

ARTICLES OF ASSOCIATION

of

UK POLYTHENE HOLDINGS LIMITED

2022



Macdonald Henderson
SOLICITORS

**Standard Buildings
94 Hope Street
Glasgow
G2 6PH**

Our Ref: DB/HM/U22.2

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COMPANIES HOUSE

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

UK POLYTHENE HOLDINGS LIMITED

(Adopted by special resolution passed on 16 FEBRUARY 2022
2022)

INTRODUCTION

1. INTERPRETATION

1.1 In these Articles, the following words have the following meanings:

Act: the Companies Act 2006;

Acting in Concert: has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);

Articles: the Company's articles of association for the time being in force;

A Share: an A ordinary share of £0.01 in the capital of the Company;

A Shareholder: a holder of the A Shares from time to time;

Bad Leaver: any Leaver who is not a Good Leaver;

Board: the board of directors of the Company as constituted from time to time;

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business;

Conflict: a situation in which a director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company;

Controlling Interest: means an interest in shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;

Director: a director of the Company from time to time;

Disposal: the disposal by the Company of all, or a substantial part of, its business and assets;

Eligible Director: any Director who would be entitled to vote on the matter at a meeting of directors;

Existing Shareholders: David Harris; McLatchie Jersey Limited and Ashley Harris;

Good Leaver: a person who is a Leaver as a result of:

- (a) death;
- (b) retirement with the consent of the Shareholder Majority;
- (c) injury, illness or disability;
- (d) wrongful dismissal or unfair dismissal in terms of section 94 of the Employment Rights Act 1996 as determined by an employment tribunal (in relation to which, for the purposes of section 108(1) of the Employment Rights Act 1996, such person shall be taken to have been continuously employed for a period of not less than two years ending with the effective date of termination); or
- (e) where a majority of the Ordinary Shareholders determine the Leaver is to be treated as a Good Leaver.

holding company: has the meaning given in Article 1.5;

Hurdle Value: £1,000,000.00;

Interested Director: has the meaning given in Article 3.1;

Leaver: any Shareholder (other than an Existing Shareholder) who at the date of adoption of these Articles, or who later becomes a Director, employee or consultant of the Company and who subsequently cease to be an employee or consultant of the Company (or who gives or receives notice of such cessation);

Model Articles: the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (*SI 2008/3229*) as amended prior to the date of adoption of these Articles and reference to a numbered "Model Article" is a reference to that article of the Model Articles;

Ordinary Share: an ordinary share of £1.00 in the capital of the Company;

Ordinary Shareholder: a holder of the Ordinary Shares from time to time;

Remaining Assets: has the meaning given to it in Article 7.1;

Sale: the sale of (or the grant of a right to acquire or to dispose of) any of the shares in the capital of the Company (in one transaction or as a series of transactions) which will result in the buyer of those shares (or grantee of that right) and persons Acting in Concert with him together acquiring a Controlling Interest in the Company, except where the shareholders and the proportion of shares held by each of them following completion of the sale are the same as the shareholders and their shareholdings in the Company immediately before the sale;

Shares: the shares issued in the capital of the Company;

Shareholders: the Ordinary Shareholders and the A Shareholders of the Company from time to time;

subsidiary: has the meaning given in Article 1.5;

Surplus Assets: has the meaning given to it in Article 8.2; and

Writing or written: 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.

- 1.2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have those meanings in these Articles.
- 1.3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4 A reference in these Articles to an Article is a reference to the relevant Article of these Articles unless expressly provided otherwise.
- 1.5 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the Act.
- 1.6 A reference to the singular includes a reference to the plural and *vice versa* and a reference to any gender includes a reference to all other genders.
- 1.7 Unless expressly provided otherwise, a reference to a statute or statutory provision is a reference to it as it is in force on the date when these Articles become binding on the Company.
- 1.8 A reference to a statute or statutory provision shall include all subordinate legislation made as at the date on which these Articles become binding on the Company under that statute or statutory provision.
- 1.9 Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the sense of the words, description, definition, phrase or term preceding those terms.
- 1.10 Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.

2. ADOPTION OF THE MODEL ARTICLES

- 2.1 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other

articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.

