

**THE COMPANIES ACT 2006**

**PRIVATE COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION**

**OF**

**SAMARKAND GROUP LIMITED**

Company Number: 13127277



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**(Adopted by special resolution passed on 16 February 2021)**

**INTRODUCTION**

**1. Interpretation**

**1.1** The following definitions and rules of interpretation apply in these Articles:

**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);

**Adoption Date:** the date of adoption of these Articles;

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

**Bad Leaver:** a Leaver who ceases to be a director or employee in circumstances which would justify valid summary dismissal;

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

**Chairman:** the Chairman of the board of directors (if any);

**Company:** means Samarkand Group Limited (company number 13127277);

**Company's Lien:** has the meaning given to it in article 23.1;

**Compulsory Transfer:** has the meaning given in article 17.3;

**connected:** has the meaning given in section 252 of the Act;

**Controlling Interest:** an interest in Shares conferring on the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;

**Deemed Transfer Notice:** a Transfer Notice which is deemed to have been served by any of the provisions of these Articles;

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

**Existing Shareholders:** means the Shareholders as at the Adoption Date;

**Fair Value:** has the meaning given in article 16.2;

**Financial Year:** an accounting reference period (as defined in section 391 of the Act) of the Company;

**Founders:** Simon Smiley, David Hampstead and Thomas Gooding.

**Founder Director:** a director appointed by Simon Smiley pursuant to article 6.5 or by David Hampstead pursuant to article 6.6;

**Group:** the Company, any subsidiary or any holding company from time to time of the Company, and any subsidiary from time to time of a holding company of the Company from time to time and **Group Company:** shall be construed accordingly;

**holding company:** has the meaning given in article 1.8;

**Independent Expert:** the auditors for the time being of the Company or, if they decline the instruction, an independent firm of accountants jointly appointed by the Company and the Seller or, in the absence of agreement between the Company and the Seller on the identity of the expert within 10 Business Days of the expiry of the 15 Business Day period referred to in article 16.1, an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants of England and Wales (in each case acting as an expert and not as an arbitrator);

**Investor:** each of Smollan and any third party (other than any Existing Shareholders or any person who becomes a Shareholder by virtue of holding options under a Share Option Plan) who subscribes for Shares after the Adoption Date which represent at least 10% of the Shares in issue (on a fully diluted basis);

**Investor Consent:** the prior consent, in writing, of the Investor Majority;

**Investor Director:** has the meaning given in article 6.1;

**Investor Majority:** means:

- (a) where there is only one Investor, such Investor; or
- (b) where there are two Investors, at least one of the Investors; or
- (c) where there are more than two Investors, at least a majority in number of all the Investors;

**Issue Price:** in respect of any Share, the subscription price paid (or agreed to be paid) in respect of that Share, including any share premium;

**Leaver:** a Shareholder other than a Founder or Siwei Lu who ceases, to be a director or employee of any Group Company and who does not continue as, or become, a director or employee of any Group Company;

**Lien Enforcement Notice:** means a notice in writing which complies with the requirements of article 24.2;

**Member of the Same Group:** as regards any company, a company which is from time to time a holding company or a subsidiary of that company or a subsidiary of any such holding company;

**Model Articles:** the model articles for private companies limited by shares contained in Schedule 1 to The Companies (Model Articles) Regulations 2008 (*SI 2008/3229*), as amended prior to the Adoption Date;

**Offer Shareholders:** in respect of an offer of Ordinary Shares, the holders of Ordinary Shares;

**Ordinary Shares:** the ordinary shares of £0.01 each in the capital of the Company;

**Original Shareholder:** has the meaning given in article 14.1;

**Permitted Funding:** has the meaning given in the convertible loan note instrument novated to the Company by Samarkand Holdings Limited on or around the Adoption Date);

**Permitted Transfer:** a transfer of Shares made in accordance with article 14;

**Permitted Transferee:** (i) in relation to a Shareholder which is a company, a Member of the Same Group as that company (ii) in relation to Simon Smiley, the holder of an EMI or unapproved option and (iii) in relation to David Hampstead, the holder of an EMI or unapproved option;

**Relevant Securities:** any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the Adoption Date, other than:

(a) the grant of any options under a Share Option Plan (and the issue of Shares on the exercise of any such options);

(b) any Shares or other securities issued by the Company in order for the Company to comply with its obligations under these Articles and/or the Investment Agreement; and

(c) any Shares or other securities issued in consideration of the acquisition by the Company of any company or business which has been approved by Requisite Majority Consent;

**Requisite Majority:** the holder(s) of 75% or more in nominal value of the Shares in issue from time to time;

**Requisite Majority Consent:** the prior consent, in writing, of the Requisite Majority;

**Restricted Shares:** has the meaning given in article 17.6;

**Sale Shares:** has the meaning given in article 15.2(a);

**Seller:** has the meaning given in article 15.2;

**Shareholder:** a holder for the time being of any Share or Shares;

**Shareholders' Agreement:** the written agreement with respect to the Company entered into by certain Shareholders on or around the Adoption Date (as the same may have been varied,

supplemented, adhered to or superseded in accordance with its terms (or these Articles) for the time being).

**Shares:** shares (of any class) in the capital of the Company and **Share:** shall be construed accordingly.

**Smollan:** Global Smollan Holdings and its Permitted Transferees.

**subsidiary:** has the meaning given in article 1.8.

**Termination Date:** in relation to a Shareholder other than a Founder or Siwei Lu:

(a) where employment ceases by virtue of notice given by the employer to that individual the date on which such notice expires;

(b) where a contract of employment for that individual is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;

(c) where that individual dies, the date of his death;

(d) where that individual is a director but not an employee, the date on which his service agreement (or other terms of appointment) with the relevant Group Company is terminated; or

(e) in any other case, the date on which the employment or holding of office for that individual is terminated.

