

**The Companies Act 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**  
**OF**  
**CCm RESEARCH LIMITED**

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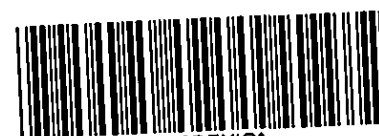
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## PART 1

### 1. Interpretation and Limitation of Liability

#### 1.1 Defined terms

1.1.1 The regulations contained in the Model Articles for Private Companies Limited by Shares set out in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 3229/2008), shall not apply to the company.

1.1.2 In these Articles, unless the context requires otherwise:

**"Articles"** means the company's articles of association;

**"Bad Leaver"** means any Shareholder who is or becomes a Relevant Employee (or who is a Connected Transferee of an Original Individual Shareholder who was a Relevant Employee) who subsequently ceases to be (or in the case of such a Connected Transferee, whose Original Individual Shareholder ceases to be) a Relevant Employee due to termination by the company as a result of that person's gross misconduct including (without limitation) breach of any non-compete restrictions contained in such individual's employment contract;

**"Bankruptcy"** includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

**"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;

**"Business of the Company"** means carbon capture through mineral composites and the potential uses of the resulting materials;

**"Chairman"** has the meaning given in article 2.10;

**"Chairman of the Meeting"** has the meaning given in article 4.3;

**"Companies Acts"** means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

**"Connected Transferee"** means any Shareholder who receives Shares from a person pursuant to articles 3.9.6(a) or 3.9.6(b);

**"Director"** means a director of the company, and includes any person occupying the position of director, by whatever name called;

**"Distribution Recipient"** has the meaning given in article 3.19.2;

**"Document"** includes, unless otherwise specified, any document sent or supplied in Electronic Form;

**"Electronic Form"** has the meaning given in section 1168 of the Companies Act 2006;

**"Family Trust"** means, in relation to an individual Shareholder, a trust whose beneficiaries do not include anyone other than either or both of that Shareholder and Privileged Relations of that Shareholder;

**"Founder Director"** a Director appointed by a Founder under article 2.15.5;

**"Founders"** means Dr Peter Hammond, Pawel Kisielewski, Gordon Horsfield and Richard Morse;

**"Fully Paid"** in relation to a share, means that the nominal value and any premium to be Paid to the company in respect of that share have been Paid to the company;

**"Good Leaver"** means any Leaver who is not a Bad Leaver.

**"Group"** means the company and any company which is a Subsidiary undertaking of the company from time to time and references to **"Group Company"** and **"Members of the Group"** shall be construed accordingly;

**"Hard Copy Form"** has the meaning given in section 1168 of the Companies Act 2006;

**"Holder"** in relation to Shares means the person whose name is entered in the register of members as the Holder of the Shares;

**"Instrument"** means a Distribution Recipient in Hard Copy Form;

**"Investor Majority"** means at least two-thirds of Qualifying Shareholders;

**"Leaver's Shares"** means all of the Shares held by a Bad Leaver, or to which he is entitled, on the Leaving Date and any Shares acquired by a Bad Leaver after the Leaving Date under an employee share scheme or option;

**"Leaving Date"** means the date on which the relevant person becomes a Bad Leaver;

**"Original Corporate Shareholder"** has the meaning given in article 3.9.6(b);

**"Original Individual Shareholder"** has the meaning given in article 3.9.6(a);

**"Ordinary Resolution"** has the meaning given in section 282 of the Companies Act 2006;

**"Paid"** means paid or credited as paid;

**"Participate"**, in relation to a Directors' meeting, has the meaning given in article 2.8;

**"Privileged Relation"** means, in relation to an individual Shareholder, his spouse, civil partner, widow, widower, sibling, child and grandchild (including step or adopted children and their issue);

**"Proxy Notice"** has the meaning given in article 4.9;

**"Qualifying Shareholder"** means any Shareholder whose Shares, when taken together with Shares held by any Connected Transferee or Privileged Relation of that Shareholder, comprise at least 10% of the issued shares in the Company at such time.

**"Relevant Employee"** means an employee of the Company or any other Group Company who is not a Founder;

**"Sale Shares"** means the Shares specified for sale in a Transfer Notice;

**"Seller"** means the transferor of Shares pursuant to a Transfer Notice;

**"Shareholder"** means a person who is the Holder of a share;

**"Shares"** means the ordinary shares of 0.01p each in the capital of the company;

**"Special Resolution"** has the meaning given in section 283 of the Companies Act 2006;

**"Subsidiary"** has the meaning given in section 1159 of the Companies Act 2006;

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

**"Transfer Notice"** means a notice in Writing given by any Shareholder to the company where that Shareholder desires to transfer (or enter into an agreement to transfer) any Shares;

**"Transmittee"** means a person entitled to a share by reason of the death or Bankruptcy of a Shareholder or otherwise by operation of law; and

**"Writing"** means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in Electronic Form or otherwise.

- 1.1.3 Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the 2006 Act as in force on the date when these Articles become binding on the company.

## **1.2 Liability of members**

The liability of the members is limited to the amount, if any, unpaid on the Shares held by them.

## **PART 2**

### **2. Directors**

#### **2.1 Directors' general authority and matters subject to Investor Majority consent**

- 2.1.1 Subject to the Articles, the Directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.
- 2.1.2 The Directors shall not take any action or pass any resolution in respect of, or authorise the company to undertake, any matter listed in the Schedule to these Articles without the prior written consent of an Investor Majority in respect of that matter.

#### **2.2 Shareholders' reserve power and Investor Majority matters**

- 2.2.1 The Shareholders may, by Special Resolution, direct the Directors to take, or refrain from taking, specified action.
- 2.2.2 No such Special Resolution invalidates anything which the Directors have done before the passing of the resolution.
- 2.2.3 In respect of any matter listed in the Schedule to these Articles that can be implemented by, or that requires a, resolution of Shareholders (whether by Special Resolution or Ordinary Resolution), the votes cast by Qualifying Shareholders (or the duly appointed proxies or corporate representatives of such Shareholders) together comprising an Investor Majority if voting against that resolution, in aggregate carry such number of votes as is required to defeat that resolution.

#### **2.3 Directors may delegate**

- 2.3.1 Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles—
- a) to such person or committee;
  - b) by such means (including by power of attorney);

- c) to such an extent;
  - d) in relation to such matters or territories; and
  - e) on such terms and conditions;
- as they think fit.

