price being fixed, agreed or determined (but after the Company has determined that it will not exercise its rights under Article 17 12) give notice in writing to any Invitees and to each of the members of the Company (other than the Vendor) informing them that the Sale Shares are available and of the Transfer Price and shall invite each member (other than the Vendor) and each Invitee to state in writing within 25 Business Days from the date of the said notice (which date shall be specified therein) whether he is willing to purchase any and, if so, how many of the Sale Shares at the Transfer Price. The notice in this Article shall not without the prior written consent of the Investor Majority be issued earlier than the earlier of (i) 50 Business Days from fixing, agreement or determination of the Transfer Price and (ii) the Investor Majority stating in writing to the Company that there will be no Invitees or that the Company has been supplied with a list of all Invitees. The Company shall not be required to give notice to any Invitees and to each of the Members in accordance with this Article 17 13 if.
- 17 13 1 an Invitee has given notice to the Company that he/it will acquire all of the Sale Shares;  
or
- 17 13 2 Invitees have given notice to the Company that they will, between them, acquire all of the Sale Shares, and
- 17 13 3 the consent of the Investor Majority has been obtained in respect of such Invitee or Invitees acquiring such Sale Shares.
- 17.14 The notice in Article 17 13 shall state that Sale Shares shall be offered -
- 17 14 1 first to any Invitee, then
- 17 14 2 to the extent not acquired by Invitees, to each member (other than the Vendor) on terms that in the event of competition the remaining Sale Shares offered shall be sold to the

members accepting the offer in proportion (as nearly as may be) to their existing holdings of Shares ("Proportionate Entitlement") It shall be open to each such member to specify if he is willing to purchase the remaining Sale Shares in excess of his Proportionate Entitlement ("Excess Shares") and if the member does so specify he shall state the number of Excess Shares

17.15 After the expiry of the offers to be made pursuant to Article 17 13 and 17.14 above the Board shall allocate the Sale Shares in the following manner:

17.15.1 first, to any Invitees, then

17.15.2 if the total number of remaining Sale Shares applied for is equal to or less than the available number of remaining Sale Shares the Company shall allocate the number applied for in accordance with the applications,

17.15.3 if the total number of remaining Sale Shares applied for is more than the available number of remaining Sale Shares, each member shall be allocated his Proportionate Entitlement or such lesser number of remaining Sale Shares for which he may have applied and applications for Excess Shares shall be allocated in accordance with such applications or, in the event of competition, (as nearly as may be) to each member applying for Excess Shares in the proportion which the Shares held by such member bears to the total number of Shares held by all such members applying for Excess Shares and provided that such member shall not be allocated more Excess Shares than he shall have stated himself willing to take and in either case the Company shall forthwith give notice of each such allocation ("Allocation Notice") to the Vendor and each of the persons to whom remaining Sale Shares have been allocated ("Member Applicant") and shall specify in the Allocation Notice the place and time (being not later than 15 Business Days after the date of the Allocation Notice) at which the sale of the Sale Shares be completed.

17.16 Subject to Article 17 17, upon such allocation being made as aforesaid, the Vendor shall be bound, on payment of the Transfer Price for each of the Sale Shares, to transfer the Sale Shares as required by Article 17 15. If the Vendor makes default in so doing, any person nominated by the Investor Majority for that purpose shall forthwith be deemed to be the duly appointed attorney of the Vendor with full power to execute complete and deliver in the name and on behalf of the Vendor a transfer of the relevant Sale Shares to the Invitee and/or the Member Applicant (as appropriate) and any Director may receive and give a good discharge for the purchase money on behalf of the Vendor and (subject to the transfer being duly stamped) enter the name of the Invitee and/or the Member Applicant (as appropriate) in the register of members as the Holder or Holders by transfer of the Sale Shares so purchased by him or them The Board shall forthwith pay the purchase money into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for the Vendor until he shall deliver up his certificate or certificates for the relevant Sale Shares to the Company when he shall thereupon be paid the purchase money.

17.17 If the Vendor shall have included (or be deemed to have included pursuant to these Articles) in the Transfer Notice a provision that unless all the Sale Shares are sold none shall be sold and if the aggregate number of Sale Shares applied for by Invitees and/or Member Applicants is less than the total number of Sale Shares then a further invitation shall be open for 25 Business Days to those persons to whom Sale Shares have been allocated to apply for further Sale Shares and completion

of the sales in accordance with the preceding paragraphs of this Article shall be conditional upon such provision as aforesaid being complied with in full

17.18 In the event of all the Sale Shares specified in a Transfer Notice not being sold under the preceding paragraphs of this Article, the Company shall forthwith give notice in writing of this fact to the Vendor, and the Vendor may (with Investor Approval and subject to the provisos to this Article 17.19) at any time within 3 calendar months after receiving such notice from the Company that the pre-emption provisions herein contained have been exhausted, with Investor Approval transfer any Sale Shares not sold at any price not less than the Transfer Price provided that -

17.18.1 if the Transfer Notice was conditional upon all and not part only of the Sale Shares so specified being transferred pursuant to the offer then all of the Sale Shares so specified must be sold to the third party, and

17.18.2 the transferee of the Sale Shares shall enter into a deed of adherence to the Investment Agreement on such terms as the Investor Majority may reasonably require