**Transfer Notice:** has the meaning given in article 15.2.

**Transfer Price:** has the meaning given in article 16.

- 1.2 Headings in these Articles shall not affect the interpretation of these Articles.
- 1.3 Unless the context otherwise requires, words in the singular shall include the plural and the plural shall include the singular. Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.4 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles (but excluding any statutory modification of them not in force on the Adoption Date).
- 1.5 A reference in these Articles to (a) an **article** is a reference to the relevant numbered article of these Articles; and (b) a **model article** is a reference to the relevant article, in each case, unless expressly provided otherwise.
- 1.6 A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time. A reference to a statute or statutory provision shall include all subordinate legislation made from time to time under that statute or statutory provision.

- 1.7 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. Where the context permits, **other** and **otherwise** are illustrative and shall not limit the sense of the words preceding them.
- 1.8 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.
- 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 7, 8, 9(1), 11(2) and (3), 12, 13, 14(1) to (4) (inclusive), 16, 22, 26(5), 38, 39, 49, 50 and 51 to 53 (inclusive) shall not apply to the Company.

## **DIRECTORS**

### **3. Number of directors**

Unless otherwise determined by ordinary resolution and subject to Requisite Majority Consent, the number of Directors shall not exceed 5 but shall not be less than two.

### **4. Proceedings of directors**

- 4.1 Any decision of the Directors must be taken at a meeting of Directors in accordance with these Articles or must be a decision taken in accordance with article 4.2 (subject to article 4.3 and article 4.4). All decisions made at any meeting of the Directors (or any committee of the Directors) shall be made only by resolution, by a majority of votes.
- 4.2 A unanimous decision of the Directors is taken when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 4.3 A decision taken in accordance with article 4.2 may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing.
- 4.4 A decision may not be taken in accordance with article 4.2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with article 4.6 and article 4.7.

4.5 Meetings of the Directors shall take place at least once every three months. Any Director may call a meeting of the Directors. Reasonable notice in advance of at least 5 Business Days' advance notice in writing of each such meeting shall be given to each Director (except with the prior consent in writing of an Investor Director (email will suffice), when meetings of the Directors may take place on shorter notice).

4.6 The quorum for any meeting (or, where specified below, part of a meeting) of the Directors shall be two Eligible Directors, which must include a Founder Director and an Investor Director in office for the time being, unless:

- (a) there is no Investor Director in office for the time being; or
- (b) all Investor Directors have, in respect of any particular meeting (or part of a meeting), otherwise agreed ahead of such meeting; or
- (c) all Investor Directors are not, in respect of any particular meeting (or part of a meeting), an Eligible Director.

in which case, subject to article 4.7, the quorum for such meeting (or part of the meeting, as the case may be) shall be any two Eligible Directors. If the necessary quorum is not present within 30 minutes from the time appointed for the meeting, or if, during a meeting, such quorum ceases to be present, the meeting shall stand adjourned to such time and place as the Directors determine.

4.7 For the purposes of any meeting (or part of a meeting) held pursuant to article 8 to authorise a Conflict (as defined in article 8.1), if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting (or part of a meeting) shall be one Eligible Director.

4.8 If the number of Directors in office for the time being is less than two, the Directors in office must not take any decision other than a decision to:

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

4.9 Questions arising at any meeting of the Directors shall be decided by a majority of votes. If there is an equality of votes, the Chairman (or other chairman of the meeting) shall not have a second or casting vote.

4.10 The Directors (acting with Requisite Majority Consent) 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.

**5. Appointment and removal of directors**

- 5.1 Model article 17(1) shall be modified by the inclusion, at the end of that model article, of the words "provided that the appointment does not cause the number of Directors to exceed the maximum number set out in article 3 of these Articles".
- 5.2 Model article 18 shall be modified by the addition of the following events upon the occurrence of which a person shall cease to be a Director:
- (a) he is convicted of a criminal offence (other than a minor motoring offence) and a majority of the other Directors resolve that he cease to be a Director; and
  - (b) in the case of an executive Director only, he shall cease to be employed by the Company or other Group Company (as appropriate) and does not continue as an employee of any other Group Company.

**6. Investor director and Founder Directors**

- 6.1 Smollan shall from time to time have the following rights:
- (a) for so long as Smollan holds any Shares, to appoint, by notice in writing addressed to the Company, and to maintain in office, one person as a Director (an **Investor Director**) and to remove any such Investor Director and to appoint a replacement; and
  - (b) for so long as Smollan holds an amount of Shares of more than 35% of the total Shares in issue (on a fully diluted basis), to appoint, by notice in writing addressed to the Company, and to maintain in office, one additional person as an Investor Director and to remove any such Investor Director and to appoint a replacement.

Smollan shall indemnify and keep indemnified the Company in full in respect of any and all liabilities, costs, expenses, damages and losses (including reasonably and properly incurred legal costs) arising out of or in connection with any claim made by or on behalf of a third party in relation to his removal as an Investor Director.