2.3.2 If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

2.3.3 The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

## **2.4 Committees**

2.4.1 Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

2.4.2 The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the Articles if they are not consistent with them.

## **2.5 Directors to take decisions collectively**

2.5.1 The general rule about decision-making by Directors is that any decision of the Directors must be either a majority decision at a meeting or a decision taken in accordance with article 2.6.

2.5.2 If—

- a) the company only has one Director, and
- b) no provision of the Articles requires it to have more than one Director,

the general rule does not apply, and the Director may, subject to Articles 2.6.3 and 2.13, take decisions without regard to any other of the provisions of the Articles relating to Directors' decision-making.

## **2.6 Unanimous decisions**

2.6.1 A decision of the Directors is taken in accordance with this article when all eligible Directors indicate to each other by any means that they share a common view on a matter.

2.6.2 Such a decision may take the form of a resolution in Writing, copies of which have been signed by each eligible Director or to which each eligible director has otherwise indicated agreement in Writing.

2.6.3 References in this article to eligible directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.

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

## **2.7 Calling a Directors' meeting**

2.7.1 Any Director may call a Directors' meeting by giving notice of the meeting to the Directors or by authorising the company secretary (if any) to give such notice.

2.7.2 Notice of any Directors' meeting must indicate—

- a) its proposed date and time;
- b) where it is to take place; and

- c) if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

2.7.3 Notice of a Directors' meeting must be given to each Director, but need not be in Writing.

2.7.4 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

## **2.8 Participation in Directors' meetings**

2.8.1 Subject to the Articles, Directors Participate in a Directors' meeting, or part of a Directors' meeting, when—

- a) the meeting has been called and takes place in accordance with the Articles, and
- b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

2.8.2 In determining whether Directors are participating in a Directors' meeting, it is irrelevant where any Director is or how they communicate with each other.

2.8.3 If all the Directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

2.8.4 A Director who is absent from a meeting may appoint another Director of the Company to act as his alternate director to cast a vote in accordance with the absent Director's wishes. The Director acting as the alternate may also vote on his own behalf at the meetings.

## **2.9 Quorum for Directors' meetings**

2.9.1 At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

2.9.2 The quorum for Directors' meetings may be fixed from time to time by a decision of the Directors, but it must never be less than three unless there is just a sole Director in office, and unless otherwise fixed it is three. Any such quorum must include at least 2 Founder Directors.

2.9.3 If the total number of Directors for the time being is less than the quorum required, the Directors must not take any decision other than a decision—

- a) to appoint further Directors, or
- b) to call a general meeting so as to enable the Shareholders to appoint further Directors.

## **2.10 Chairing of Directors' meetings**

2.10.1 The Directors may appoint a Director to chair their meetings.

2.10.2 The person so appointed for the time being is known as the Chairman.

2.10.3 The Directors may terminate the Chairman's appointment at any time.

2.10.4 If the Chairman is not participating in a Directors' meeting within ten minutes of the time at which it was to start, the participating Directors must appoint one of themselves to chair it.

## **2.11 Casting vote**

The Chairman or other Director chairing the meeting shall not, if the number of votes for and against a proposal are equal, have a second or casting vote.

## **2.12 Conflicts of interest**

2.12.1 Any Director shall not carry on or be employed, or have a position of substantial control, in any business which could reasonably be perceived as being in direct competition with any part of the business of the company other than:

- a) businesses in which they are already invested, directly or through funds managed on a discretionary basis on their behalves (in which case they undertake not to use any information arising from the company to the benefit of such a business); or
- b) where no loss to the company may be suffered as a result of the Holders' interest; or
- c) where the conflicted Director discloses the conflict as soon as he becomes aware of it and the remaining Directors' consent to the continuance of the conflict (any such consent to be given by decision of the Directors).

2.12.2 Subject to the provisions of this article 2.12, if a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the company in which a Director is interested, that Director is not to be counted as participating in the decision-making process for quorum or voting purposes.

2.12.3 Notwithstanding article 2.12.2, if article 2.12.4 applies, a Director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.

2.12.4 This paragraph applies when—

- a) the company by Ordinary Resolution disapplies the provision of the Articles which would otherwise prevent a Director from being counted as participating in the decision-making process;
- b) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- c) the Director's conflict of interest arises from a permitted cause.

2.12.5 For the purposes of this article 2.12, the following are permitted causes—

- a) a guarantee given, or to be given, by or to a Director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;
- b) subscription, or an agreement to subscribe, for Shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such Shares or securities; and
- c) arrangements pursuant to which benefits are made available to employees and Directors or former employees and Directors of the company or any of its subsidiaries which do not provide special benefits for Directors or former Directors.

2.12.6 For the purposes of this article 2.12, references to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.



- 2.12.7 Subject to article 2.12.8, if a question arises at a meeting of Directors or of a committee of Directors as to the right of a Director to Participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the Chairman whose ruling in relation to any Director other than the Chairman is to be final and conclusive.
- 2.12.8 If any question as to the right to Participate in the meeting (or part of the meeting) should arise in respect of the Chairman, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.
- 2.12.9 Where the number of non-conflicted Directors is less than the quorum for the purposes of approving a resolution authorising any situation or transaction consisting a conflict as anticipated by the Companies Acts, the quorum shall be all the disinterested Directors.
- 2.12.10 When all the Directors of the company are conflicted the company shall pass the conflict to the company's Shareholders for approval by Ordinary Resolution.

