



THE COMPANIES ACT 2006

A PRIVATE COMPANY LIMITED BY  
SHARES

ARTICLES OF ASSOCIATION OF  
CELIXIR LIMITED (the "Company")

(Company Number: 10541091)

(Adopted by Special Resolution passed on  
22<sup>nd</sup> January 2021)

## 1. Interpretation

### 1.1. In these Articles, unless the context otherwise requires:

A Ordinary Shares	means the A Ordinary Shares of £0.01 each in the capital of the Company and A Ordinary Shareholder means a holder of any of those shares;
A Ordinary Shareholder Majority	means the holder(s) for the time being of more than 50% of the A Ordinary Shares;
Accepting Shareholder	has the meaning given in Article 7.5;
Acting in Concert	has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended from time to time);
Articles	means the Company's Articles of Association;
B Investment Shares	means the B Investment Shares of £0.01 each in the capital of the Company and B Investment Shareholder means a holder of any of these shares;
Board	means the board of Directors;
Business Day	means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business;
Buyer	has the meaning given 7.1;
Called Shares	has the meaning given in Article 8.2.1;
Called Shareholder	has the meaning given in Article 8.1;
Companies Act	the Companies Act 2006;
Completion Date	has the meaning given in Article 8.5;
Controlling Interest	means an interest in Shares giving to the holder or holders control of the Company within the meaning of section 1124 of the Corporation Tax Act 2010;
Directors	means the directors of the Company from time to time, and Director means any one of them; has
Drag Along Notice	the meaning given in Article 8.2; has
Drag Along Option	the meaning given in Article 8.1; has
Fair Value	the meaning given in Article 6.2.7;
Family Member	means in relation to any Shareholder, the spouse or civil partner of that Shareholder and their children (including step and adopted children) for the time being;
Family Trust	means a trust under which the only persons being (or capable of being) beneficiaries are:

- a) the settlor (being a Shareholder); and/or
  - b) the Family Members of that settlor; and
  - c) any charity or charities as default beneficiaries (meaning that such charity or charities have no immediate beneficial interest in any of the settled property or the income from that property when the trust is created but may become so interested if there are no other beneficiaries for the time being except other charities), and under which no power of control over the voting powers conferred by any Share is exercisable at any time by, or subject to the consent of, any person other than the trustees, the settlor or the Family Members of that settlor.
- For the purposes of this definition:
- i. settlor shall include a testator or an intestate in relation to a Family Trust arising under a testamentary disposition or an intestacy of a deceased Shareholder (as the case may be); and
  - ii. Family Member shall include the widow or widower of the settlor or the surviving civil partner of such settlor at the date of his death;

First Offer Period	has the meaning given in Article 6.2.3;
Issue Price	means in relation to any Share, the amount paid up or credited as paid up on such Share, including the full amount of any premium at which such Share was issued;
Model Articles	means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles and for ease of reference annexed as Appendix 1 to these Articles;
Offer	has the meaning given in Article 7.2;
Offer Notice	has the meaning given in Article 7.3;
Offer Period	has the meaning given in Article 7.3;
Offer Shares	has the meaning given in Article 7.3.4;
Price	has the meaning given in Article 6.2.2.2;
Proposed Buyer	has the meaning given in Article 8.1;
Proposed Transfer	has the meaning given in Article 7.1;
Purchase Notice	has the meaning given in Article 6.2.4;
Purchasing Shareholder	has the meaning given in Article 6.2.4;
Qualifying Shareholder	means a Shareholder holding 25% or more of the issued A Ordinary Shares for the time being;
Relevant Shares	means all the Shares transferred by a Shareholder to a Family Member or a Family Trust pursuant to Article 6.3 and/or Article 6.4;

Sale Date	has the meaning given in Article 7.3;
Sellers' Shares	has the meaning given in Article 8.1;
Selling Shareholder	has the meaning given in Article 8.1;
Shareholders	means all or any of those persons whose names are entered in the register of members of the Company, and Shareholder shall mean any one of them;
Shares	all or any Shares in the Company;
Specified Price	has the meaning given in Article 7.2;
Transfer Notice	has the meaning given in Article 6.2.1;
Transferring Shares	has the meaning given in Article 6.2.1;
Transferring Shareholder	has the meaning given in Article 6.2.1;

