

**THE COMPANIES ACT 2006**

**COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

- of -

**AQUALINER LIMITED**

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(Adopted by a special resolution passed on 7<sup>th</sup> December 2021)

Company Number: 06109806

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# COMPANY LIMITED BY SHARES

## ARTICLES OF ASSOCIATION

of

## AQUALINER LIMITED

(Adopted by Special Resolution passed on

2021)

### 1. MODEL ARTICLES

#### 1.1 Applicable Model Articles

The Model Articles shall apply to the Company, except insofar 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.

#### 1.2 Non-applicable Model Articles

The whole of Model Articles 7, 8, 9(1), 11(2), 11(3), 12, 13, 14(1), 14(2), 14(3), 14(4), 14(5), 22, 28, 29, 39, 50, 51, 52 and 53 shall not apply to the Company.

### 2. DEFINITIONS AND INTERPRETATION

#### 2.1 Definitions

In these articles, unless the context otherwise requires, the following expressions shall have the following meanings:

“Articles”	these articles of association of the Company (as amended from time to time);
“Board”	the board of directors of the Company from time to time;
“Board Approval”	the prior approval of a majority of the Directors appointed to the Board, such decision to be made in accordance with Article 3;
“Business Day”	a day, other than a Saturday, Sunday or public holiday, on which clearing banks are open for non-automated commercial business in the City of London and <b>Business Days</b> means more than one of them;
“Buyer”	shall be as defined in Article 15.1;
“CA 2006”	the Companies Act 2006;
“Chairman”	has the meaning given in Article 3.9;

“Company”	Aqualiner Limited, registered number 06109806;
“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;
“Director”	a director of the Company from time to time;
“Eligible Director”	a Director who would be entitled to vote on the matter if proposed as a resolution at a meeting of Directors;
“Fair Value”	shall be as defined in Article 14.2;
“Independent Expert”	the auditors or accountants for the time being of the Company or, if they decline the instruction, an independent firm of accountants 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 or its terms of appointment within 15 Business Days of the expiry of the 15 Business Day period referred to in Article 14.1, an independent firm of accountants appointed, and whose terms of appointment are agreed, 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);
“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 at the date of adoption of these Articles;
“Relevant Securities”	any Shares or other securities convertible into, or carrying the right to subscribe for Shares, issued by the Company after the date of the adoption of these Articles;
“Seller”	shall be as defined in Article 13.2;
“Share”	a share in the capital of the Company;
“Shareholder”	any holder of any Share from time to time;
“Shareholder Majority”	the holder(s) for the time being of not less than two thirds by nominal value of the Shares in issue from time to time;

“Transfer Notice” shall be as defined in Article 13.2; and  
“Transfer Price” shall be as defined in Article 14.1.

## **2.2 Interpretation**

In these Articles, unless the context otherwise requires:

- 2.2.1 each gender includes the other gender;
- 2.2.2 the singular includes the plural and vice versa;
- 2.2.3 the contents table and the descriptive headings to provisions in these Articles are inserted for convenience only, have no legal effect and shall be ignored in the interpretation of these Articles;
- 2.2.4 references to legislation include any modification or re-enactment thereof before the date of these Articles include any modification or re-enactment thereof but exclude any re-enactment or modification after the date of these Articles to the extent they make any party's obligations more onerous or otherwise adversely affect the rights of any party;
- 2.2.5 references to ‘law’ include any legislation, any common or customary law, constitution, decree, judgment, order, ordinance, treaty or other legislative measure in any jurisdiction and any directive, request, requirement, guidance or guideline (in each case, whether or not having the force of law but, if not having the force of law, compliance with which is in accordance with the general practice of persons to whom the directive, request, requirement, guidance or guideline is addressed); and
- 2.2.6 a person shall be deemed to be ‘connected’ with another if that person is connected with such other within the meaning of section 1122 of the Corporation Tax Act 2010.

## **3. PROCEEDINGS OF DIRECTORS**

### **3.1 Decision making**

Any decision of the Directors must be taken at a meeting of the Directors in accordance with these Articles or must be a decision taken in accordance with Article 3.2 (subject to Article 3.3 and 3.4). All decisions made at any meeting of the Directors (or any committee of the Directors) shall be made only by resolution and resolutions at any meeting of the Directors (or committee of Directors) shall be decided by a majority of votes.