### **2.13 Records of decisions to be kept**

The Directors must ensure that the company keeps a record, in Writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

### **2.14 Directors' discretion to make further rules**

Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

### **2.15 Methods of appointing Directors**

- 2.15.1 There shall be no maximum number of Directors and the minimum number of Directors shall be one. Wherever the company has two or more Directors, at least one of them shall be a natural person.
- 2.15.2 Any person 16 years of age or older who is willing to act as a Director, and is permitted by law to do so, may be appointed to be a Director—
  - a) by Ordinary Resolution;
  - b) by a decision of the Directors; or
  - c) in accordance with article 2.15.5.
- 2.15.3 In any case where, as a result of death, the company has no Shareholders and no Directors, the personal representatives of the last Shareholder to have died have the right, by notice in Writing, to appoint a person to be a Director.
- 2.15.4 For the purposes of article 2.15.3, where two or more Shareholders die in circumstances rendering it uncertain who was the last to die, a younger Shareholder is deemed to have survived an older Shareholder.
- 2.15.5 Each Founder (together with his Connected Transferees and any Shareholder who, on the date of adoption of these Articles, is a Privileged Relation of a Founder) holding not less than 5% in nominal value of the aggregate nominal value of the issued Shares may appoint one Director and may at any time remove any Director who is so appointed and appoint another in his place. As soon as a Founder (together with his Connected Transferees and such Privileged Relations) ceases to hold 5% in nominal value of the aggregate nominal value of the issued Shares, any Director

appointed by him shall cease to hold office at the next Directors' meeting unless the other Directors decide otherwise at such meeting or at a subsequent meeting. Any appointment or removal of a Director under this Article must be made by notice in writing to the company and takes effect upon delivery of such notice to the registered office of the company or at any Directors' meeting or any later date specified in the notice.

## **2.16 Termination of Director's appointment**

2.16.1 A person ceases to be a Director as soon as—

- a) that person ceases to be a Director by virtue of any provision of the Companies Acts or is prohibited from being a Director by law;
- b) a bankruptcy order is made against that person;
- c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- f) notification is received by the company from the Director that the Director is resigning from office, and such resignation has taken effect in accordance with its terms;
- g) that person has for more than six consecutive months been absent without permission of the Directors from meetings of Directors held during that period and the Directors resolve that his office be vacated;
- h) a breach of the terms of the Non Executive Director's Letter has occurred which is not capable of being remedied on a timely basis; or
- i) notice to remove such Director given in accordance with article 2.15.5 takes effect in accordance with article 2.15.5.

## **2.17 Directors' remuneration**

2.17.1 Directors may undertake any services for the company that the Directors decide.

2.17.2 Directors are entitled to such remuneration as the Directors determine—

- a) for their services to the company as Directors, and
- b) for any other service which they undertake for the company.

2.17.3 A Director's remuneration may—

- a) take any form, and
- b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

2.17.4 Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

2.17.5 Unless the Directors decide otherwise, Directors are not accountable to the company for any remuneration which they receive as Directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

## **2.18 Directors' expenses**

2.18.1 The company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at—

- a) meetings of Directors or committees of Directors,
- b) general meetings, or
- c) separate meetings of the Holders of any class of Shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

## **PART 3**

### **3. Shares and Distributions**

#### **3.1 All Shares to be Fully Paid Up**

- 3.1.1 No share is to be issued for less than the aggregate of its nominal value and any premium to be Paid to the company in consideration for its issue.
- 3.1.2 This does not apply to Shares taken on the formation of the company by the subscribers to the company's memorandum.

#### **3.2 Further issues of Shares: authority**

- 3.2.1 For such time as the company has only one class of shares, the Directors may exercise any power of the company to allot shares of that class or to grant rights to subscribe for, or convert any security into, such shares

#### **3.3 Rights attached to Shares**

- 3.3.1 Subject to the Articles, the rights attached to the Shares are:
  - a) on voting on a show of hands every Holder present in person or by proxy shall have one vote and on a poll shall have one vote for every share of which he is a holder;
  - b) to Participate in any dividend declared, such dividend to be apportioned between the Holders of Shares pro rata to their respective holdings of Shares provided that in respect of any Shares that are not fully Paid, the dividend entitlement on those Shares shall be reduced proportionately to the extent those Shares are not Paid; and
  - c) in the event that there is a return of assets on liquidation, reduction of capital or otherwise surplus assets of the company remaining after payment of liabilities shall be applied, this shall belong to and be distributed amongst the Holders of Shares in proportion to the nominal amount Paid up or credited as Paid up thereon.

#### **3.4 Powers to issue different classes of share**

- 3.4.1 Subject to the Articles, but without prejudice to the rights attached to any existing share, the company may issue Shares with such rights or restrictions as may be determined by Ordinary Resolution.
- 3.4.2 The company may issue Shares which are to be redeemed, or are liable to be redeemed at the option of the company or the Holder, and the Directors may determine the terms, conditions and manner of redemption of any such Shares.

#### **3.5 Power to purchase own shares**

The Directors may, if so authorised by ordinary resolution, approve the purchase by the Company of its own Shares in accordance with section 692(1ZA) of the Companies Act 2006.

### **3.6 Company not bound by less than absolute interests**

Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the Articles, the company is not in any way to be bound by or recognise any interest in a share other than the Holder's absolute ownership of it and all the rights attaching to it.

### **3.7 Share certificates**

- 3.7.1 The company must issue each Shareholder if requested with one or more certificates in respect of the Shares which that Shareholder holds free of any charge.
- 3.7.2 Every certificate must specify—
  - a) in respect of how many Shares, of what class, it is issued;
  - b) the nominal value of those Shares;
  - c) that the Shares are Fully Paid; and
  - d) any distinguishing numbers assigned to them.
- 3.7.3 No certificate may be issued in respect of Shares of more than one class.
- 3.7.4 If more than one person holds a share, only one certificate may be issued in respect of it.
- 3.7.5 Certificates must—
  - a) have affixed to them the company's common seal, or
  - b) be otherwise executed in accordance with the Companies Acts.

### **3.8 Replacement share certificates**

- 3.8.1 If a certificate issued in respect of a Shareholder's Shares is—
  - a) damaged or defaced, or
  - b) said to be lost, stolen or destroyed,that Shareholder is entitled to be issued with a replacement certificate in respect of the same Shares.
- 3.8.2 A Shareholder exercising the right to be issued with such a replacement certificate—
  - a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
  - b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
  - c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

### **3.9 Share transfers**

- 3.9.1 Subject to article 3.10, Shares may be transferred by means of an Instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.
- 3.9.2 No fee may be charged for registering any Instrument of transfer or other Distribution Recipient relating to or affecting the title to any share.
- 3.9.3 The company may retain any Instrument of transfer which is registered.
- 3.9.4 The transferor remains the Holder of a share until the transferee's name is entered in the register of members as Holder of it.