- 6.2 Any appointment or removal of an Investor Director made in accordance with article 6.1 shall take immediate effect upon receipt (or deemed receipt) by the Company of such notice in writing, or the production of such notice at a meeting of the Directors or, if later, the date (if any) specified in such notice.
- 6.3 An Investor Director shall be entitled to be appointed to any committee of the Directors established from time to time. On the receipt of the request in writing of his appointor(s), the Company shall procure that an Investor Director shall be appointed as a director of any other Group Company, to the extent specified in such request (but such Investor Director shall not be entitled to any additional fee).



- 6.4 The reasonable expenses of each Investor Director shall be payable by the Company but no other fees shall be payable to an Investor Director by the Company.
- 6.5 Simon Smiley shall from time to time have the right, for so long as he holds any Shares, to appoint, by notice in writing addressed to the Company, and to maintain in office, one person as a Director and to remove any such Director and to appoint a replacement.
- 6.6 David Hampstead shall from time to time have the right, for so long as he holds any Shares, to appoint, by notice in writing addressed to the Company, and to maintain in office, one person as a Director and to remove any such Director and to appoint a replacement.
- 7. Transactions or other arrangements with the Company**

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the 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 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 the Directors) in respect of such existing 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 the Directors) or participate in any unanimous decision, in respect of such existing 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) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

## **8. Directors' conflicts**

- 8.1 The Directors may, in accordance with the requirements set out in this article 8, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 8.2 Any authorisation under this article 8 will be effective only if:
- (a) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
  - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
  - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 8.3 Any authorisation of a Conflict under this article 8 may (whether at the time of giving the authorisation or subsequently):
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict;
  - (c) subject to Requisite Majority Consent, provide that the Interested Director shall or shall not be an Eligible Director in respect of any future decision of the Directors in relation to any resolution related to the Conflict;
  - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
  - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
  - (f) permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.

- 8.4 Where the Directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.
- 8.5 The Directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation.
- 8.6 A Director, notwithstanding his office, may be a Director or other officer of, employed by, or otherwise interested (including by the holding of shares) in his appointor(s) (or any Permitted Transferee of such appointor(s)) and no authorisation under article 8.1 shall be necessary in respect of any such interest.
- 8.7 An Investor Director shall be entitled from time to time to disclose to his appointor(s) (and to any Permitted Transferee of such appointor(s)) such information concerning the business and affairs of the Company as he shall at his discretion see fit. A Founder Director shall be entitled from time to time to disclose to his appointor(s) (and to any Permitted Transferee of such appointor(s)) such information concerning the business and affairs of the Company as he shall at his discretion see fit.
- 8.8 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 or by the Company in general meeting (subject in each case to any terms and conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

## **SHARES AND DISTRIBUTIONS**

### **9. Dividends**

Subject to Requisite Majority Consent first being received, the Company may by ordinary resolution declare dividends and the directors may decide to pay interim dividends.

### **10. Liquidation preference**

On a return of assets on liquidation, capital reduction or otherwise (other than a conversion or purchase of Shares), the assets of the Company remaining after the payment of its liabilities shall be applied (to the extent that the Company is lawfully able to do so) and distributed among the holders of the Ordinary Shares pro rata to the number of Ordinary Shares held.

**11. Variation of class rights**

Whenever the share capital of the Company is divided into different classes of Shares, the special rights attached to any such class may only be varied or abrogated (either whilst the Company is a going concern or during or in contemplation of a winding up) with the consent in writing of the holders of at least 75% in nominal value of the issued Shares of that class.

**12. Pre-emption rights on the issue of further shares**

12.1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution, the Directors shall not exercise any power to allot Shares or to grant rights to subscribe for, or to convert any security into, any Shares.

12.2 Subject to the remaining provisions of this article 12, the Directors are generally and unconditionally authorised, for the purposes of section 551 of the Act, to exercise any power of the Company to:

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

any Shares (or any options, warrants, conversion rights and all other rights to acquire or subscribe for Shares) to any person, at any time and subject to any terms and conditions as the Directors think proper.

12.3 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.

12.4 Save with the consent of the holders of 75% in nominal value of the Shares then in issue (and Investor Consent, other than in the case of a Permitted Funding) if the Company proposes to allot any Relevant Securities, those Relevant Securities shall not be allotted to any person unless the Company has first offered them to the holders (on the date of the offer) of the Ordinary Shares (each an **Offeree**) in the respective proportions that the number of Ordinary Shares held by each such holder bears to the total number of Ordinary Shares held by all such holders (as nearly as possible without involving fractions) and on the same terms, and at the same price, as those Relevant Securities are being, or are to be, offered to any other person.

12.5 An offer made under article 12.4 shall:

- (a) be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;
- (b) remain open for a period of at least 10 Business Days from the date of service of the offer; and