### **3.2 Unanimous Decision**

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.

### **3.3 Written Resolution**

A decision taken in accordance with Article 3.2 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.

### **3.4 Requirement of Quorum**

A decision may not be taken in accordance with Article 3.2 if the Eligible Directors would not have formed a quorum at a Directors' meeting to vote on the matter in accordance with Article 3.6 and 3.7.

### **3.5 Frequency and Notice of Directors' Meetings**

Meetings of the Directors shall take place at least once every three months. Any Director may call a meeting of the Directors. At least five Business Days' advance notice of each such meeting shall be given to each Director (except with Board Approval, when meetings of the Directors may take place less frequently or on shorter approval).

### **3.6 Quorum**

The quorum for any meeting of the Directors shall throughout the meeting be two Eligible Directors. If a quorum is not present within 30 minutes of the time fixed for the relevant 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. If a quorum is not present within 30 minutes of the time fixed for the adjourned meeting, those Eligible Directors present will constitute a quorum.

### **3.7 Quorum to authorise a conflict**

Where, pursuant to the CA 2006 or these Articles or otherwise, in relation to a matter being considered at a meeting of Directors or of a committee of Directors, a Director cannot count towards the quorum and, if he votes, his vote will not be counted, the other Director or Directors present, whatever their number and their designations, shall constitute a quorum for the purposes of considering that matter only.

### **3.8 Number of Directors**

If the number of Directors in office is less than two, the Director in office must not take any decision other than a decision to appoint further Directors or call a general meeting so as to enable the Shareholders to appoint further Directors.

### **3.9 Chairman**

The Directors may with Board Approval appoint any person as Chairman of the Board and may, with Board Approval remove and replace the Chairman. The Chairman shall not have a casting vote.



### **3.10 Meetings held by telephone**

Any Director may validly participate in a meeting of the Board through telephone or video conference or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the CA 2006, all business transacted in such manner by the Board shall for the purpose of these Articles be deemed to be validly and effectively transacted at a meeting of the Board notwithstanding that a quorum of Directors is not physically present in the same place.

## **4. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the CA 2006 and provided he has declared the nature and extent of his interest in accordance with the requirements of the CA 2006, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:

- 4.1.1 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;
- 4.1.2 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;
- 4.1.3 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;
- 4.1.4 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;
- 4.1.5 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
- 4.1.6 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 CA 2006.

## **5. DIRECTORS' CONFLICTS**

### **5.1 Authorisation of Conflict**

The Directors may, in accordance with the requirements set out in this Article 5, 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 CA 2006 to avoid conflicts of interest ("Conflict").

### **5.2 Authorisation Conditions**

Any authorisation under this Article 5 will be effective only if:

- 5.2.1 to the extent permitted by the CA 2006, 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;
- 5.2.2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
- 5.2.3 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.

### **5.3 Scope of Authorisation**

Any authorisation of a Conflict under this Article 5 may (whether at the time of giving the authorisation or subsequently):

- 5.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
- 5.3.2 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;
- 5.3.3 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;
- 5.3.4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
- 5.3.5 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

5.3.6 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.

#### **5.4 Conduct of Interested Directors**

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.

#### **5.5 Revocation or Variation of Authorisation**

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.

#### **5.6 No Requirement to Account**

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.

### **6. APPOINTMENT AND REMOVAL OF DIRECTORS**

Model Article 18 shall be modified by the addition of the following event upon the occurrence of which a person shall cease to be a Director:

6.1.1 a unanimous decision by the Eligible Directors that he ceases to be a Director.

### **7. COMPANY SECRETARY**

The Directors may appoint a company secretary for such term, at such remuneration and upon such conditions as they may think fit, and any secretary so appointed may be removed by them.

## **8. SHARE CAPITAL**

### **8.1 Share Capital**

The share capital of the Company is £2,940.3402 divided into 29,403,402 ordinary shares of £0.0001 each.

### **8.2 Purchase of Own Shares**

Subject to the CA 2006 but without prejudice of these Articles, the Company may purchase its own shares in accordance with Chapter 4 of Part 18 of the CA 2006, including (without limitation) out of capital up to any amount in a financial year not exceeding the lower of:

8.2.1 £15,000; and

8.2.2 The nominal value of 5% of the Company's full paid share capital at the beginning of the Company's financial year.

## **9. VARIATION OF RIGHTS**

### **9.1 Consent of holders**

The rights attached to any class of Shares may from time to time, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of not less than 75% in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of that class of Shares, but not otherwise.