- 3.9.5 The Directors may refuse to register the transfer of shares not made in accordance with the Articles.
- 3.9.6 Shares may be transferred:
- a) by any Shareholder (being an individual) (the "**Original Individual Shareholder**", or by any transmittee deriving rights to Shares from the Original Individual Shareholder, to any Privileged Relation or the trustees of any Family Trust of the Original Individual Shareholder provided that, where a Share has been transferred pursuant to this article 3.9.6, the transferee (and any transmittee deriving rights to that share from the transferee) may transfer that share pursuant to this article 3.9.6 only to a Privileged Relation or the trustees (or new trustees) of a Family Trust of the Original Individual Shareholder;
  - b) by any Shareholder (being a company) (the "**Original Corporate Shareholder**") to any member of its group; or
  - c) by any Shareholder in accordance with the provisions of articles 3.10 or 3.11 or any of articles 3.13 to 3.17 (inclusive).
- 3.9.7 If a Shareholder holding shares transferred to him pursuant to article 3.9.6(a) as the spouse or civil partner of the Original Individual Shareholder ceases to be such spouse or civil partner by reason of divorce, he shall within 5 Business Days:
- a) transfer those shares to the Original Individual Shareholder or to a Privileged Relation or the trustees of a Family Trust of the Original Individual Shareholder; or
  - b) give a Transfer Notice in respect of those Shares,
- failing which he shall be deemed to have given a Transfer Notice in respect of those shares on the expiry of such period and the provisions of article 3.10 shall apply to those Shares.
- 3.9.8 If Shareholders hold shares transferred to them pursuant to article 3.9.6(a) as the trustees of a Family Trust of the Original Individual Shareholder and the Family Trust ceases to be such a Family Trust, they shall within 5 Business Days:
- a) transfer those shares to the Original Individual Shareholder or to a Privileged Relation or the trustees of a Family Trust of the Original Individual Shareholder; or
  - b) give a Transfer Notice in respect of those shares,
- failing which they shall be deemed to have given a Transfer Notice in respect of those shares on the expiry of such period and the provisions of article 3.10 shall apply to those Shares.
- 3.9.9 If a Holder holding shares transferred to it pursuant to article 3.9.6(b) ceases to be a member of the same group as the Original Corporate Shareholder, it shall within 5 Business Days:
- a) transfer those shares to the Original Corporate Shareholder or to another member of the Original Corporate Shareholder's group which in either case is not in liquidation; or
  - b) give a Transfer Notice in respect of those Shares,
- failing which it shall be deemed to have given a Transfer Notice in respect of those shares on the expiry of such period and the provisions of article 3.10 shall apply to those shares.

### 3.10 Transfer of Shares subject to pre-emption rights

- 3.10.1 Except where the provisions of articles 3.9.6(a), 3.9.6(b) or 3.17 apply, and subject to article 3.11 in the case of Leaver's Shares, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this article 3.10.
- 3.10.2 A Seller shall, before transferring or agreeing to transfer any Shares, give a Transfer Notice to the Directors, for their approval, specifying:
- a) the number of Sale Shares;
  - b) if the Seller wishes to sell the Sale Shares to a third party, the name of the proposed transferee; and
  - c) the price (in cash) per share at which he wishes to transfer the Shares (which will be deemed to be fair value of the Sale Shares if no cash price is agreed between the Seller and the company (the "**Transfer Price**")).
- 3.10.3 Once given (or deemed to have been given) under the Articles, a Transfer Notice may not be withdrawn.
- 3.10.4 A Transfer Notice that is received by the Directors and that complies with article 3.10.2 shall be approved by the Directors and shall constitute the Directors as the agent of the Seller for the sale of the Sale Shares at the Transfer Price for the purpose of Articles 3.10.5 to 3.10.9.
- 3.10.5 As soon as practicable following the approval by the Directors of a Transfer Notice, the company shall offer the Sale Shares for sale to the Shareholders in the manner set out in article 3.9.6. Each offer shall be in Writing and give details of the number and Transfer Price of the Sale Shares offered.
- 3.10.6 The company shall offer the Sale Shares to all Shareholders other than the Seller (the "**Continuing Shareholders**"), inviting them to apply in Writing within 28 Business Days of the date of the offer (the "**Initial Offer Period**") for the maximum number of Sale Shares they wish to buy.
- If, at the end of the Initial Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the company shall allocate the Sale Shares to each Continuing Shareholder who has applied for Sale Shares in the proportion which his existing holding of Shares bears to the total number of Shares held by those Continuing Shareholders who have applied for Sale Shares. Fractional entitlements shall be rounded down to the nearest whole number. No allocation shall be made to a Continuing Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.
- If, at the end of the Initial Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the company shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications. The balance (the "**Initial Surplus Shares**") shall be dealt with in accordance with article 3.10.7
- 3.10.7 At the end of the Initial Offer Period, the company shall offer the Initial Surplus Shares to all the Continuing Shareholders, inviting them to apply in Writing within 28 Business Days of the date of the offer (the "**Second Offer Period**") for the maximum number of Initial Surplus Shares they wish to buy.

If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for exceeds the number of Initial Surplus Shares, the company shall allocate the remaining Initial Surplus Shares to each Continuing Shareholder who has applied for Initial Surplus Shares in the proportion that his existing holding of Shares (including any Sale Shares allocated under article 3.10.6) bears to the total number of Shares (including any Sale Shares allocated under article 3.10.6) held by those Continuing Shareholders who have applied for Initial Surplus Shares during the Second Offer Period. Fractional entitlements shall be rounded down to the nearest whole number. No allocation shall be made to a Continuing Shareholder of more than the maximum number of Initial Surplus Shares which he has stated he is willing to buy.

If, at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the company shall allocate the Initial Surplus Shares to the Continuing Shareholders in accordance with their applications. The balance (the "**Second Surplus Shares**") shall be dealt with in accordance with article 3.10.10.

- 3.10.8 If allocations under article 3.10.6 and, if necessary, article 3.10.7 have been made in respect of some or all of the Sale Shares the company shall give written notice of allocation (the "**Allocation Notice**") to the Seller and each Continuing Shareholder to whom Sale Shares have been allocated (the "**Applicant**"). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant, the amount payable by each Applicant for the number of Sale Shares allocated to him (the "**Consideration**") and the place and time for completion of the transfer of the Sale Shares (which shall be not more than 21 Business Days after the date of the Allocation Notice).
- 3.10.9 On the service of an Allocation Notice, the Seller shall, against payment of the Consideration, transfer the Sale Shares allocated in accordance with the requirements specified in the Allocation Notice.