- 2.2 Model Articles 6(2), 7, 8, 9(1), 11 to 14 (inclusive), 16, 17, 22, 26(5), 27 to 29 (inclusive), 36, 38, 39, 43, 44(2), 49 and 50 to 53 (inclusive) shall not apply to the Company.
- 2.3 Model Article 20 shall be amended by the insertion of the words "(including alternate directors and the secretary)" before the words "properly incur".
- 2.4 In Model Article 25(2)(c), the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity".
- 2.5 Model Articles 31(1)(a) to (c) (inclusive) shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide". Model Article 31(d) shall be amended by the deletion of the words "either" and "or by such other means as the directors decide".

3. DIRECTORS' INTERESTS

- 3.1 The Directors may, in accordance with the requirements set out in this article, authorise any Conflict proposed to them by any Director which would, if not so authorised, involve a Director (the **Interested Director**) breaching their duty under section 175 of the CA 2006 to avoid conflicts of interest.
- 3.2 The Interested Director must provide the Directors with such details as are necessary for the Directors to decide whether or not to authorise the Conflict, together with such additional information as may be requested by the Directors.
- 3.3 Any authorisation by the Directors of a Conflict under this article may (whether at the time of giving the authorisation or subsequently):
 - (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the directors or otherwise) related to the Conflict;
 - (c) provide that the Interested Director will or will not be an Eligible Director in respect of any future decision of the directors in relation to any resolution related to the Conflict;
 - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
 - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he

will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and

- (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters.

3.4 Where the Directors authorise a Conflict:

- (a) the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict; and
- (b) the Interested Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act, provided he acts in accordance with such terms and conditions (if any) as the Directors impose in respect of their authorisation.

3.5 The Directors may revoke or vary such authorisation at any time but this will not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.

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

3.7 Subject to sections 177(5) and 177(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other directors before the Company enters into the transaction or arrangement in accordance with the Act.

3.8 Subject to sections 182(5) and 182(6) of the Act, a director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other directors as soon as is reasonably practicable in accordance with the Act, unless the interest has already been declared under Article 3.7.

3.9 Subject, where applicable, to any terms, limits or conditions imposed by the Directors in accordance with Article 3.3, and provided a director has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- (a) may be a party to, or otherwise interested in, any such transaction or arrangement with the Company, or in which the Company is otherwise (directly or indirectly) interested;
- (b) shall be an Eligible Director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- (c) shall be entitled to vote at a meeting of directors (or of a committee of directors) or participate in any unanimous decision in respect of such transaction or arrangement or proposed transaction or arrangement in which he is interested;
- (d) may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director;
- (e) may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
- (f) shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

4. PROCEEDINGS OF DIRECTORS

- 4.1 The quorum at any meeting of the directors of the Company (including adjourned meetings) shall be at least one director.
- 4.2 No business shall be conducted at any meeting of directors unless a quorum is present at the beginning of the meeting and also when that business is voted on.
- 4.3 If a quorum is not present within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for 5 Business Days at the same time and place.
- 4.4 Each director has one vote at a meeting of directors.

5. RECORDS OF DECISIONS TO BE KEPT

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in a form that enables the Company to retain a copy of such decisions.

SHARES

6. SHARE CAPITAL

- 6.1 The issued share capital of the Company at the date of adoption of these Articles is £1,000,000.00 divided into 1,000,000 Ordinary Shares.
- 6.2 Except as otherwise provided in these Articles, the Ordinary Shares and the A Shares shall rank *pari passu* in all respects but shall constitute separate classes of shares.
- 6.3 The holders of the Ordinary Shares shall be entitled to one vote for every share held by them. The A Shares shall carry no right to vote but shall be entitled to receive notice of and attend all general meetings. Dividends may be paid in respect of the Ordinary shares only.
- 6.4 No share of any class nor any right to subscribe for or to convert any security into a share of any class shall be allotted or granted otherwise than to the holder of a share of that same class.
- 6.5 On the transfer of any share as permitted by these Articles:
- (a) a share transferred to a non-shareholder shall remain of the same class as before the transfer; and
 - (b) a share transferred to a shareholder shall automatically be re-designated on transfer as a share of the same class as those shares already held by the shareholder.

If no shares of a class remain in issue following a re-designation under this article, these Articles shall be read as if they do not include any reference to that class or to any consents from, or attendance at any meeting or votes to be cast by, shareholders of that class or directors appointed by that class.

- 6.6 No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall *mutatis mutandis* apply, but so that the necessary quorum shall be one holder of the relevant class present in person or by proxy or (being a corporation) by a duly authorised representative. For the purpose of this article, one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.