### **9.2 Meetings**

The provisions of these Articles relating to general meetings of the Company or to their proceedings (and adjournments) shall, with the necessary changes being made, apply to every separate meeting of the holders of any class of Share, except that:

9.2.1 the necessary quorum shall be one person holding or representing by proxy at least one third in nominal amount of the issued Shares of that class;

9.2.2 every holder of Shares of the class present in person or by proxy shall be entitled on a poll to one vote for every such Share held by it; and

9.2.3 any holder of Shares of the class present in person or by proxy may demand a poll.

## **10. ISSUE OF SHARES**

### **10.1 Exercise of Power**

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

## **10.2 Allotment of ordinary securities**

In accordance with section 567(1) of the CA 2006, sections 561 and 562 of the CA 2006 shall not apply to an allotment of ordinary securities (as defined in section 560(1) of the CA 2006) made by the Company.

## **10.3 Allotment of Relevant Securities**

Save (i) with the passing of a special resolution; (ii) in respect of the issue of shares or the grant of options to an employee; and (iii) in respect of the issue or the grant of warrants, 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 Shares of the same class as those Shares proposing to be allotted by the Company (each an "Offeree") on a pari passu basis and in the respective proportions that the number of Shares held by each such holder bears to the total number of 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.

## **10.4 Form of Offer**

An offer made under Article 10.3 shall:

- 10.4.1 be in writing and give details of the number, class and subscription price (including any share premium) of the Relevant Securities being offered;
- 10.4.2 remain open for a period of at least 15 Business Days from the date of service of the offer; and
- 10.4.3 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 10.3 shall, in his acceptance, state the number of excess Relevant Securities ("Excess Securities") for which he wishes to subscribe.

## **10.5 Expiry of Offer**

If, on the expiry of an offer made in accordance with Article 10.3, 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.

## **10.6 Excess Securities**

Any Relevant Securities not accepted by Offerees pursuant to an offer made in accordance with Article 10.3 shall be used to satisfy any requests for Excess Securities made pursuant to Article 10.4.3. 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

Shares held by each such applicant bears to the total number of such 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, 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.

## **11. TRANSFERS OF SHARES: GENERAL**

### **11.1 Interpretation**

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.

### **11.2 Registration Procedure**

The Directors shall refuse to register a transfer if it is a transfer to a minor, a person who is bankrupt or, in the case of a body corporate, insolvent or a person who in the Board's opinion (acting reasonably) is of unsound mind. 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 11.5, the Directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.

### **11.3 Deemed Service of Transfer Notice**

A Shareholder shall be deemed to have immediately served a Transfer Notice in respect of all Shares held by him or his estate if:

- 11.3.1 he transfers (or purports to transfer) or grants or purports to grant any interest in or over a Share other than in accordance with these Articles;
- 11.3.2 the estate of a deceased holder of Shares proposes to vest the beneficial ownership of such Shares in any person other than such member's spouse or issue; or
- 11.3.3 if required by Article 12.3.

### **11.4 Title Warranty**

Any transfer of a Share by way of sale which is required to be made under Article 13, Article 15 or Article 16 shall be deemed to include a warranty that the transferor sells the Share with full title guarantee.

### **11.5 Condition of Registration**

The Directors may as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed, in favour of the Company and the

Shareholders agreeing to be bound by the terms of any shareholders' agreement (or similar document) in force between any of the Shareholders and the Company, in such form as the Directors 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 11.5, 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.

#### **11.6 Provision of Information**

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 Board Approval, require:

- 11.6.1 any holder (or the legal representatives of a deceased holder); or
  - 11.6.2 any person named as a transferee in a transfer lodged for registration; or
  - 11.6.3 such other person as the Directors 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.

#### **11.7 Consequences of Breach**

If any such information or evidence referred to in Article 11.6 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:

- 11.7.1 the relevant 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; and
- 11.7.2 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 reinstate the rights referred to in Article 11.7.1 at any time and, in any event, such rights shall be reinstated on completion of a transfer made pursuant to Article 11.7.2.