- 1.2. Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Companies Act shall have the same meanings in these Articles.
- 1.3. Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles.
- 1.4. A reference in these Articles to an "Article" is a reference to the relevant article of these Articles unless expressly provided otherwise.
- 1.5. Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of:
  - 1.5.1. any subordinate legislation from time to time made under it; and
  - 1.5.2. any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts.
- 1.6. Any phrase introduced by the terms "including", "include", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words following those terms.
- 1.7. The singular includes the plural, the masculine includes the feminine and, in each case, vice versa.
- 1.8. The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles.

Articles 13 and 16 of the Model Articles shall not apply to the Company.

## 2. Quorum for general meetings

The quorum for a general meeting shall be at least 2 Shareholders holding a

majority of the A Ordinary Shares.

3. Directors' conflicts of interest

3.1. If a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the Company in which a Director is interested, that Director shall be counted as participating in the decision-making process for quorum or voting purposes, provided that he has declared the nature and extent of such interest as required by the Companies Act.

3.2. The Board may authorise any matter proposed to it relating to a situation in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (and which would, if not so authorised, involve a breach of duty by a director under section 175 of the Companies Act}. The interested Director's attendance (for quorum purposes} and vote on such matters will not count. The Board may give its authorisation subject to any limits or conditions that it thinks appropriate.

4. Casting vote

If the numbers of votes for and against a proposal at a meeting of the Directors are equal, the chairman or other Director chairing the meeting shall have a casting vote.

5. Directors' authority to allot

5.1. The Directors are generally and unconditionally authorised, in accordance with section 551 of the Companies Act, to exercise all the powers of the Company to allot Shares or to grant rights or to subscribe for or convert any security into Shares up to a maximum nominal value of £10,000,000.

5.2. The authority conferred on the Directors to allot Shares under the foregoing paragraph 5.1 will expire on the fifth anniversary of the date of adoption of these Articles.

5.3. Shares may be issued as nil, partly paid or fully paid shares.

6. Pre-emption rights of shareholders

6.1. Sections 561 and 562 of the Companies Act are excluded as regards B Investment Shares and Shareholders holding B Investment Shares provided that such sections shall apply mutatis mutandis in respect of A Ordinary Shares and Shareholders holding such A Ordinary Shares. The foregoing provisions of this Article 6.1 shall not apply in relation to further issues of A Ordinary Shares where each A Ordinary Shareholder is notified by the Board 5 Business Days in advance and is entitled to participate so as to preserve or increase their then proportionate shareholdings.

6.2. Subject to Articles 10 and 11, A Ordinary Shareholders shall not transfer any A Ordinary Shares, except in the circumstances set out in Articles 6.2.1 to 6.2.9, Article 6.3 or Article 6.4 provided that in each case the prior written consent of the Board and an A Ordinary Shareholder Majority has been obtained, or in any other circumstances with the prior written consent of the Board and an A Ordinary Shareholder Majority and, for the avoidance of doubt and in addition to the circumstances set out in art. 26 of the Model Articles, the Board may refuse to register the transfer of any A Ordinary Share, if it has not been transferred in accordance with this Article 6.2.

6.2.1. Any A Ordinary Shareholder who wishes to transfer any A Ordinary Shares (the "Transferring Shareholder") shall before transferring or agreeing to transfer such shares (the "Transferring Shares") or any interest in them, first offer those Transferring Shares to the existing A Ordinary Shareholders, by giving irrevocable written notice to the

Company (a "Transfer Notice").

6.2.2. The Transfer Notice shall specify:

6.2.2.1. the number of Transferring Shares the Transferring Shareholder wishes to transfer; and

6.2.2.2. the price (in cash) and any other consideration, at which the Transferring Shareholder wishes to transfer the Transferring Shares (which shall be the price offered to the Transferring Shareholder by a bona fide third party for the Transferring Shares, or in the absence of such an offer, the price calculated pursuant to Articles 6.2.7 and 6.2.8, in which case the Transfer Notice shall not specify a price) (the "Price").