- 6.7 Each of the following shall be deemed to constitute a variation of the rights attached to each class of shares:
- (a) any alteration in the Articles;
 - (b) any reduction, subdivision, consolidation, redenomination, or purchase or redemption by the Company of its own shares or other alteration in the share capital of the Company or any of the rights attaching to any share capital; and
 - (c) any resolution to put the Company into liquidation.
- 6.8 The Company shall immediately cancel any shares acquired under Chapter 4 of Part 18 of the Act.
- 6.9 In the event that a Shareholder becomes a Leaver, then:
- (a) that Shareholder shall offer his Shares for purchase in accordance with the pre-emption provisions set out in Article 10;
 - (b) that Shareholder shall resign as a Director with immediate effect;
 - (c) unless and until those Shares are transferred by him to a third party, those shares shall immediately cease to carry any voting rights; and
 - (d) if the Leaver is a Bad Leaver, unless and until those shares are transferred in accordance with the pre-emption provisions set out in Article 10, those Shares shall immediately cease to carry any rights to participate in a dividend.

7. RETURN OF CAPITAL

- 7.1 On a return of assets on liquidation or capital reduction or otherwise, the assets of the Company remaining after the payment of its liabilities (the “**Remaining Assets**”) shall be distributed as follows:
- (a) where the Remaining Assets is greater than the Hurdle Value:
 - (i) first, amongst the Existing Shareholders pro rata, an amount equal to 100% of the principal amount of loans made by those Existing Shareholders plus all accrued but unpaid interest thereon;
 - (ii) second, amongst the Existing Shareholders pro rata according to the number of Ordinary Shares held by them respectively, up to an amount equal to the Hurdle Value;
 - (iii) the remaining balance shall be distributed amongst the Shareholders pro rata according to the number of Shares held by them.
 - (b) where the Remaining Assets is less than or equal to the Hurdle Value
 - (i) first, amongst the Existing Shareholders pro rata, an amount equal to 100% of the principal amount of loans made by those Existing Shareholders plus all accrued but unpaid interest thereon; and
 - (ii) amongst the Shareholders pro rata according to the number of Shares held by them.

8. EXIT PROVISIONS

- 8.1 In the event of a Sale the proceeds of the Sale shall be distributed to Shareholders in the manner set out for Remaining Assets in accordance with the provisions of Articles 7.1(a) and 7.1(b). The Directors shall not register any transfer of Shares if the proceeds of sale are not distributed in that manner (save in respect of any Shares not sold in connection with that Sale), provided that, if the proceeds of sale are not settled in their entirety on completion of the Sale, the Directors may register the transfer of the relevant shares, provided that binding arrangements exist for proceeds falling due after the completion of the Sale to be distributed in the manner set out in Article 7.1(a) and 7.1(b).
- 8.2 On a Disposal, the surplus assets of the Company, being the proceeds of the Disposal less direct costs and indebtedness related to the disposed business, (the **Surplus Assets**) shall be distributed (to the extent that the company is lawfully permitted to do so) to Shareholders in the manner set out for Remaining Assets in accordance with the provisions of Article 7.1(a) and 7.1(b).

TRANSFER OF SHARES

9. SHARE TRANSFERS

- 9.1 None of the Shareholders shall transfer any of their shares in the Company except in accordance with, as permitted by and subject to the provisions of Articles 9 to 14 (inclusive).
- 9.2 The Company shall not register any transfer made in breach of Article 9.1 and the shares comprised in any transfer so made shall carry no rights whatsoever unless and until, in each case, the breach is rectified.
- 9.3 The Shareholders will co-operate and will do and execute all other acts, deeds and things necessary to give effect to the provisions of these Articles concerning transfers of shares and the Shareholders will (so far as it is within their capacity so to do) procure that a meeting of the Board is duly convened to approve and register each transfer of shares permitted or required by any provision of these Articles (subject to the same being duly stamped or adjudicated or certified nil duty payable).
- 9.4 If a Shareholder at any time commits a breach of this Article 9 in relation to any share they shall be deemed immediately prior to such breach to have given a Transfer Notice (as defined in Article 10.2) in respect of such share.
- 9.5 For the purpose of ensuring that a particular transfer of shares is permitted under these Articles the directors may require the transferor or the person named as transferee in any transfer lodged for registration to furnish them with such information and evidence

as they think reasonably necessary or relevant. Failing such information or evidence being furnished to the reasonable satisfaction of the Board within a period of 28 days after such request the directors shall refuse to register the transfer in question.