- (c) stipulate that any Offeree who wishes to subscribe for a number of Relevant Securities in excess of the number to which he is entitled under article 12.4 shall, in his acceptance, state the number of excess Relevant Securities (**Excess Securities**) for which he wishes to subscribe.
- 12.6 If, on the expiry of an offer made in accordance with article 12.4, the total number of Relevant Securities applied for is less than the total number of Relevant Securities so offered, the Directors shall allot the Relevant Securities to the Offerees in accordance with their applications, subject to a maximum of each Offeree's proportionate entitlement.
- 12.7 Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with article 12.4 shall be used to satisfy any requests for Excess Securities made pursuant to article 12.5(c). If there are insufficient Excess Securities to satisfy such requests, the Excess Securities shall be allotted to the applicants in the respective proportions that the number of Ordinary Shares held by each such applicant bears to the total number of such Ordinary Shares held by all applicants (as nearly as possible without involving fractions or increasing the number of Excess Securities allotted to any Shareholder beyond that applied for by him). After those allotments, any Excess Securities shall, subject to article 12.8 and article 12.9, be offered to any other person(s) as the Directors may determine, at the same price and on the same terms as the offer to the Shareholders.
- 12.8 No Shares shall be allotted to any current or prospective employee or director of any Group Company unless such person shall first have entered into a joint election with the relevant Group Company under section 431 of the Income Tax (Earnings and Pensions) Act 2003.
- 12.9 No Shares shall be allotted to any of the Existing Shareholders as part of a Permitted Funding without Investor Consent.
- 13. Transfers of shares: general**
- 13.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal of a beneficial or other interest in that Share, or the creation of a trust or encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share.
- 13.2 No Share shall be transferred, and the Directors shall refuse to register a transfer of any Share, unless it is made in accordance with these Articles. Subject to article 13.5, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.
- 13.3 If a Shareholder transfers (or purports to transfer) a Share other than in accordance with these Articles, he shall, save with Requisite Majority Consent to the contrary, be deemed to have immediately served a Transfer Notice in respect of all Shares held by him.

- 13.4 Any transfer of a Share by way of sale which is required to be made under article 17 or article 18 shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.
- 13.5 The Directors may (and shall if requested by a Requisite Majority) as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of the Shareholders' Agreement (or similar document) in force between any of the Shareholders and the Company, in such form as the Directors (acting with Requisite Majority Consent) may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor). If any condition is imposed in accordance with this article 13.5, the transfer may not be registered unless and until that deed has been executed and delivered to the Company's registered office by the transferee.
- 13.6 To enable the Directors to determine whether or not there has been any transfer (or purported transfer) of Shares the Directors may, and shall if so requested by an Investor Director, require:
- (a) any holder (or the legal representatives of a deceased holder); or
  - (b) any person named as a transferee in a transfer lodged for registration; or
  - (c) such other person as the Directors or an Investor Director may reasonably believe to have information relevant to that purpose,
- to provide the Company with any information and evidence that the Directors think fit regarding any matter which they deem relevant to that purpose.
- 13.7 If any such information or evidence referred to in article 13.6 is not provided to enable the Directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence provided the Directors are reasonably satisfied that a breach has occurred, the Directors shall immediately notify the holder of such Shares of that fact in writing and , if the holder fails to remedy that situation to the reasonable satisfaction of the Directors (including an Investor Director) within 10 Business Days of receipt of such written notice, then, unless otherwise directed in writing by the Investor Majority:
- (a) the relevant Shares shall cease to confer on the holder of them any rights:
    - (i) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;
    - (ii) to receive dividends or other distributions otherwise attaching to those Shares; and
    - (iii) to participate in any future issue of Shares issued in respect of those Shares;
  - (b) the Directors may, by notice in writing to the relevant holder, determine that a Transfer Notice shall be deemed to have been given in respect of some or all of his

Shares with effect from the date of service of the notice (or such later date as may be specified in such notice).

The Directors may (with Requisite Majority Consent) reinstate the rights referred to in article 13.7(a) at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to article 13.7(b) on completion of such transfer.

13.8 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles, the Deemed Transfer Notice shall be treated as having specified that:

- (a) it does not contain a Minimum Transfer Condition; and
- (b) the Seller wishes to transfer all the Shares held by him (including any Shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of Shares pursuant to the relevant Transfer Notice).

13.9 Any Transfer Notice (but not an Offer Notice (as defined in article 18)) served in respect of the transfer of any Share which has not completed before the date of service of a Deemed Transfer Notice shall (save with Requisite Majority Consent to the contrary) automatically be revoked by the service of a Deemed Transfer Notice.

#### **14. Permitted transfers of shares**

14.1 A Shareholder (the **Original Shareholder**) may transfer all or any of his or its Shares to a Permitted Transferee.

14.2 If the Original Shareholder is a company, and a Permitted Transfer has been made, the Permitted Transferee shall, within 30 Business Days of ceasing to be a Member of the Same Group as the Original Shareholder, transfer the Shares held by it to:

- (a) the Original Shareholder; or
- (b) a Member of the Same Group as the Original Shareholder,

(which in either case is not in liquidation), without any price or other restriction.

14.3 Notwithstanding any other provision of this article 14, a transfer of any Shares approved in writing either by the Directors or by the Requisite Majority may be made without any price or other restriction and any such transfer shall be registered by the Directors.

#### **15. Pre-emption rights on the transfer of shares**

15.1 Except where the provisions of article 14 or article 18 or article 19 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this article 15.

- 15.2 A Shareholder who wishes to transfer Shares (a **Seller**) shall, before transferring or agreeing to transfer any Shares, give notice in writing (a **Transfer Notice**) to the Company specifying:
- (a) subject to article 13.8(b), the number of Shares he wishes to transfer (**Sale Shares**);
  - (b) the name of the proposed transferee, if any;
  - (c) subject to article 17.4, the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares (**the Proposed Sale Price**); and
  - (d) subject to article 13.8(a), whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (**a Minimum Transfer Condition**).
- 15.3 Except in the case of a Deemed Transfer Notice (which may not be withdrawn), where the Transfer Price of the Sale Shares comprised within a Transfer Notice is to be the Fair Value and such Fair Value less than the Proposed Sale Price the Seller may, within 5 Business Days of receipt of notification of the Fair Value, withdraw the Transfer Notice. Otherwise, a Transfer Notice may only be withdrawn with Requisite Majority Consent.
- 15.4 A Transfer Notice (or Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 15.5 As soon as practicable following the later of:
- (a) receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and
  - (b) the determination of the Transfer Price,
- the Directors shall (unless the Transfer Notice is withdrawn in accordance with article 15.3) offer the Sale Shares for sale in the manner set out in the remaining provisions of this article 15. at the Transfer Price. Each offer shall be in writing and shall give details of the number and Transfer Price of the Sale Shares offered.
- 15.6 If the Sale Shares are Ordinary Shares, the Company shall offer them to the holders of Ordinary Shares in each case on the basis set out in article 15.7 to article 15.13 (inclusive).
- 15.7 The Directors shall offer the Sale Shares to the Offer Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date 20 Business Days after the offer (both dates inclusive) (**the First Offer Period**) for the maximum number of Sale Shares they wish to buy.
- 15.8 If:
- (a) at the end of the First Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Directors shall allocate the Sale Shares to each Offer Shareholder who has applied for Sale Shares in the proportion which his existing holding of Shares bears to the total number of Shares of the class being offered held by