6.2.3. Upon receipt of the Transfer Notice, the Board shall as soon as reasonably practicable, offer the Transferring Shares to the other A Ordinary Shareholders, inviting those A Ordinary Shareholders to state by notice in writing to the Company within 10 Business Days of the offer by the Board (the "First Offer Period"), whether they are willing to purchase at the Price, such number of Transferring Shares as corresponds to the proportion of other A Ordinary Shares held by them respectively.

6.2.4. Each A Ordinary Shareholder who wishes to purchase the shares offered to him in accordance with Article 6.2.3 above, (a "Purchasing Shareholder") may within the First Offer Period, serve notice (the "Purchase Notice") on the Board specifying how many Transferring Shares he wishes to purchase.

6.2.5. If following the expiry of the First Offer Period there remain Transferring Shares not accepted by A Ordinary Shareholders, the Board shall reoffer the unaccepted Transferring Shares to the Purchasing Shareholders within a further 10 Business Days, in the appropriate proportions until such time as the Transferring Shares are exhausted or no further acceptances are forthcoming from Purchasing Shareholders and the Board shall conduct such process as it sees fit.

6.2.6. Any Transferring Shares not accepted pursuant to Articles 6.2.4 and 6.2.5 may be transferred by the Transferring Shareholder to any person, provided the transfer is at the Price and takes place within 60 Business Days of the end of the First Offer Period.

6.2.7. If there is no bona fide third party offer for any of the Transferring Shares, the Price shall be such price per Transferring Share as may be determined by the accountants for the time being of the Company as the fair value thereof (the "Fair Value"). The Board shall instruct such accountants to specify the Fair Value as soon as practicable upon receipt of the Transfer Notice not having the Price specified therein and such accountants shall, acting as experts and not arbitrators, calculate the fair value on such bases as they consider most applicable, but without discount for minority or uplift for majority shareholdings and their costs and expenses shall be borne equally by the Transferring Shareholder.

6.2.8. In determining the Fair Value of the Transferring Shares, the accountants will rely on the following assumptions: the sale is between a willing seller and a willing buyer of the Transferring Shares, the Company is carrying

on its business as a going concern and shall continue to do so, the Transferring Shares are sold free of all restrictions, liens, charges and other encumbrances and the sale is taking place on the date the accountants were instructed to calculate the Fair Value.

- 6.2.9. Following completion of the procedure in respect of the Transferring Shares set out in Articles 6.2.1 to 6.2.8, the Transferring Shareholder shall sell the Transferring Shares as required and shall execute and deliver to the Board stock transfer forms relating to the Transferring Shares as required by the Board against receipt of the Price which the Board may receive from and transfer on behalf of purchasers.
- 6.2.10. Each Shareholder severally undertakes to each other Shareholder that he shall not at any time transfer or otherwise dispose of (or purport to transfer or dispose of) any Shares or any interest in any Shares unless and until the proposed transferee executes and delivers to the other Shareholders a deed of adherence agreeing to be bound by the terms of any shareholders' agreement entered into from time to time.

### 6.3. Transfer to a Family Member

- 6.3.1. Subject to Articles 6.3.1 and 6.3.2, any A Ordinary Share may, subject to the consent of an A Ordinary Shareholder Majority, be transferred by an A Ordinary Shareholder at any time to one or more of his Family Members.
- 6.3.2. Where any A Ordinary Shareholder (in this Article 6.3.2 the "transferor") transfers A Ordinary Shares to a Family Member (in this Article 6.3.2 the "transferee"), and where following a transfer of Shares pursuant to Article 6.3.1, the transferee of those Shares ceases for any reason to be a Family Member of the original transferor of those Shares, such transferee shall within 20 Business Days of a written request so to do from the Board, transfer all the Shares held by them to the original transferor failing which the Board may at any time authorise and instruct any Director to execute a transfer of the Shares on behalf of the relevant transferee and register the original transferor of those Shares as the holder of such Shares.
- 6.3.3. A Family Member to whom Shares have been transferred pursuant to Article 6.3.1 may transfer those Shares back to the original transferor at any time but may not otherwise transfer such Shares.