If the Seller fails to comply with the requirements of the Allocation Notice:

- a) the Chairman of the company (or, failing him, one of the other Directors), may, on behalf of the Seller:
- i) complete, execute and deliver in his name all Documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
  - ii) receive the Consideration and give a good discharge for it; and
  - iii) (subject to the transfers being duly stamped) enter the Applicants in the register of Shareholders as the Holders of the Shares purchased by them; and

the company shall pay the Consideration into a separate bank account in the company's name on trust (but without interest) for the Seller until he has delivered his certificate for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the Directors, in respect of any lost certificate, together with such other evidence (if any) as the company may reasonably require to prove good title to those Shares) to the company.

- 3.10.10 If an Allocation Notice does not relate to all of the Sale Shares then, within 21 days following service of the Allocation Notice, the Seller may transfer the Second Surplus Shares to any person at a price at least equal to the Transfer Price.

- 3.10.11 The Seller's right to transfer Shares under article 3.10.10 does not apply if the Directors reasonably consider that:
- a) the transferee is a person (or a nominee for a person) who is a competitor with (or an associate of a competitor with) the business of the company or with a Subsidiary of the company;
  - b) the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or
  - c) the Seller has failed or refused to provide promptly information available to the Seller and reasonably requested by the Directors to enable it to form the opinion mentioned above.
- 3.10.12 The restrictions imposed by this article 3.10 may be waived in relation to any proposed transfer of Shares with the consent of Shareholders who, but for the waiver, would or might have been entitled to have such Shares offered to them in accordance with this article.

### **3.11 Bad Leavers**

- 3.11.1 The provisions of this article 3.11 shall apply to any Bad Leaver and to any Leaver's Shares.
- 3.11.2 Within the period commencing on the relevant Leaving Date and expiring at midnight on the date three months following such date, the Directors may serve a notice on the Bad Leaver notifying him that he is, with immediate effect, deemed to have offered such number and class of his Bad Leaver's Shares to the company, and then to the extent not accepted by the company to the other Shareholders pro rata to their existing shareholdings in accordance with article 3.10, in each case at the Transfer Price (a "**Sale Notice**"). For these purposes, the "Transfer Price" shall be deemed to be the price per share originally Paid by the Bad Leaver (or if that Bad Leaver is a Bad Leaver by virtue of his Original Individual Shareholder ceasing to be a Relevant Employee, the price per share originally Paid by that Original Individual Shareholder. On receipt of an Allocation Notice in respect of some or all of his Leaver's Shares under article 3.10 or on receipt of written notice that the Company will purchase some or all of his Leaver's Shares under this article 3.11.2, the Bad Leaver shall be obliged forthwith to transfer, at the Transfer Price, such number of his Leaver's Shares to the person(s) specified in such Allocation Notice and/or written notice.
- 3.11.3 If the Bad Leaver defaults in transferring any Leaver's Shares, the company may receive the relevant purchase money and may nominate some person to execute an Instrument of transfer of such Leaver's Shares in the name and on behalf of the Bad Leaver and thereafter, when such Instrument has been duly stamped (if required), the company shall cause the name of the proposed transferee to be entered in the register of members as the Holder of such Leaver's Shares and shall hold the purchase money on trust (without interest) for the Bad Leaver. The receipt of the company for the purchase money shall be a good discharge to the proposed transferee (who shall not be bound to see to the application thereof) and, after his name has been so entered in the register of members, the validity of the proceedings shall not be questioned by any person. In the case of an acquisition of Leaver's Shares by the company, if the Bad Leaver defaults in transferring any Bad Leaver's Shares the company may nominate any person to execute an Instrument of transfer of such Leaver's Shares in the name and on behalf of the Bad Leaver and thereafter, when such Instrument has been duly stamped (if required), the company shall cause such share capital to be cancelled in accordance with the Act and shall hold the purchase money on trust (without interest) for the Bad Leaver.



- 3.11.4 The Company shall only be entitled to purchase Leaver's Shares under this article 3.10 in compliance with the Act.

### 3.12 Transmission of Shares

- 3.12.1 If title to a share passes to a Transmittée, the company may only recognise the Transmittée as having any title to that share.
- 3.12.2 A Transmittée who produces such evidence of entitlement to Shares as the Directors may properly require—
- a) may, subject to the Articles, choose either to become the Holder of those Shares or to have them transferred to another person, and
  - b) subject to the Articles, and pending any transfer of the Shares to another person, has the same rights as the Holder had.
- 3.12.3 Notwithstanding Articles 3.12.1 and 3.12.2, Transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of Shares to which they are entitled, by reason of the Holder's death, Bankruptcy or otherwise, unless they become the Holders of those Shares.

### 3.13 Exercise of Transmittées' rights

- 3.13.1 Transmittées who wish to become the Holders of Shares to which they have become entitled must notify the company in Writing of that wish.
- 3.13.2 If the Transmittée wishes to have a share transferred to another person, the Transmittée must execute an Instrument of transfer in respect of it.
- 3.13.3 Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the Transmittée has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

### 3.14 Transmittées bound by prior notices

If a notice is given to a Shareholder in respect of Shares and a Transmittée is entitled to those Shares, the Transmittée is bound by the notice if it was given to the Shareholder before the Transmittée's name has been entered in the register of members.

### 3.15 Tag along rights on a change of control

- 3.15.1 Except in the case of transfers pursuant to Articles 3.11 and 3.12, and after going through the pre-emption procedure set out in article 3.10, the provisions of article 3.16.2 to 3.16.4 shall apply if the Holders of 50.1% or more of the Shares in issue for the time being (the "**Selling Shareholders**") wish to transfer all of their interest in the Shares (the "**Sellers' Shares**") to a *bona fide* arm's length purchaser (the "**Proposed Buyer**"), the Selling Shareholders may only sell all (but not some only) of their Shares, any such sale to be subject to and in accordance with this article 3.15.
- 3.15.2 No less than 10 Business Days prior to any such proposed sale, the Selling Shareholders shall notify each other Shareholder (each an "**Other Shareholder**") in Writing of such intended sale, which notice (the "**Vendor's Notice**") shall set out the name and address of the prospective transferee (the "**Prospective Transferee**"), the sale price and other terms and conditions of payment (including details of any warranties, representations, indemnities, covenants and other assurances to be given to the Prospective Transferee and any guarantees to be given), the date on or about which such sale is anticipated to be made and the number of

Shares (the "**Sale Shares**") to be purchased by the Prospective Transferee from the Selling Shareholders. If the entire equity share capital is acquired pursuant to this article 3.15 then the consideration for the Shares to be sold by the Shareholders pursuant to this article 3.15 and any costs of sale shall be apportioned between the Shareholders pro rata and pari passu.