#### **11.8 Deemed Transfer Notice**

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:

11.8.1 it does not contain a Minimum Transfer Condition (as defined in 13.2.4) ; and

11.8.2 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).

#### **11.9 Revocation of Transfer Notice**

Any Transfer Notice (but not an Offer Notice (as defined in Article 15) or a Drag Along Notice (as defined in Article 16)) 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 Board Approval) automatically be revoked by the service of a Deemed Transfer Notice.

### **12. RESTRICTED AND PERMITTED TRANSFERS OF SHARES**

Notwithstanding any other provision of these Articles, a transfer of any Shares approved by special resolution may be made without any price or other restriction and any such transfer shall be registered by the Directors.

#### **12.1 Restrictions**

Other than pursuant to Articles 12.3, 13, 15 and 16 any Share may only be transferred or any interest granted in or over a Share by a member to any person with the approval of a special resolution. Any such approval may be unconditional or subject to any terms or conditions and in the latter case any Share so transferred shall be held subject to such terms and conditions. The Directors may not refuse to register the transfer of a Share where the provisions of Articles 12.1, 12.3, 15 or 16 have been complied with and Model Article 24 shall be modified accordingly.

#### **12.2 Prohibited Transfers**

Notwithstanding any other provisions of these Articles, the Directors shall decline to register any transfer of any Share (including the renunciation of any letter of allotment):

12.2.1 on which the Company has a lien or which has been transferred contrary to the requirements of these Articles;



12.2.2 which would have the effect of conferring a Controlling Interest to any person or persons acting in concert unless pursuant to a bona fide arm's length sale and where the Buyer as defined in Article 15.1 made an offer in accordance with Article 15.

### **12.3 Permitted Transfers**

Notwithstanding Article 12.1 subject to the other provisions of these Articles, Shares may be transferred without prior compliance with Article 13 in any of the following circumstances:

12.3.1 the grant of options over or a transfer of Shares to any employee with the prior approval in writing of the Directors;

12.3.2 where made pursuant to a sale under Article 15 or 16;

12.3.3 any member may transfer any shares to any of the following persons:

(a) his parents, spouse, civil partner, son or daughter (including step and adopted children) PROVIDED THAT any son, daughter, step or adopted children are a minimum of 18 years old;

(b) the trustees of a trust ("family trust") the only beneficiaries of which are all or any of any present or future spouse or issue of himself ("family beneficiaries") together with any other person or persons included as a beneficiary or beneficiaries but who can benefit only in the event of the death of all family beneficiaries under the trust PROVIDED THAT if all such family beneficiaries should die the trustees of the trust shall either within 6 months of death transfer the Shares held by them to some person to whom the person who transferred the Shares to them would be (or if he were alive would be) entitled to transfer the same under this paragraph or (if not so transferred) shall be obliged to issue a Transfer Notice in respect of the same;

12.3.4 the Shares held by the trustees of any family trust may be transferred to the new trustees of that trust upon a change of trustees;

12.3.5 any Shares held by the trustees of a family trust may be transferred to a person who is or becomes entitled thereto under the terms of the trust;

12.3.6 any member, being a body corporate, may transfer any shares to any other body corporate which is the holding company or subsidiary (each as defined in the CA 2006) of the member or any other subsidiary of the holding company of the member or under common ownership provided that if the transferee ceases to be such a body corporate then the transferee will transfer such Shares to another body corporate company which is such a body corporate and if not so transferred within

fourteen days of such cessation the transferee shall be obliged to serve a Transfer Notice;

PROVIDED THAT in the case of transferees within paragraphs (3) and (4) above upon the transferee ceasing to be in the same relationship to the transferor as that which caused the transfer to be permitted within this Article the transferee shall within 28 days of notice to do so by the Company either transfer the shares to the original holder or to another person to whom the original holder would be permitted to transfer the shares failing which the transferee shall be deemed to have served a Transfer Notice.

### **13. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES**

#### **13.1 Pre-emption Rights**

Except where the provisions of Article 12, Article 15 or Article 16 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights in this Article 13.