all Offer Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Sale Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the Directors (acting with Requisite Majority Consent)). No allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy;

- (b) not all Sale Shares are allocated following allocations in accordance with article 15.8(a), but there are applications for Sale Shares that have not been satisfied, the Directors shall allocate the remaining Sale Shares to such applicants in accordance with the procedure set out in article 15.8(a). The procedure set out in this article 15.8(b) shall apply on any number of consecutive occasions until either all Sale Shares have been allocated or all applications for Sale Shares have been satisfied;
- (c) at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the Directors shall allocate the Sale Shares to the Offer Shareholders in accordance with their applications and the balance (the **Initial Surplus Shares**) shall be offered to the Company which shall have the period from the date of the offer to the date 20 Business Days after the offer (both dates inclusive) (the **Second Offer Period**) to state the maximum number of Sale Shares it wishes (and is able pursuant to the Act) to buy back; and
- (d) at the end of the Second Offer Period, the total number of Sale Shares to be bought back by the Company is less than the Initial Surplus Shares, the balance (the **Final Surplus Shares**) shall, subject to article 15.9, be offered to any other person in accordance with article 15.13.

**15.9 Where the Transfer Notice contains a Minimum Transfer Condition:**

- (a) any allocation made under article 15.7 to article 15.8 (inclusive) shall be conditional on the fulfilment of the Minimum Transfer Condition; and
- (b) if the total number of Sale Shares applied for under article 15.7 to article 15.8 (inclusive) is less than the number of Sale Shares, the Board shall notify the Seller and all those Shareholders to whom Sale Shares have been conditionally allocated stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

**15.10 Where either:**

- (a) the Transfer Notice does not contain a Minimum Transfer Condition; or
- (b) allocations have been made in respect of all the Sale Shares,

the Directors shall, when no further offers or allocations are required to be made under article 15.7 to article 15.8 (inclusive), give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to each of (i) the Seller; and (ii) each Shareholder to whom Sale Shares have

been allocated and the Company (if it has agreed to buyback any of the Sale Shares and is entitled to do so pursuant to the Act) (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least 10 Business Days, but not more than 20 Business Days, after the date of the Allocation Notice).

15.11 On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, transfer the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice.

15.12 If the Seller fails to comply with article 15.11:

- (a) the Chairman (or, failing him, any other Director or some other person nominated by a resolution of the Directors) may, as agent and attorney 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 Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price); and
  - (iii) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and
- (b) the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) for the Seller until he has delivered his certificate(s) 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 Board may reasonably require to prove good title to those Shares) to the Company.

15.13 Where a Transfer Notice lapses pursuant to article 15.9(b) or an Allocation Notice does not relate to all the Sale Shares, then, subject to article 15.14, the Seller may, at any time during the 30 Business Days following the date of lapse of the Transfer Notice, or the date of service of the Allocation Notice as the case may be, transfer the Sale Shares (in the case of a lapsed offer) or the Initial Surplus Shares or Final Surplus Shares (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of the Sale Shares (following the lapse of a Transfer Notice) in accordance with this article 15.13 shall continue to be subject to any Minimum Transfer Condition.

15.14 The Seller's right to transfer Shares under article 15.13 does not apply if the Directors reasonably consider that:

- (a) the transferee is a person (or a nominee for a person) whom an Investor Director (acting reasonably) determines to be a competitor (or a Member of the Same Group as a competitor) of the business of any Group 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 promptly provide information available to him and reasonably requested to enable it to form the opinion referred to in article 15.14(b).

## **16. Valuation**

- 16.1 The Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the Directors (any Director with whom the Seller is connected not voting), acting with Requisite Majority Consent) and the Seller or, in default of agreement within 15 Business Days of the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the board of Directors first has actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share.
- 16.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:
  - (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer as at the date the Transfer Notice was served (or deemed served);
  - (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - (c) that the Sale Shares are capable of being transferred without restriction;
  - (d) valuing the Sale 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 of the Company which they represent; and
  - (e) reflecting any other factors which the Independent Expert reasonably believes should be taken into account.
- 16.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 16.4 The Directors will give the Independent Expert access to all accounting records or other relevant documents of the Group, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose.
- 16.5 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 16.6 The Independent Expert shall be requested to determine the Fair Value within 10 Business Days of its appointment and to deliver its certificate to the Company. Forthwith upon receipt, the Company shall deliver a copy of the certificate to the Seller.