- 3.15.3 Within 10 Business Days of receipt of the Vendor's Notice, each Other Shareholder shall notify the Selling Shareholders whether he wishes to sell all of its Shares to the Prospective Transferee on the same terms and conditions as set out in the Vendor's Notice, which shall, for the avoidance of doubt, include such Other Shareholder giving the same warranties, representations, indemnities, covenants and other assurances as the Selling Shareholders. A person giving such notice to the Selling Shareholders shall then be entitled to sell his Shares to the Prospective Transferee on the same terms and conditions as are set out in the Vendor's Notice.
- 3.15.4 If a Shareholder is not afforded the right to act upon or Participate in the transaction contemplated by the Vendor's Notice in accordance with the provisions of this article 3.15, the Selling Shareholders may not complete such transaction and the board of Directors of the company shall be bound to refuse to register any transfer of Shares intended to carry such transaction into effect.

### **3.16 Drag Along**

- 3.16.1 If the Holders of 60% of the Shares in issue for the time being (the "**Selling Shareholders**") wish to transfer all of their interest in the Shares (the "**Sellers' Shares**") to a bona fide arm's length purchaser (the "**Proposed Buyer**"), the Selling Shareholders may require all other Shareholders (the "**Called Shareholders**") to sell and transfer all their Shares to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article 3.16 (the "**Drag Along Option**").
- 3.16.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect (the "**Drag Along Notice**") at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify:
- a) that the Called Shareholders are required to transfer all their Shares (the "**Called Shares**") pursuant to this article 3.16;
  - b) the person to whom the Called Shares are to be transferred;
  - c) the consideration payable for the Called Shares which shall, for each Called Share, be an amount at least equal to the price per share offered by the Proposed Buyer for the Sellers' Shares and must be cash consideration; and
  - d) the proposed date of the transfer.
- 3.16.3 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 28 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 3.16.4 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 3.16.

- 3.16.5 Completion of the sale of the Called Shares shall take place on the Completion Date. "Completion Date" means the date proposed for completion of the sale of the Sellers' Shares unless:
- a) all of the Called Shareholders and the Selling Shareholders agree otherwise in which case the Completion Date shall be the date agreed in Writing by all of the Called Shareholders and the Selling Shareholders; or
  - b) that date is less than 10 Business Days after the date on which the Drag Along Notice is served, in which case the Completion Date shall be the 10 Business Day after service of the Drag Along Notice.
- 3.16.6 The rights of pre-emption set out in the Articles shall not apply to any transfer of Shares to a Proposed Buyer (or as it may direct) pursuant to a sale for which a Drag Along Notice has been duly served.
- 3.16.7 Within 10 Business Days of the Selling Shareholders serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) to the company. On the Completion Date, the company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are due for their Shares pursuant to article 3.16.2c) to the extent that the Proposed Buyer has put the company in the requisite funds. The company's receipt for the price shall be a good discharge to the Proposed Buyer. The company shall hold the amounts due to the Called Shareholders pursuant to article 3.16) on trust for the Called Shareholders without any obligation to pay interest.
- 3.16.8 To the extent that the Proposed Buyer has not, on the Completion Date, put the company in funds to pay the consideration due pursuant to article 3.16.2c), the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificates (or suitable indemnity) for the relevant Called Shares and the Called Shareholders shall have no further rights or obligations under this article 3.16 in respect of their Shares.
- 3.16.9 If any Called Shareholder does not, on completion of the sale of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by it, the defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute all necessary transfer(s) on his behalf, against receipt by the company (on trust for such Holder) of the consideration payable for the Called Shares, to deliver such transfer(s) to the Proposed Buyer (or as they may direct) as the Holder thereof. After the Proposed Buyer (or its nominee) has been registered as the Holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a share certificate shall not impede the registration of Shares under this article 3.16.

### **3.17 Procedure for declaring dividends**

- 3.17.1 The company may by Ordinary Resolution declare dividends, and the Directors may decide to pay interim dividends.
- 3.17.2 A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.
- 3.17.3 No dividend may be declared or Paid unless it is in accordance with Shareholders' respective rights.

- 3.17.4 Unless the Shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which Shares are issued, specify otherwise, it must be Paid by reference to each Shareholder's holding of Shares on the date of the resolution or decision to declare or pay it.
- 3.17.5 If the company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- 3.17.6 The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- 3.17.7 If the Directors act in good faith, they do not incur any liability to the Holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on Shares with deferred or non-preferred rights.

### **3.18 Payment of dividends and other distributions**

- 3.18.1 Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—
- a) transfer to a bank or building society account specified by the Distribution Recipient either in Writing or as the Directors may otherwise decide;
  - b) sending a cheque made payable to the Distribution Recipient by post to the Distribution Recipient at the Distribution Recipient's registered address (if the Distribution Recipient is a Holder of the share), or (in any other case) to an address specified by the Distribution Recipient either in Writing or as the Directors may otherwise decide; or
  - c) any other means of payment as the Directors agree with the Distribution Recipient either in Writing or by such other means as the Directors decide.
- 3.18.2 In the Articles, "**the Distribution Recipient**" means, in respect of a share of which a dividend or other sum is payable—
- a) the Holder of the share;
  - b) if the share has two or more joint Holders, whichever of them is named first in the register of members; or
  - c) if the Holder is no longer entitled to the share by reason of death, Bankruptcy, or otherwise by operation of law, the Transmittree.

### **3.19 No interest on distributions**

- 3.19.1 The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—
- a) the terms on which the share was issued; or
  - b) the provisions of another agreement between the Holder of that share and the company.

### **3.20 Unclaimed distributions**

- 3.20.1 All dividends or other sums which are—
- a) payable in respect of Shares; and
  - b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the Directors for the benefit of the company until claimed.