#### **13.2 Transfer Notice**

A Shareholder who wishes to transfer Shares (a "Seller") shall, before transferring or agreeing (other than agreement conditional on excluding the pre-emption rights under this Article) to transfer any Shares, give notice in writing (a "Transfer Notice") to the Company specifying:

13.2.1 subject to Article 11.8.2, the number of Shares he wishes to transfer ("Sale Shares");

13.2.2 the name of the proposed transferee;

13.2.3 subject to Article 14, the price per Sale Share (in cash), if any, at which he wishes to transfer the Sale Shares (the "Proposed Sale Price"); and

13.2.4 subject to Article 11.8.1, whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a "Minimum Transfer Condition")

#### **13.3 Withdrawal of Transfer Notice**

Once given, a Transfer Notice may only be withdrawn with Board Approval or other than in the case of a Deemed Transfer Notice, if the Transfer Price as determined is less than the Proposed Sale Price.

#### **13.4 Agent of Seller**

A Transfer Notice (or a Deemed Transfer Notice) constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

#### **13.5 Offer for Sale**

As soon as practicable following the later of:

13.5.1 receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and

13.5.2 the determination of the Transfer Price,

the Directors shall (unless the Transfer Notice is withdrawn in accordance with Article 13.3) offer the Sale Shares for sale in the manner set out in the remaining provisions of this Article 13 at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.

### **13.6 Sale of Shares**

The Company shall offer the Sale Shares to the holders of the Shares on the basis set out in Article 13.7.

### **13.7 Offer Period**

An offer of Sale Shares made in accordance with Article 13.6 shall remain open for acceptance for a period ("Offer Period") of at least 15 Business Days from the date of the offer. Any Sale Shares not allocated within that period shall be dealt with in accordance with Article 13.8.

### **13.8 Surplus Shares**

If at the end of the Offer Period:

- 13.8.1 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 holder of Shares who has applied for Sale Shares in the proportion which his existing holding of Shares bears to the total number of Shares held by all the holders of Shares (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). 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;
- 13.8.2 not all Sale Shares are allocated following allocations in accordance with Article 13.8.1, 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 13.8.1. The procedure set out in this Article 13.8.2 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; and
- 13.8.3 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 holders of Shares in accordance with their applications. The balance (the "Surplus Shares") shall, subject to Article 13.3, be offered to any other person in accordance with Article 13.13.

### **13.9 Minimum Transfer Condition**

Where the Transfer Notice contains a Minimum Transfer Condition:

13.9.1 any allocation made under Article 13.7 and Article 13.8 shall be conditional on the fulfilment of the Minimum Transfer Condition; and

13.9.2 if the total number of Sale Shares applied for under Article 13.7 is less than the number of Sale Shares, the Board shall notify the Seller and all those holders of Shares 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.

### **13.10 Allocation Notice**

Where either:

13.10.1 the Transfer Notice does not contain a Minimum Transfer Condition; or

13.10.2 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 13.7 and Article 13.8, give notice in writing of the allocations of Sale Shares (an "Allocation Notice") to the Seller and each Shareholder to whom Sale Shares have been allocated (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 5 Business Days, but not more than 20 Business Days, after the date of the Allocation Notice).

### **13.11 Transfer to Applicant**

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.

### **13.12 Consequences of Non-Compliance**

If the Seller fails to comply with Article 13.11:

13.12.1 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:

- (a) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
  - (b) 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

- (c) (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

13.12.2 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.

### **13.13 Transfer of Surplus Shares**

Where a Transfer Notice lapses pursuant to Article 13.9.2 or an Allocation Notice does not relate to all the Sale Shares, then, subject to Article 13.14, 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 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 13.13 shall continue to be subject to any Minimum Transfer Condition.

### **13.14 Seller's Right to Transfer**

The Seller's right to transfer Shares under Article 13.13 does not apply if the Directors reasonably consider that:

- 13.14.1 the transferee is a person (or a nominee for a person) whom the Directors determine to be a competitor of the business of the Company;
- 13.14.2 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
- 13.14.3 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 13.14.2.

## **14. VALUATION**

### **14.1 Transfer Price**

The Transfer Price for each Sale Share the subject of a Transfer Notice (or a 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), 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.

#### **14.2 Fair Value**

The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:

- 14.2.1 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);
- 14.2.2 if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- 14.2.3 the Sale Shares are capable of being transferred without restriction;
- 14.2.4 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
- 14.2.5 reflecting any other factors which the Independent Expert reasonably believes should be taken into account.