### 6.4. Transfer to a Family Trust

- 6.4.1. Subject to Articles 6.4.2 to 6.4.4 and subject to the consent of an A Ordinary Shareholder Majority, any A Ordinary Shareholder may at any time transfer any of the A Ordinary Shares held by him to one or more trustees to be held on a Family Trust.
- 6.4.2. No transfer of Shares shall be permitted pursuant to Article 6.4.1 unless an A Ordinary Shareholder Majority is satisfied:
  - 6.4.2.1. with the terms of the instrument constituting the Family Trust;
  - 6.4.2.2. with the identity of the proposed trustee(s) of the Family Trust;
  - 6.4.2.3. that the proposed transfer will not result in more than [25]% of the Shares being held by the trustee(s) of the Family Trust and any other trust; and
  - 6.4.2.4. that no costs incurred in the setting up or administration of the Family Trust are to be paid by the Company.

6.4.3. Where any Shares are held by a trustee(s) on a Family Trust, those Shares may be transferred to:

- 6.4.3.1. any new trustee(s) of the Family Trust appointed on a change in trustee(s);
- 6.4.3.2. the settlor of such Family Trust;
- 6.4.3.3. the trustees of another Family Trust which has the same settlor; or
- 6.4.3.4. any Family Member of the settlor of such Family Trust on their becoming entitled to such Shares under the terms of the Family Trust.

6.4.4. Where any Shares are held by a trustee(s) on a Family Trust and either:

- 6.4.4.1. the relevant trust ceases to be a Family Trust in relation to the settlor; or
- 6.4.4.2. there ceases to be any beneficiaries of the Family Trust other than charities,

the trustee(s) shall forthwith, and in any event within 20 Business Days of the date on which the trust ceased to be such a Family Trust or there ceased to be any beneficiaries as above, transfer all the Shares held by them to the original transferor failing which the Board may at any time authorise and instruct any Director to execute a transfer of the Shares on behalf of the relevant transferee and register the original transferor of those Shares as the holder of such Shares.

6.5. The provisions of Article 6.2 above shall not apply with regard to B Investment Shares. Any B Investment Shareholder shall be entitled to transfer or transmit B Investment Shares to such persons and at such prices as they see fit, provided that such transfer is in respect of the B Investment Shareholder's entire holding of B Investment Shares to a single transferee (except with the prior sanction of a resolution of the Board).

7. Tag along rights on a change of control

7.1. The provisions of Articles 7.2 to 7.6 shall apply if, in one or a series of related transactions, one or more Shareholders propose to transfer any Shares ("Proposed Transfer") which would, if carried out, result in any person ("Buyer"), and any person Acting in Concert with the Buyer, acquiring a Controlling Interest in the Company.

7.2. Before making a Proposed Transfer, each Shareholder proposing to transfer Shares shall procure that the Buyer makes an offer ("Offer") to all of the other Shareholders to purchase all of the Shares held by them for a consideration in cash per Share that is equal to the highest price per Share offered or paid by the Buyer, or any person Acting in Concert with the Buyer, in the Proposed Transfer or in any related previous transaction in the 12 months preceding the date of the Proposed Transfer ("Specified Price").

7.3. The Offer shall be given by written notice ("Offer Notice"), at least 30 Business Days ("Offer Period") before the proposed sale date ("Sale Date"). To the extent not described in any accompanying documents, the Offer Notice shall set out:

- 7.3.1. the identity of the Buyer;
- 7.3.2. the purchase price and other terms and conditions of payment;