3.20.2 The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it and if -

- a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
  - b) the Distribution Recipient has not claimed it,
- the Distribution Recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

### 3.21 Non-cash distributions

3.21.1 Subject to the terms of issue of the share in question, the company may, by Ordinary Resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, Shares or other securities in any company).

3.21.2 For the purposes of paying a non-cash distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution—

- a) fixing the value of any assets;
- b) paying cash to any Distribution Recipient on the basis of that value in order to adjust the rights of recipients; and
- c) vesting any assets in trustees.

### 3.22 Waiver of distributions

3.22.1 Distribution Recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in Writing to that effect, but if—

- a) the share has more than one Holder; or
- b) more than one person is entitled to the share, whether by reason of the death or Bankruptcy of one or more joint Holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the Holders or persons otherwise entitled to the share.

### 3.23 Authority to capitalise and appropriation of capitalised sums

3.23.1 The Directors may, if they are so authorised by an Ordinary Resolution—

- a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the company's share premium account or capital redemption reserve; and
- b) appropriate any sum which they so decide to capitalise (a "**capitalised sum**") to the persons who would have been entitled to it if it were distributed by way of dividend (the "**persons entitled**") and in the same proportions.

3.23.2 Capitalised sums must be applied—

- a) on behalf of the persons entitled, and
- b) in the same proportions as a dividend would have been distributed to them.

3.23.3 Any capitalised sum may be applied in paying up new Shares of a nominal amount equal to the capitalised sum which are then allotted credited as Fully Paid to the persons entitled or as they may direct.

3.23.4 A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as Fully Paid to the persons entitled or as they may direct.

3.23.5 Subject to the Articles the Directors may—

- a) apply capitalised sums in accordance with article 3.23.3 and 3.23.4 partly in one way and partly in another;
- b) make such arrangements as they think fit to deal with Shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
- c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of Shares and debentures to them under this article 3.23.

## **PART 4**

### **4. Decision-Making by Shareholders**

#### **4.1 Attendance and speaking at general meetings**

4.1.1 A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

4.1.2 A person is able to exercise the right to vote at a general meeting when—

- a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and
- b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

4.1.3 The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

4.1.4 In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

4.1.5 Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

#### **4.2 Quorum for general meetings**

The quorum for a general meeting shall be determined according to section 318 of the Act and no business other than the appointment of the Chairman of the Meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

#### **4.3 Chairing general meetings**

4.3.1 If the Directors have appointed a Chairman, the Chairman shall chair general meetings if present and willing to do so.

4.3.2 If the Directors have not appointed a Chairman, or if the Chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

- a) the Directors present, or

- b) (if no Directors are present), the meeting,
- c) must appoint a Director or Shareholder to chair the meeting, and the appointment of the Chairman of the Meeting must be the first business of the meeting.

4.3.3 The person chairing a meeting in accordance with this article is referred to as **"the Chairman of the Meeting"**.

#### **4.4 Attendance and speaking by Directors and non-Shareholders**

- 4.4.1 Directors may attend and speak at general meetings, whether or not they are Shareholders.
- 4.4.2 The Chairman of the Meeting may permit other persons who are not—
  - a) Shareholders of the company, or
  - b) otherwise entitled to exercise the rights of Shareholders in relation to general meetings,
 to attend and speak at a general meeting.

#### **4.5 Adjournment**

- 4.5.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, or if at any time during a quorate general meeting the meeting directs him to do so, the Chairman of the Meeting must adjourn it.
- 4.5.2 The Chairman of the Meeting may adjourn a general meeting at which a quorum is present if—
  - a) the meeting consents to an adjournment, or
  - b) it appears to the Chairman of the Meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- 4.5.3 When adjourning a general meeting, the Chairman of the Meeting must—
  - a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and
  - b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- 4.5.4 If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—
  - a) to the same persons to whom notice of the company's general meetings is required to be given, and
  - b) containing the same information which such notice is required to contain.
- 4.5.5 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 and if, at an adjourned general meeting, a quorum is not present within half an hour from the time appointed for the meeting, the Shareholders present shall be a quorum.

#### **4.6 Voting: general**

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded and acted upon in accordance with the Articles and sections 321 and 322 of the Act.

#### **4.7 Errors and disputes**

- 4.7.1 No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- 4.7.2 Any such objection must be referred to the Chairman of the Meeting, whose decision is final.

#### **4.8 Poll votes**

- 4.8.1 A poll on a resolution may be demanded—
  - a) in advance of the general meeting where it is to be put to the vote, or
  - b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- 4.8.2 A poll may be demanded by—
  - a) the Chairman of the Meeting;
  - b) the Directors;
  - c) two or more persons having the right to vote on the resolution; or
  - d) a person or persons representing not less than one tenth of the total voting rights of all the Shareholders having the right to vote on the resolution.
- 4.8.3 A demand for a poll may be withdrawn if—
  - a) the poll has not yet been taken, and
  - b) the Chairman of the Meeting consents to the withdrawal.
- 4.8.4 Polls must be taken immediately and in such manner as the Chairman of the Meeting directs.

#### **4.9 Content of Proxy Notices**

- 4.9.1 Proxies may only validly be appointed by a notice in Writing (a “**Proxy Notice**”) which—
  - a) states the name and address of the Shareholder appointing the proxy;
  - b) identifies the person appointed to be that Shareholder's proxy and the general meeting in relation to which that person is appointed;
  - c) is signed by or on behalf of the Shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine; and
  - d) is delivered to the company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.
- 4.9.2 The company may require Proxy Notices to be delivered in a particular form, and may specify different forms for different purposes.
- 4.9.3 Proxy Notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- 4.9.4 Unless a Proxy Notice indicates otherwise, it must be treated as—



- a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
- b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

#### **4.10 Delivery of Proxy Notices**

- 4.10.1 A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid Proxy Notice has been delivered to the company by or on behalf of that person.
- 4.10.2 An appointment under a Proxy Notice may be revoked by delivering to the company a notice in Writing given by or on behalf of the person by whom or on whose behalf the Proxy Notice was given.
- 4.10.3 A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- 4.10.4 If a Proxy Notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

#### **4.11 Amendments to resolutions**

- 4.11.1 An Ordinary Resolution to be proposed at a general meeting may be amended by Ordinary Resolution if—
  - a) notice of the proposed amendment is given to the company in Writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the Chairman of the Meeting may determine), and
  - b) the proposed amendment does not, in the reasonable opinion of the Chairman of the Meeting, materially alter the scope of the resolution.
- 4.11.2 A Special Resolution to be proposed at a general meeting may be amended by Ordinary Resolution, if—
  - a) the Chairman of the Meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and
  - b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- 4.11.3 If the Chairman of the Meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the Chairman's error does not invalidate the vote on that resolution.