#### **14.3 Expert Resolution**

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.

#### **14.4 Access to Records**

The Directors will give the Independent Expert access to all accounting records or other relevant documents of the Company, subject to it agreeing such confidentiality provisions as the Directors may reasonably impose.

#### **14.5 Submissions**

The parties are entitled to make submissions to the Independent Expert and shall provide (or procure that others provide) the Independent Expert with such assistance and documents as the Independent Expert may reasonably require for the purpose of reaching a decision.

#### **14.6 Expert not Arbitrator**

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).

#### **14.7 Certificate of Fair Value**

The Independent Expert shall be requested to determine the Fair Value within 20 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.

#### **14.8 Costs of Expert's Certificate**

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:

14.8.1 the Seller withdraws the relevant Transfer Notice in accordance with Article 13.3; or

14.8.2 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.

### **15. TAG ALONG**

#### **15.1 Proposed Transfer**

If a proposed transfer of Shares (other than a transfer of Shares made pursuant to Article 12.1), 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 15 shall apply.

#### **15.2 The Offer**

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

#### **15.3 Offer Procedure**

The Offer shall be made by notice in writing (an "Offer Notice") addressed to each Shareholder on the date of the Offer at least 15 Business Days (the "Offer Period") before the date fixed for completion of the Proposed Transfer (the "Sale Date"). To the extent not described in any accompanying documents, the Offer Notice shall specify:

15.3.1 the identity of the Buyer (and any person(s) acting in concert with the Buyer);

15.3.2 the Offer Price and any other terms and conditions of the Offer;

15.3.3 the Sale Date; and

15.3.4 the number of Shares which would be held by the Buyer (and persons acting in concert with the Buyer) on completion of the Proposed Transfer.

#### **15.4 Completion Conditions**

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

15.4.1 the making of an Offer in accordance with this Article 15; and

15.4.2 the completion of the transfer of any Shares by any Shareholder (each an “Accepting Shareholder”) who accepts the Offer within the Offer Period,

and the Directors shall refuse to register any Proposed Transfer made in breach of this Article 15.4.

## **15.5 Pre-emption Provisions**

The Proposed Transfer is, but the purchase of Shares from Accepting Shareholders pursuant to an Offer made under this Article 15 shall not be, subject to the pre-emption provisions of Article 13.

## **16. DRAG ALONG**

### **16.1 Drag Along Option**

If a Shareholder Majority (the “Selling Shareholders”) wish to transfer all of their interest in Shares (“Sellers’ Shares”) to a bona fide arm’s-length purchaser (“Proposed Buyer”), the Selling Shareholders shall have the option (“Drag Along Option”) to require all the other holders of Shares on the date of the request (“Called Shareholders”) to sell and transfer all their interest in Shares with full title guarantee to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this Article 16.

### **16.2 Drag Along Notice**

The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a “Drag Along Notice”), at any time before the completion of the transfer of the Sellers’ Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:

- 16.2.1 that the Called Shareholders are required to transfer all their Shares (“Called Shares”) pursuant to this Article 16;
- 16.2.2 the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
- 16.2.3 the consideration payable for the Called Shares calculated in accordance with Article 16.4; and
- 16.2.4 the proposed date of completion of transfer of the Called Shares.

### **16.3 Lapse**

Once given, a Drag Along Notice may not be revoked save with the prior consent of the Directors. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers’ Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 20 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.

#### **16.4 Consideration**

The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be that to which they would be entitled if the total consideration proposed to be paid by the Proposed Buyer were distributed to the holders of the Called Shares and the Sellers' Shares.

#### **16.5 Terms**

No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this Article 16.

#### **16.6 Completion**

Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless:

16.6.1 all of the Called Shareholders and the Selling Shareholders otherwise agree; or

16.6.2 that date is less than 10 Business Days after the date of service of the Drag Along Notice, in which case completion of the sale and purchase of the Called Shares shall take place 10 Business Days after the date of service of the Drag Along Notice.

#### **16.7 Delivery**

Within the time period set out in the Drag Along Notice, the Called Shareholders shall deliver stock transfer forms for their Shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof) to the Company. On the expiration of that period the Company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to Article 16.4 to the extent the Proposed Buyer has put the Company in the requisite funds. The Company's receipt for the amounts due pursuant to Article 16.4 shall be a good discharge to the Proposed Buyer. The Company shall hold the amounts due to the Called Shareholders pursuant to Article 16.4 in trust for the Called Shareholders without any obligation to pay interest.