9.6 Where a Transfer Notice in respect of any share is deemed to have been given under any provision of these Articles and the circumstances are such that the directors (as a whole) are unaware of the facts giving rise to the same such Transfer Notice shall be deemed to have been received by the directors on the date on which the directors (as a whole) actually become aware of such facts and the provisions of Article 11.2 shall apply accordingly.

9.7 If a shareholder or any of his Representatives becomes aware of any event that is deemed to give rise to an obligation to serve a Transfer Notice he shall forthwith give written notice thereof to the directors.

10. PRE-EMPTION RIGHTS

10.1 Except any transfer pursuant to Article 12 or Article 13, no share shall be transferred until the following conditions of this Article 10 are complied with.

Transfer notices

10.2 Any Shareholder proposing to transfer a share (the **Proposing Transferor**) shall give notice in writing (**Transfer Notice**) to the Board that the Proposing Transferor desires to transfer such share.

10.3 In the Transfer Notice the Proposing Transferor shall specify:-

- (a) the number and class of Shares which the Proposing Transferor wishes to transfer (the **Transfer Shares**) (which may be all or part only of the shares then held by the Proposing Transferor);
- (b) the price for which the Proposing Transferor wishes to transfer the Transfer Shares; and
- (c) whether or not the Proposing Transferor has received an offer from a third party for the Transfer Shares and if so the identity of such third party and the price offered for the Transfer Shares.

10.4 The Transfer Notice shall constitute the Company (by the Board) as the agent of the Proposing Transferor empowered to sell the Transfer Shares (together with all rights attaching thereto at the date of the Transfer Notice or at any time thereafter) at the Transfer Price (as hereinafter defined) on the terms of this clause. Once given a Transfer Notice may not be revoked, except in accordance with Article 10.7 or by ordinary resolution. If a Proposing Transferor revokes a Transfer Notice they may not subsequently transfer the shares the subject of the Transfer Notice (or any interest therein) otherwise than in accordance with these Articles.

- 10.5 Within seven days after the receipt of any Transfer Notice the Board shall serve a copy of that Transfer Notice on all Shareholders other than the Proposing Transferor. In the case of a deemed Transfer Notice the Board shall similarly serve notice on all Shareholders (including the Proposing Transferor), notifying them that the same has been deemed to have been given, within 3 months after (i) the date of the event giving rise to the deemed Transfer Notice or (ii) (if later) the date on which the directors (as a whole) actually became aware of such event.

Transfer Price

- 10.6 Subject as provided otherwise in these Articles the Transfer Shares shall be offered for purchase (as hereinafter provided) at a price per Transfer Share (the **Transfer Price**) determined as follows:

10.6.1 by agreement among the Shareholders; or

10.6.2 if agreement as to the Transfer Price is not reached among the Shareholders within 21 days from the date of the Transfer Notice, the Transfer Price shall be determined in accordance with Article 10.8 by an independent Chartered Accountant of not less than ten years standing who shall be nominated by agreement between Shareholders or failing such nomination within 14 days after the request of any of the Shareholders to the other therefor nominated at the request of any of the Shareholders by the President from time to time of the Institute of Chartered Accountants of Scotland (the **Expert**).

- 10.7 Except where the Transfer Notice is a deemed Transfer Notice, the Proposing Transferor may withdraw a Transfer Notice within 7 days of the Determination Date (as defined in Article 10.11 below) by giving notice to all of the other holders of Shares.

- 10.8 The Expert shall act as an expert and not as an arbiter and his written determination shall be final and binding on the Shareholders. The Expert will certify the open market value of the Transfer Shares as at the date of the Transfer Notice on the following assumptions and bases:-

- (a) valuing the Transfer Shares as on an arm's length sale between a willing vendor and a willing purchaser, subject to the provisions of these Articles;
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (c) in respect of the Ordinary Shares, valuing any Transfer Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital in the Company which they represent and for the purposes of calculating such proportion; and
- (d) in respect of the A Shares, valuing any Transfer Shares as a rateable proportion of the total value of all the issued Shares less an amount equal to the Hurdle Value without any premium or discount being attributable to the

percentage of the issued share capital in the Company which they represent and for the purposes of calculating such proportion