16.7 The cost of obtaining the Independent Expert's certificate shall be borne by the parties equally or in such other proportions as the Independent Expert directs unless:

- (a) the Seller withdraws the relevant Transfer Notice in accordance with article 15.3; or
- (b) in respect of a Deemed Transfer Notice, the Fair Value is less than the price per Sale Share offered to the Seller by the Directors before the appointment of the Independent Expert,

in which case the Seller shall bear the cost.

## 17. **Compulsory transfers**

17.1 A person entitled to a Share in consequence of the bankruptcy of a Shareholder (or equivalent procedure in any jurisdiction outside England and Wales) shall be deemed to have given a Transfer Notice in respect of that Share at such time as the Directors may determine.

17.2 If there is a change in control (as 'control' is defined in section 1124 of the Corporation Tax Act 2010) of any Shareholder which is a company, it shall be bound at any time, if and when required in writing by the Directors to do so, to give (or procure the giving in the case of a nominee) a Transfer Notice in respect of all the Shares registered in its name (or the name of its nominee(s)) save that, where that Shareholder acquired Shares as a Permitted Transferee of an Original Shareholder, it shall first be permitted to transfer those Shares back to the Original Shareholder from whom it received its Shares or to any other Permitted Transferee of that Original Shareholder before being required to serve a Transfer Notice. This article 17.2 shall not apply to the Investors.

17.3 If a Shareholder other than a Founder or Siwei Lu becomes a Leaver, a Transfer Notice shall, unless the Directors (acting with Requisite Majority Consent) otherwise direct in writing prior to or within 5 Business Days after the relevant Termination Date, be deemed to have been served by such Leaver on the relevant Termination Date in respect of all Shares (a **Compulsory Transfer**) and any Transfer Notice served in respect of any of such Shares before the date such individual becomes a Leaver shall automatically lapse.

17.4 Notwithstanding any other provisions of these Articles, the Transfer Price in respect of a Compulsory Transfer shall be as follows:

- (a) if the Leaver is a Bad Leaver, the lower of the aggregate Fair Value of such Sale Shares, the price paid by the Leaver for such Sale Shares and the nominal value of such Sale Shares
- (b) if the Leaver is not a Bad Leaver, the aggregate Fair Value of such Shares.

17.5 Notwithstanding any other provisions of these Articles, if and to the extent that the Leaver has acquired the Sale Shares from Simon Smiley and/or David Hampstead, such Sale Shares shall first be offered to such of Simon Smiley and/or David Hampstead as transferred those Shares to

the Leaver. If Simon Smiley and/or David Hampstead does not take up the offer to reacquire those Sale Shares within the period of 20 Business Days after the date of the offer to them (both dates inclusive), then the Sale Shares shall then be offered pursuant to Article 15.6.

17.6 Forthwith upon a Transfer Notice being deemed to be served under article 17 the Shares which are the subject of such Transfer Notice (**Restricted Shares**) shall cease to confer on the holder of them any rights:

- (a) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise), including in respect of any resolution of any class of Shares;
- (b) to receive dividends or other distributions otherwise attaching to those Shares; or
- (c) to participate in any future issue of Shares issued in respect of those Shares.

The Directors may (with Requisite Majority Consent) reinstate the rights referred to in article 17.6 at any time and, in any event, such rights shall be reinstated in respect of any Shares transferred pursuant to article 17 on completion of such transfer.

17.7 For the purposes of article 17.3 the date of cessation of a Shareholder's employment, directorship or engagement shall be (or be deemed to be) whichever is the first to occur of:

- (a) the date of a notice given by a Group Company to the Shareholder terminating (or purporting to terminate) that Member's employment, directorship or engagement with the Group (or, if later, the date specified in any such notice as being the termination date), regardless of whether any such notice constitutes unfair or wrongful dismissal;
- (b) the date of a notice given by a Member to a Group Company terminating (or purporting to terminate) that Member's employment, directorship or engagement with the Group (or, if later, the date specified in any such notice as being the termination date), regardless of whether any such notice may lawfully be given by the Member;
- (c) the date on which a repudiatory breach of any contract of employment or engagement by either the Member or a Group Company is accepted by the other party to that contract;
- (d) the date of any event which results in the termination of the contract of employment or engagement under the doctrine of frustration; or
- (e) in any circumstances other than those specified in articles 17.7(a) to 17.7(d) the date on which the Member actually ceases to be employed or engaged by the Group.

## 18. **Mandatory offer on change of control**

18.1 In the event that a proposed transfer of Shares (other than a transfer of Shares made pursuant to article 14 or article 17, but after the operation of the pre-emption procedure set out in article

15), whether made as one or as a series of transactions (a **Proposed Transfer**) would, if completed, result in any person other than an existing Shareholder (the **Buyer**), together with any person acting in concert with the Buyer, acquiring a Controlling Interest, the remaining provisions of this article 18 shall apply.

18.2 The Seller shall procure that, prior to the completion of the Proposed Transfer, the Buyer shall make an offer (the **Offer**) to each Shareholder (each an **Offeree**) on the date of the Offer, to buy all of the Ordinary Shares held by such Offerees on the date of the Offer for a consideration in cash per Ordinary Share (the **Offer Price**) which is equal to the highest price per Ordinary Share offered, paid or to be paid by the Buyer, or any person acting in concert with the Buyer, for any Ordinary Shares in connection with the Proposed Transfer or any transaction in the 12 calendar months preceding the date of completion of the Proposed Transfer.