#### **16.8 Consequences of Non-Payment**

To the extent that the Proposed Buyer has not, on the expiration of the relevant period, put the Company in funds to pay the amounts due pursuant to Article 16.4, the Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant Shares and the Called Shareholders shall have no further rights or obligations under this Article 16 in respect of their Shares.

#### **16.9 Failure to Deliver**

If any Called Shareholder fails to deliver to the Company a duly executed stock transfer form (or forms) in respect of the Called Shares held by him (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be his agent and attorney to execute and deliver all necessary transfers on his behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such 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 any transfer of Shares under this Article 16.

#### **16.10 Deemed Service on New Shareholder**

Upon any person, following the issue of a Drag Along Notice, becoming a Shareholder (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, whether or not pursuant to a share option scheme (a "New Shareholder"), a Drag Along Notice shall be deemed to have been served upon the New Shareholder, on the same terms as the previous Drag Along Notice, who shall then be bound to sell and transfer all such Shares acquired by him to the Proposed Buyer (or as the Proposed Buyer may direct) and the provisions of this Article 16 shall apply mutatis mutandis to the New Shareholder, save that completion of the sale of such Shares shall take place forthwith upon the later of the Drag Along Notice being deemed served on the New Shareholder and the date of completion of the sale of the Called Shares.

#### **16.11 Transfer of Called Shares**

A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of Article 13.

#### **16.12 Revocation**

Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any Share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

## **17. GENERAL MEETINGS**

### **17.1 Quorum**

No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the commencement of the business and also when such business is voted upon. The quorum at any general meeting shall be two persons present in person or by proxy. If a quorum is not present within 30 minutes of the time fixed for the relevant meeting, the meeting shall stand adjourned to such time and place as the Directors determine. Notice of an adjourned meeting shall be given to all the Shareholders.

### **17.2 Chairman**

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.

### **17.3 Resolutions**

A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, a poll is duly demanded. Subject to the provisions of the CA 2006, a poll may be demanded at any general meeting by the Chairman, or by any Shareholder present in person or by proxy and entitled to vote or by a duly authorised representative of a corporation which is a Shareholder entitled to vote. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman shall not have a casting vote.

### **17.4 Proxy**

An instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board must be delivered to the registered office of the Company not less than 48 hours before the time appointed for the holding of the meeting (or any adjournment of that meeting) or to the place of the meeting at any time before the time appointed for the holding of the meeting (or any adjournment of that meeting). A notice revoking the appointment of a proxy must be given in accordance with the CA 2006.

## **18. VOTING**

### **18.1 Voting Shares**

The voting rights attached to the Shares shall be:

- 18.1.1 on a written resolution, every Shareholder holding one or more Share shall have one vote for each Share held by it; and
- 18.1.2 on a resolution to be passed at a general meeting of the Company, every Shareholder present in person or by proxy or by a representative shall have:
  - (a) on a show of hands, one vote each; and
  - (b) on a poll, one vote for each Share of which it is the holder.

## **19. NOTICES**

### **19.1 Service and Delivery**

Any notice, document or other information shall be deemed served on or delivered to the intended recipient:

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

For the purposes of this Article 19.1, no account shall be taken of any part of a day that is not a working day.

### **19.2 Proof of Service**

In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the CA 2006.

## **20. INDEMNITY AND INSURANCE**

Subject to, and on such terms as may be permitted by the CA 2006, the Company may:

- 20.1.1 indemnify, out of the assets of the Company, any director of the Company or any associated company against all losses and liabilities which he may sustain or incur in the performance of the duties of his office or otherwise in relation thereto;
- 20.1.2 provide a Director with funds to meet expenditure incurred or to be incurred by him in defending any civil or criminal proceedings brought or threatened against him or in defending himself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority, in either case in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the Company and the Company shall be permitted to take or omit to take any action or enter into any arrangement which would otherwise be prohibited under the CA 2006 to enable a Director to avoid incurring such expenditure; and
- 20.1.3 purchase and maintain insurance for any Director against any liability attaching to any such person in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company.