- 10.9 If any difficulty shall arise in applying any of the foregoing assumptions or bases then such difficulty shall be resolved by the Expert in such manner as he shall in his absolute discretion think fit.
- 10.10 The Company will use its best endeavours to procure that the Expert determines the Transfer Price within 60 days of being requested so to do.
- 10.11 If the determination of the Transfer Price is referred to the Expert the date of determination of the Transfer Price (the **Determination Date**) shall be the date on which the Board receives the Expert's determination of the Transfer Price in writing. If the Transfer Price is determined by agreement among the shareholders then the Determination Date shall be the date that the Board receives written notice from all the shareholders of the agreed Transfer Price.
- 10.12 The costs and expenses of the Expert in determining the Transfer Price and of his or her appointment shall be borne as he or she shall direct.

Offer-round of Shares

- 10.13 The Transfer Shares shall be offered for purchase at the Transfer Price by the Board to the other Shareholders (other than any Shareholder to whom under Article 14 shares may not be transferred or any Shareholder who is the Proposing Transferor) in proportion to the number of Shares then held by them respectively. Every such offer shall be made in writing and shall specify (a) the total number of Transfer Shares; (b) the Transfer Price; (c) the number of Transfer Shares offered to the Shareholder (the **Entitlement**); and (d) a period (being not more than 30 days) within which the offer must be accepted or shall lapse, and shall be accompanied by a form of application for use by the Shareholder in applying for his Entitlement and for any shares in excess of such entitlement which he wishes to purchase.
- 10.14 Upon the expiry of the said offer period, the Board shall allocate the Transfer Shares in the following manner:-
- (a) to each Shareholder who has agreed to purchase shares, their Entitlement or such lesser number of Transfer Shares for which they may have applied;
 - (b) if any Shareholder has applied for less than his Entitlement, the excess shall be allocated to the Shareholders who have applied for any part of such excess in proportion to the number of Shares then held by them respectively but without allocating to any Shareholder a greater number of Transfer Shares than the maximum number applied for by him; and
 - (c) any remaining excess shall be apportioned by applying sub-Article 10.14(b) without taking account of any Shareholder whose application has already been satisfied in full.

Allocation of Unsold Shares

- 10.15 If any of the Transfer Shares shall not be capable of being offered or allocated as aforesaid in this Article 10 without involving fractions, the same shall be offered to or allocated amongst the members, or some of them, in such proportions as may be determined by lots drawn in respect thereof, and the lots shall be drawn in such manner as the Board shall think fit.
- 10.16 If, by the foregoing procedure in this Article 10, the Board shall receive acceptances in respect of all or part only of Transfer Shares the Board shall forthwith give notice in writing to the Proposing Transferor and to the Shareholder(s) who have agreed to purchase the same (**acquirer(s)**) and the Proposing Transferor shall thereupon become bound upon payment of the Transfer Price to the Company (whose receipt shall be a good discharge to the acquirer, the Company and the Board therefor none of whom shall be bound to see to the application thereof) to transfer to each acquirer those Transfer Shares accepted by him. Every such notice shall state the name and address of each acquirer, the number of Transfer Shares agreed to be purchased by them and the place and time appointed by the Board for the completion of the purchase (being not less than 7 days nor more than 28 days after the date of the said notice and not being at a place outside the United Kingdom). Subject to the giving of such notice the purchase shall be completed at the time and place appointed by the Board.

Offer to third parties

- 10.17 The Proposing Transferor may, within a period of 3 months after the date of the Board's said notice sell all or any of those Transfer Shares which have not been accepted for sale in accordance with the foregoing procedure, to any person or persons (including any Shareholder) at any price which is not less than the Transfer Price.

Default

- 10.18 If a Proposing Transferor, having become bound to transfer any Transfer Shares pursuant to this Article 10, makes default in transferring those shares, the directors may authorise some person (who shall be (as security for the performance of the Proposing Transferor's obligations) thereby irrevocably and unconditionally appointed as the attorney of the Proposing Transferor for the purpose) to execute the necessary instrument of transfer of such Transfer Shares and to deliver it on their behalf. The Company may receive the purchase money and shall thereupon (subject to such instrument being duly stamped with any necessary stamp duty) cause the transferee to be registered as the holder of such Transfer Shares and shall hold such purchase money on behalf of the Proposing Transferor. The Company shall not be bound to earn or pay interest on any money so held and shall not pay such money to the Proposing Transferor until he shall have delivered his share certificates (or an appropriate indemnity in respect of any lost certificates) to the Company. The receipt of the Company for such purchase money shall be a good discharge to the transferee who shall not be bound to see to the application thereof, and after the name of the transferee has been entered in

the register of members in purported exercise of the aforesaid power the validity of the proceedings shall not be questioned by any person.