18.3 The Offer shall be made by notice in writing (an **Offer Notice**) addressed to each Offeree on the date of the Offer at least 30 Business Days (the **Offer Period**) before the date fixed for completion of the Proposed Transfer (the **Sale Date**). The Offer Notice shall specify:

- (a) the identity of the Buyer (and any person(s) acting in concert with the Buyer);
- (b) the Offer Price and any other terms and conditions of the Offer;
- (c) the Sale Date; and
- (d) the number of Ordinary Shares which would be held by the Buyer (and persons acting in concert with the Buyer) on completion of the Proposed Transfer.

18.4 The completion of the Proposed Transfer shall be conditional in all respects on:

- (a) the making of an Offer in accordance with this article 18; and
- (b) the completion of the transfer of any Ordinary Shares by any Offeree (each an **Accepting Offeree**) who accepts the Offer within the Offer Period,

and the Directors shall refuse to register any Proposed Transfer made in breach of this article 18.4.

18.5 The Proposed Transfer is, but the purchase of Shares from Accepting Offerees pursuant to an Offer made under this article 18 shall not be, subject to the pre-emption provisions of article 15.

## 19. Drag along

19.1 If, after the operation of the pre-emption procedure set out in article 15, the holders of not less than 75% in nominal value of the Shares then in issue for the time being (which must include the Investor Majority) (the **Selling Shareholders**) propose to or otherwise agree to transfer all (but not some only) of their shares (the **Sellers' Shares**) to a bona fide purchaser on arm's length terms (the **Proposed Buyer**), the Selling Shareholders may require all other holders of shares in the Company (the **Called Shareholders**) to sell and transfer all their shares in the capital of the

Company (the **Called Shares**) to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this article (the **Drag Along**).

19.2 The Selling Shareholders may exercise the Drag Along by giving written notice (in accordance with article 25) to that effect to the Called Shareholders (the **Drag Along Notice**) at any time before the date of completion of 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 19;
- (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 payable by the Proposed Buyer for each Seller's Share; and
- (d) the proposed date of the transfer of the Called Shares (if known).

19.3 A Drag Along Notice:

- (a) may be revoked by the Selling Shareholders at any time prior to completion of the sale and purchase of the Called Shares; and
- (b) shall lapse if, for any reason, the Selling Shareholders have not sold the Sellers' Shares to the Proposed Buyer within 60 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.

19.4 Completion of the sale and purchase of the Called Shares shall take place on the Completion Date. **Completion Date** means the date of completion of the sale and purchase agreement in respect of the sale of the Sellers' Shares to the Proposed Buyer (when the only outstanding condition in relation to such sale of the Sellers' Shares is the completion of the Proposed Buyer's acquisition of the Called Shares in accordance with this article 19).

19.5 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 (if available) to the Company. On or as soon as possible after the Completion Date, the Company shall pay in cash to each Called Shareholder, on behalf of the Proposed Buyer, the amounts due to such Called Shareholder pursuant to article 19.2(c) to the extent that the Proposed Buyer has put the Company in the requisite funds. Such payment shall be satisfied by the Company sending a cheque on or as soon as possible after the Completion Date for the full amount so due to each Called Shareholder to the same address as the Drag Along Notice was sent. The Company's receipt of such amounts due to the Called Shareholders pursuant to article 19.2(c) shall be a good discharge of the Proposed Buyer's obligations under this article 19. With effect from the Completion Date and pending the Called Shareholder's receipt of the due amount referred to

above, the Company shall hold the amounts due to such Called Shareholder in trust for such Called Shareholder without any obligation to pay interest.

- 19.6 The Company and the Selling Shareholders shall ensure that the Proposed Buyer has, by the Completion Date, put the Company in funds to pay the purchase price due in respect of the Called Shares pursuant to article 19.5.
- 19.7 If any Called Shareholder does not, on or before the Completion Date, execute and deliver (in accordance with article 19.5) 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 Director of the Company to be its attorney or agent to execute the necessary stock transfer form(s) on behalf of the Called Shareholder, against receipt by the Company (on trust for such holder) of the purchase price payable for the Called Shares pursuant to article 19.2(c), and to deliver such transfer(s) to the Proposed Buyer (or as it may direct) on behalf of the relevant defaulting Called Shareholder. The Proposed Buyer shall be registered as the holder of the Called Shares upon the completion of the processes referred to in this article 19.7 and/or the foregoing terms of this article 19.7 and upon such registration, the validity of the proceedings under this article 19 shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of the transfer of the Called Shares under this article 19.
- 19.8 Upon any person, following the issue of a Drag Along Notice, becoming a holder of any shares in the Company (or increasing an existing shareholding) including, without limitation, pursuant to the exercise of any option, warrant or other right to acquire or subscribe for, or to convert any security into, shares in the Company (a **New Shareholder**), if so required by the Proposed Buyer a Drag Along Notice shall be served by the Company on the New Shareholder on the same terms as the previous Drag Along Notice. The New Shareholder shall then be bound to sell and transfer all shares in the Company acquired by it to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this article 19 shall apply with the necessary changes to the New Shareholder, except that completion of the sale of the relevant shares in the Company shall take place on the Completion Date or immediately upon the New Shareholder becoming a shareholder of the Company, if later.
- 19.9 For the avoidance of doubt, once the pre-emption procedure set out in article 15 has been followed, and the drag-along rights under this clause 19 have then become operational and been exercised via the service of a Drag Along Notice, the rights of pre-emption and other restrictions on transfer of shares contained in these Articles shall not apply to the transfer of any Called Shares (or any of the shares referred to in article 19.8) to a Proposed Buyer named in a Drag Along Notice (or as that Proposed Buyer may direct). From that point on, until such time as the Drag Along Notice is revoked or lapses pursuant to article 19.3, any Transfer Notice or deemed Transfer Notice served in respect of a share which has not been allocated to the Proposed Buyer shall be deemed to be automatically revoked by the service of a Drag Along Notice.