### **PART 5**

#### **5. Administrative Arrangements**

##### **5.1 Means of communication to be used**

- 5.1.1 Anything sent or supplied by or to the company under the Articles may be sent or supplied in any way in which the Act provides for Distribution Recipients or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- 5.1.2 Every notice convening a general meeting shall comply with the provisions of section 307 and 325 of the Act as to the length of notice required for the meeting and the giving of information to Shareholders in regard to their right to appoint proxies; and notices of and other communications relating

to any general meeting which any Shareholder is entitled to receive shall be sent to the Directors and to the and for the time being of the company.

5.1.3 Any notice or Distribution Recipient to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Distribution Recipients for the time being.

5.1.4 A Director may agree with the company that notices or Distribution Recipients sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

## **5.2 Company seals**

5.2.1 Any common seal may only be used by the authority of the Directors.

5.2.2 The Directors may decide by what means and in what form any common seal is to be used.

5.2.3 Unless otherwise decided by the Directors, if the company has a common seal and it is affixed to a Distribution Recipient, the Distribution Recipient must also be signed by at least one authorised person in the presence of a witness who attests the signature.

5.2.4 For the purposes of this article, an authorised person is—

- a) any Director of the company;
- b) the company secretary (if any); or
- c) any person authorised by the Directors for the purpose of signing Distribution Recipients to which the common seal is applied.

## **5.3 No right to inspect accounts and other records**

Except as provided by law or authorised by the Directors or an Ordinary Resolution of the company, no person is entitled to inspect any of the company's accounting or other records or Distribution Recipients merely by virtue of being a Shareholder.

## **5.4 Provision for employees on cessation of business**

The Directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that Subsidiary.

## **5.5 Indemnity**

5.5.1 Subject to article 5.5.2, a Relevant Director of the company or an associated company may be indemnified out of the company's assets against—

- a) any liability incurred by that Director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company,
- b) any liability incurred by that Director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act),
- c) any other liability incurred by that Director as an officer of the company or an associated company.

5.5.2 This article 5.5 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.

5.5.3 In this article 5.5—

- 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 Director"** means any Director or former Director of the company or an associated company.

## 6. Insurance

- 6.1.1 The Directors will ensure that the Company is sufficiently insured at all times and in particular that Keyman Insurance policies are in place.
- 6.1.2 The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any Relevant Director in respect of any relevant loss referred to in article 5.4.
- 6.1.3 In Articles 5 and 6 -
  - a) a **"Relevant Director"** means any Director or former director of the company or an associated company;
  - b) a **"Relevant Loss"** means any loss or liability which has been or may be incurred by a Relevant Director in connection with that Director'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.

## 7. Accounting and Information Rights

- 7.1.1 The Company shall at all times maintain accurate and complete accounting and other financial records and comply with the requirements of UK company law in this respect.
- 7.1.2 The Company shall prepare management accounts and shall send copies to each of the Shareholders within ninety (90) Business Days of the end of each calendar half year.
- 7.1.3 The accounts of the Company in respect of each Financial Year shall be completed and approved by the Board within three months after the end of the financial year to which such audited accounts relate. Copies shall be provided to the Shareholders within the following 21 days.
- 7.1.4 The Directors shall, procure that the Company shall prepare each set of accounts in accordance with the accounting principles, practices, procedures, methods and bases in accordance with UK GAAP.

## 8. Business Plan

- 8.1.1 A Business Plan in respect of each Financial Year shall be prepared annually by the Board not later than 30 days after the beginning of the year to which it relates and not later than twenty one (21) Business Days following completion shall be circulated to the shareholders.
- 8.1.2 The Business Plan should be a rolling three year business plan for the Company and it shall include in relation to each Financial Year:
  - a) a management report giving the business objectives for the Financial Year in question; and
  - b) business targets in narrative and numerical terms;

- i) a cashflow statement giving an estimate of the working capital requirements; and
- ii) a financial report which shall include an analysis of the estimates of the Company given for the previous Financial Year compared with the Business Plan for that year, identifying variations in sales revenue, costs and other material items.

#### **Schedule: Investor Majority matters**

1. The creation of any class of shares in the company that do not constitute "equity securities" (as defined in section 560 Companies Act 2006).
2. Any *disapplication or exclusion of statutory pre-emption rights* that would otherwise apply to the proposed issue of equity securities by the company.
3. Varying the articles of association of the company or the rights attaching to Shares in a manner that is likely to have a material detrimental impact on the rights of Qualifying Shareholders as holders of those Shares (but not the enjoyment of those rights) other than, for the avoidance of doubt, (subject to paragraph 1 above) the creation, issue or allotment of new shares in the Company.
4. Establishing or amending any share option scheme of any nature for Directors or employees of the company or any member of its group where the number of shares subject to option under the scheme when taken together with:
  - 4.1 any shares issued pursuant to the exercise of options granted under the scheme; and
  - 4.2 any other employee share options granted by the Company (or shares issued pursuant thereto),equates to more than 10% of the issued share capital of the Company (on a fully-diluted basis).
5. Granting any person any right to subscribe for, convert into, or have issued to them any shares in any subsidiary of the company.
6. Any return of capital, share buyback or other capital re-organisation by the company where Shareholders are treated on a pro-rata and pari-passu basis.
7. Entering into any agreement or arrangement with a connected party that is not on arms' length terms.
8. Agreeing to dispose of all or substantially all of the business and assets of the Company to any person at a material undervalue
9. Incurring material indebtedness in excess of 50 per cent of the value of the issued share capital.
10. The mortgaging or charging by the Company of all or substantially all of its assets or undertaking.
11. Agreeing or awarding gross annual remuneration for any director or employee of the Company in excess of £100,000.
12. Commencing any litigation where the amount claimed together with likely costs is likely to exceed £100,000 except where such amount may be covered by insurance.