11. DEEMED TRANSFERS

11.1 In this clause, a **Relevant Event** means, in relation to a Shareholder:

- (a) such Shareholder being sequestered; or
- (b) such Shareholder making any voluntary arrangement or composition with her creditors or granting a trust deed for her creditors; or
- (c) such Shareholder suffering from mental disorder and either being admitted to hospital under UK mental health legislation or an order being made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for her detention or for the appointment of a guardian, curator bonis or other person to exercise powers with respect to his or her property or affairs; or
- (d) such Shareholder attempting or purporting to transfer any share in the capital of the Company otherwise than in accordance with these Articles; or
- (e) such Shareholder becoming a Leaver.

11.2 Upon the happening of any Relevant Event to or in respect of a Shareholder, the Shareholder in question shall be deemed to have immediately given a Transfer Notice ("**Deemed Transfer Notice**") in respect of all the shares as shall then be registered in the name of such shareholder and the provisions of Article 10 shall apply to that Deemed Transfer Notice, except that:-

- (a) the Deemed Transfer Notice shall be treated as having specified that the Shareholder wishes to transfer all the Shares held by them;
- (b) the Deemed Transfer Notice takes effect on the basis that it does not identify a proposed buyer or state a price for the Shares;
- (c) if the Shareholder is deemed to have given a Transfer Notice as a result of Article 11.1 **Error! Reference source not found.**, the Transfer Price shall, where the Leaver is a Bad Leaver, be restricted to the subscription price paid for each Share;
- (d) if the Shareholder is deemed to have given a Transfer Notice as a result of Article 11.1 **Error! Reference source not found.**, the Transfer Price shall, where the Leaver is a Good Leaver, be determined in accordance with Article 10;

11.3 An obligation to transfer a share under the provisions of this Article shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any Encumbrance.

- 11.4 The provisions of this Article may be waived in whole or in part in any particular case with the prior written consent of the holders of all of the Shares.

12. DRAG ALONG

- 12.1 Subject to Article 12.2, if the holders of more than 75% of the Shares in issue for the time being in the capital of the Company (**Selling Shareholders**) wish to transfer all (but not some only) of their Shares (**Sellers' Shares**) to a bona fide purchaser on arm's length terms (**Proposed Buyer**) at an aggregate price for all such Shares (the **Aggregate Purchase Price**), the Selling Shareholders may require all other Shareholders (**Called Shareholders**) to sell and transfer all their shares (**Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this Article (**Drag Along Option**).
- 12.2 For the Selling Shareholders to exercise a Drag Along Option, the Aggregate Purchase Price must be distributed in the order of priority set out in Article 7.1.
- 12.3 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect to the Called Shareholders (**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 Called Shares pursuant to this Article 12;
 - (b) the person to whom the Called Shares are to be transferred;
 - (c) the purchase price 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
 - (d) the proposed date of the transfer.
- 12.4 Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 30 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 12.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this Article 12.
- 12.6 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 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.

- 12.7 On or before the Completion Date, the Called Shareholders shall execute and 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 due pursuant to Article 12.2(c) 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 in trust for the Called Shareholders without any obligation to pay interest.
- 12.8 To the extent that the Proposed Buyer has not, on the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares, 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 12 in respect of their Shares.
- 12.9 If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with Article 12.7) transfer(s) in respect of all of the Called Shares held by it, each defaulting Called Shareholder shall be deemed to have irrevocably appointed any person nominated for the purpose by the Selling Shareholders to be its agent to execute all necessary transfer(s) on its behalf, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares, and to deliver such transfer(s) to the Proposed Buyer (or as it may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder of the Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of shares under this Article 12.