#### **DECISION-MAKING BY SHAREHOLDERS**



**20. General meetings**

- 20.1 No business other than, subject to article 20.2, the appointment of the chairman of the meeting is to be transacted at a general meeting unless a quorum is present at the commencement of the meeting and also when that business is voted on.
- 20.2 The Chairman shall chair general meetings. If there is no Chairman in office for the time being, or the Chairman is unable to attend any general meeting, the Directors present (or, if no Directors are present, the meeting) must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the meeting and the appointment of the chairman of the meeting must be the first business of the meeting.

**21. Voting**

- 21.1 Subject to any other provisions in these Articles concerning voting rights, each Share in the Company shall carry the right to receive notice of and to attend, speak and vote at all general meetings of the Company.
- 21.2 Model article 44(3) 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 model article.
- 21.3 Model article 45(1) shall be amended by:
- (a) the deletion of model article 45(1)(d) and its replacement with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"; and
  - (b) the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the Directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that model article.

**22. Purchase of own shares**

- 22.1 Subject to the Act but without prejudice to any other provision of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the Act, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:
- (a) £15,000; and
  - (b) the nominal value of 5% of the Company's fully paid share capital at the beginning of each Financial Year.

**23. Company's Lien over Shares**

23.1 The Company has a lien (the **Company's Lien**) over every Share which is registered in the name of a person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.

23.2 The Company's Lien over a share: .

- (a) takes priority over any third party's interest in that Share; and
- (b) extends to any dividend or other money payable by the Company in respect of that Share and (if the lien is enforced and the Share is sold by the Company) the proceeds of sale of that Share.

The Directors may at any time decide that a Share which is or would otherwise be subject to the Company's Lien shall not be subject to it, either wholly or in part.

**24. Enforcement of the Company's Lien**

24.1 Subject to the provisions of this article 24, if:

- (a) a Lien Enforcement Notice has been given in respect of a Share; and
- (b) the person to whom the notice was given has failed to comply with it,

the Company may sell that Share in such manner as the Directors decide.

24.2 A Lien Enforcement Notice:

- (a) may only be given in respect of a Share which is subject to the Company's Lien and in respect of a sum payable to the Company for which the due date for payment has passed;
- (b) must specify the Share concerned;
- (c) must require payment of the sum within 14 clear days of the notice (that is, excluding the date on which the notice is given and the date on which that 14 day period expires);
- (d) must be addressed either to the holder of the Share or to a transmittee of that holder; and
- (e) must state the Company's intention to sell the Share if the notice is not complied with.

24.3 Where Shares are sold under this article 24:

- (a) the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser; and

- (b) the transferee is not bound to see to the application of the consideration, and the transferee's title is not affected by any irregularity in or invalidity of the process leading to the sale.
- 24.4 The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the Company's Lien) must be applied:
  - (a) first, in payment of so much of the sum for which the lien exists as was payable at the date of the Lien Enforcement Notice; and
  - (b) second, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a lien equivalent to the Company's Lien over the Shares before the sale for any money payable by that person (or his estate or any joint holder of the shares) after the date of the Lien Enforcement Notice.
- 24.5 A statutory declaration by a Director or the company secretary that the declarant is a Director or the company secretary and that a Share has been sold to satisfy the Company's Lien on a specified date:
  - (a) is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
  - (b) subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.

#### **ADMINISTRATIVE ARRANGEMENTS**

#### **25. Means of communication to be used**

- 25.1 Subject to article 25.3, 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 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 by pre-paid airmail to an address outside the country from which it is sent, at 9.00 am on the fifth Business Day after posting; or
  - (e) if sent by reputable international overnight courier to an address outside the country from which it is sent, on signature of a delivery receipt; or
  - (f) if sent or supplied by email, one hour after the notice, document or information was sent or supplied; or

- (g) 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
- (h) if deemed receipt under the previous paragraphs of this article 25.1 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.

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

- (a) if delivered by hand or by reputable international overnight courier, 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 or by airmail, the envelope containing the notice was properly addressed, paid for and posted; or
- (d) if sent by email, the notice was properly addressed and sent to the email address of the recipient.

25.3 A Transfer Notice (or Deemed Transfer Notice) may not be served or delivered by fax or email.

25.4 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.

## **26. Indemnity and insurance**

26.1 Subject to article 26.2, but without prejudice to any indemnity to which a Relevant Officer is otherwise entitled:

- (a) each Relevant Officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a Relevant Officer in the actual or purported execution and/or discharge of his duties, or in relation thereto, including any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part, or in connection with any application in which the court grants him, in his capacity as a Relevant Officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or other Group Company's) affairs; and

- (b) the Company may provide any Relevant Officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 26.1 and otherwise may take any action to enable such Relevant Officer to avoid incurring such expenditure.
- 26.2 This article 26 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.
- 26.3 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any Relevant Officer in respect of any Relevant Loss.
- 26.4 In this article 26:
  - (a) **Relevant Loss** means any loss or liability which has been or may be incurred by a Relevant Officer in connection with that Relevant Officer's duties or powers in relation to the Company (or other Group Company) or any pension fund of the Company (or other Group Company); and
  - (b) **Relevant Officer** means any director or other officer or former director or other officer of any Group Company, but excluding in each case any person engaged by a Group Company as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor.

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