17.19 Notwithstanding the provisions relating to the transfer of Shares in these Articles, if a transfer of Shares would result, if made and registered, in a person and/or his Connected Persons and/or his or their Permitted Transferees (as set out in Article 16) obtaining a Controlling Interest, no transfer of Shares shall be made or registered unless an Approved Offer is made and accepted

17.20 Any transfer of Shares in the Company pursuant to an Approved Offer shall not be subject to the restrictions on transfer or pre-emption provisions contained in these Articles

17.21 If at any time an Approved Offer is made which is accepted by the Holders of more than 85% of the Ordinary Shares, the members who have not accepted the Approved Offer shall be obliged to accept the Approved Offer in respect of the Shares held by them and to sell all of the Shares held by them in accordance with such Approved Offer

17.22 If any person (a "Compulsory Transferor") fails to transfer any Shares in accordance with Article 17.21 above within 25 Business Days of the Approved Offer having been made the Directors may authorise any person to execute and deliver on his behalf the necessary stock transfer form transferring the relevant Shares with full title guarantee and the Company shall receive the purchase money in trust for the Compulsory Transferor and cause the purchaser to be registered as the Holder of such shares (subject to payment of any stamp duty) 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 the application thereof) The Compulsory Transferor shall in such case be bound to deliver up his certificate for such Shares to the Company whereupon he shall be entitled to receive the purchase price without interest

17.23 Save as expressly provided in these Articles, a transfer of Shares in accordance with these Articles shall mean a transfer of the entire legal and beneficial interest in such Shares, whereby a Shareholder cannot transfer one without the other

## **18 DEEMED TRANSFER NOTICE**

18.1 Upon a person becoming a Leaver (unless the Investor Majority agrees otherwise within 20 Business Days following the date on which that person becomes a Leaver), an irrevocable Transfer Notice shall be deemed to be issued in respect of all the Leaver Shares on the date 20 Business

Days following the date on which that person becomes a Leaver in which case the provisions of Article 17 will apply and the transfer price for such Leaver Shares shall be the Transfer Price agreed or determined in accordance with Article 17.

- 18 2 Upon a person becoming a Bad Leaver (unless the Investor Majority agrees otherwise within 20 Business Days following the date on which that person becomes a Bad Leaver), an irrevocable Transfer Notice shall be deemed to be issued in respect of all the Bad Leaver Shares on the date 20 Business Days following the date on which that person becomes a Bad Leaver in which case the provisions of Article 17 (other than those as to agreement or determination of price) will apply and, notwithstanding the provisions of Article 17 as to agreement or determination of price, the transfer price for such Bad Leaver Shares shall be the lower of -

18 2 1 the Transfer Price agreed or determined in accordance with Article 17, and

18.2.2 the subscription price paid for such Bad Leaver Shares on their issue.

- 18 3 In the event that a Leaver who has transferred his shares pursuant to Article 18 1 shall at any time become a Bad Leaver, he shall, within 20 Business Days of written request to do so by the Company or the Investor Majority, repay to those persons to whom he transferred Leaver Shares, the difference between the price paid to him for those Leaver Shares and the price that would have been paid had the Leaver Shares been Bad Leaver Shares together with interest on such amount at a rate of 3% over the base rate of the Bank of England at the date of repayment, accrued from the date of payment to the date of repayment

- 18 4 Once a person has become a Leaver or a Bad Leaver, all prior outstanding Transfer Notices in respect of the same Shares shall be immediately cancelled and no further Transfer Notices may be served in respect of the same Shares until the Company has notified the Vendor in accordance with Article 17 18 that not all of the Sale Shares have been sold in accordance with the provisions of Article 17

- 18 5 Once a person has become a Leaver or a Bad Leaver, the Leaver Shares or the Bad Leaver Shares shall cease, subject to Article 18 6, to have the right to receive notice of, attend, speak at or vote at general meetings of the Company or consent to holding general meetings on short notice ("the Disenfranchised Rights") until all of the Leaver Shares or the Bad Leaver Shares have been sold in accordance with the provisions of Article 17 ("the Disenfranchised Period")

- 18 6 If the Investor Majority so resolves by notice in writing to the Company the disenfranchisement of Leaver Shares or Bad Leaver Shares may be suspended during the Disenfranchised Period (provided that the Investor Majority may resolve by notice in writing to the Company that the disenfranchisement of Leaver Shares or Bad Leaver Shares may recommence at any time during the Disenfranchised Period).

## **19 GENERAL MEETINGS**

- 19 1 Regulation 41 of the Model Articles applies with the addition of the following sentence.

"If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, any person or persons entitled to vote upon the business to be transacted, being (or each being) a member or a proxy for a member or a duly authorised representative of a corporation, shall be a quorum if he is (or they are together) entitled to cast more than one half of

the number of votes which might be cast at the meeting upon the business to be transacted; or in other circumstances, the meeting shall be dissolved.”.

**20 WRITTEN RESOLUTIONS**

- 20.1 The joint holder of a share whose name comes first in the register of members in respect of the joint holding is authorised to agree to any written resolution on behalf of all the joint holders and to receive any document which is required by the Act to be supplied to the joint holders in connection with that resolution

**21 CHANGE OF COMPANY NAME**

- 21.1 The Directors may change the name of the Company by a Directors’ written resolution in accordance with article 6

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