13. TAG ALONG

- 13.1 Except in the case of transfers pursuant to Article 11, the provisions of Article 13.2 to 13.6 shall apply if, in one or a series of related transactions, one or more Sellers propose to transfer any of the shares in the capital of the Company (**Proposed Transfer**) which would, if carried out, result in any person (**Buyer**), and any person Acting in Concert with the Buyer, acquiring a Controlling Interest in the Company.
- 13.2 Before making a Proposed Transfer, a Seller shall procure that the Buyer makes an offer (**Offer**) to the other Shareholders to purchase all of the Shares held by them for a consideration in cash per Share that is at least equal to the highest price per Share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer (**Specified Price**).
- 13.3 The Offer shall be made by written notice (**Offer Notice**), at least 30 Business Days before the proposed sale date (**Sale Date**). To the extent not described in any accompanying documents, the Offer Notice shall set out:

- (a) the identity of the Buyer;
 - (b) the Specified Price and other terms and conditions of payment;
 - (c) the Sale Date; and
 - (d) the number of Shares proposed to be purchased by the Buyer (**Offer Shares**).
- 13.4 Within the Offer, the aggregate purchase price for all the issued Shares (the **Aggregate Sale Proceeds**) must be distributed in the order of priority set out in Article 7.1.
- 13.5 If the Buyer fails to make the Offer to all of the holders of Shares in the Company in accordance with Article 13.2 and Article 13.3, the Seller shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares effected in accordance with the Proposed Transfer.
- 13.6 If the Offer is accepted by any Shareholder (**Accepting Shareholder**) in writing within 15 Business Days of receipt of the Offer Notice, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.

14. PROHIBITED TRANSFERS

Notwithstanding anything else contained in these Articles no share shall be issued or transferred to any person under 16, any undischarged sequestrated person, any person who has granted a trust deed for creditors whose trustee has not been discharged or any person of unsound mind.

DECISION MAKING BY SHAREHOLDERS

15. QUORUM FOR GENERAL MEETINGS

- 15.1 Subject to Article 15.2, the quorum at any general meeting of the Company shall be the holders of more than 75% of the Ordinary Shares, present in person or by proxy.
- 15.2 If a quorum is not present within 30 minutes of the time specified for the relevant meeting in the notice of the meeting then the meeting shall be adjourned for 5 Business Days at the same time and place. If a quorum is not present at any such adjourned meeting within 30 minutes of the time specified, then the holders of at least 75% of the Shares present in person or by proxy will constitute a quorum.
- 15.3 No business shall be transacted by any general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.

16. CHAIRING GENERAL MEETINGS

The chair of the board of directors shall chair general meetings. If the chair is unable to attend any general meeting, the Shareholder who appointed him shall be entitled to

appoint another of its nominated directors present at the meeting to act as chair at the meeting, and the appointment of the chair of the meeting must be the first business of the meeting.

17. VOTING

- 17.1 At a general meeting, on a show of hands every Shareholder who is present in person or by proxy shall have one vote, unless the proxy is himself a Shareholder entitled to vote; on a poll every Shareholder present in person or by proxy shall have one vote for each Share of which he is the holder; and on a vote on a written resolution every Shareholder has one vote for each Share of which he is the holder.

18. POLL VOTES

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

19. PROXIES

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

ADMINISTRATIVE ARRANGEMENTS

20. MEANS OF COMMUNICATION TO BE USED

- 20.1 Subject to Article 20.3, any notice, document or other information shall be deemed served on, or delivered to, the intended recipient:
- (a) if delivered by hand, on signature of a delivery receipt or at the time the notice, document or other information is left at the address; or
 - (b) if sent by fax, at the time of transmission; or
 - (c) if sent by pre-paid United Kingdom first class post, recorded delivery or special delivery to an address in the United Kingdom, at 9.00 am on the second Business Day after posting; or

- (d) if sent or supplied by e-mail, one hour after the notice, document or information was sent or supplied; or
- (e) if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website; and
- (f) if deemed receipt under the previous paragraphs of this Article 20.1 would occur outside business hours (meaning 9.00 am to 5.30 pm Monday to Friday on a day that is not a public holiday in the place of deemed receipt), at 9.00 on the day when business next starts in the place of deemed receipt. For the purposes of this article, all references to time are to local time in the place of deemed receipt.

20.2 To prove service, it is sufficient to prove that:

- (a) if delivered by hand, the notice was delivered to the correct address; or
- (b) if sent by fax, a transmission report was received confirming that the notice was successfully transmitted to the correct fax number; or
- (c) if sent by post the envelope containing the notice was properly addressed, paid for and posted; or
- (d) if sent by e-mail, the notice was properly addressed and sent to the e-mail address of the recipient.

20.3 In proving that any notice, document or information was properly addressed, it will suffice to show that the notice, document or information was addressed to an address permitted for the purpose by the Act.