- 7.3.3. the Sale Date; and
- 7.3.4. the number of Shares proposed to be purchased by the Buyer ("Offer Shares").
- 7.4. If the Buyer fails to make the Offer to all of the holders of Shares in the Company in accordance with Articles 7.2 and 7.3, the Shareholders proposing to transfer Shares shall not be entitled to complete the Proposed Transfer and the Directors shall not register any transfer of Shares effected in accordance with the Proposed Transfer.
- 7.5. If the Offer is accepted in writing by any Shareholder ("Accepting Shareholder") within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.
- 7.6. If any Accepting Shareholder does not, at the time appointed for completion of the Proposed Transfer, deliver a duly executed stock transfer form in respect of the Offer Shares then the defaulting Accepting Shareholder shall be deemed to have irrevocably appointed any Director to be his agent or attorney to execute all necessary transfer(s) on his behalf against receipt by the Company (on trust for such Accepting Shareholder) of the consideration payable for the Offer Shares. After the Buyer has been registered as the holder of such Offer Shares the validity of such proceedings shall not be questioned by any such person. Failure to produce a Share certificate shall not impede the registration of Shares under this Article 7.
- 8. Drag along Option
- 8.1. If the holders of a majority percentage of the A Ordinary Shares in issue for the time being ("Selling Shareholders") wish to transfer all of their interest in the Shares ("Sellers' Shares") to a bona fide arm's length purchaser ("Proposed Buyer"), the Selling Shareholders may require all other Shareholders ("Called Shareholders") to transfer all their Shares to the Proposed Buyer (or as the Proposed Buyer directs) in accordance with the provisions of this Article ("Drag Along Option"). For the purpose of this Article 8, the Proposed Buyer may be an entity owned by a Shareholder and such Shareholder may count towards the Selling Shareholders.
- 8.2. The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect ("Drag Along Notice") at any time before the transfer of the Sellers' Shares to the Proposed Buyer. The Drag Along Notice shall specify:
  - 8.2.1. that the Called Shareholders are required to transfer all their Shares ("Called Shares") pursuant to this Article 8;
  - 8.2.2. the person to whom the Called Shares are to be transferred;
  - 8.2.3. the consideration payable for the Called Shares which shall, for each Called Share, be an amount not less than the price per Share offered by the Proposed Buyer for the Sellers' Shares;
  - 8.2.4. any additional terms attaching to the transfer of the Called Shares which shall be no more onerous than the terms attaching to the transfer of the Sellers' Shares; and
  - 8.2.5. the proposed date of the transfer.
- 8.3. Once issued, a Drag Along Notice shall be irrevocable. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not transferred the Sellers' Shares to the Proposed Buyer within 30 Business Days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices

following the lapse of any particular Drag Along Notice.

- 8.4. Completion of the transfer of the Called Shares shall take place on such date as the Proposed Buyer may specify pursuant to Article 8.2.5 ("Completion Date"). The Completion Date shall be such specified date unless the Proposed Buyer, all of the Called Shareholders and the Selling Shareholders agree otherwise in which case the Completion Date shall be the date agreed in writing by all of them.
- 8.5. On the Completion Date the Called Shareholders shall deliver stock transfer forms for the Called Shares, together with the relevant share certificates (or a suitable indemnity for any lost share certificates) to the Proposed Buyer against payment of the consideration they are due for their Shares pursuant to Article 8.2.3.
- 8.6. If any Called Shareholder does not, on completion of the transfer of the Called Shares, execute transfer(s) in respect of all of the Called Shares held by it, the defaulting Called Shareholder shall be deemed to have irrevocably appointed any Director to be his agent and attorney to execute all necessary transfer(s) on his behalf, against receipt by the Company (on trust for such Shareholder) of the consideration payable for the Called Shares, to deliver such transfer(s) to the Proposed Buyer (or as they may direct) as the holder thereof. After the Proposed Buyer (or its nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. Failure to produce a Share certificate shall not impede the registration of Shares under this Article 8.

## 9. Rights attaching to Shares

- 9.1. The share capital of the Company shall comprise A Ordinary Shares and B Investment Shares. The A Ordinary Shares and B Investment Shares shall rank *pari passu* in all respects, save as provided in these Articles.
- 9.2. The B Investment Shares shall have no voting rights attached to them, and holders of B investment Shares shall not have the right to receive notices of any general meetings, or the right to attend at such general meetings.
- 9.3. No dividend shall be payable in respect of any Shares unless and until the amount of such dividend when aggregated with all dividends then payable to the holder of such Shares exceeds the sum of £50 and all the dividends declared but not paid pursuant to this Article 9.3 shall be held by the Company as dedicated retained dividends on trust for such holder of Shares and shall be payable to such persons either upon the winding up of the Company or when the cumulative value of such withheld dividends exceeds £50.

## 10. Purchase of Own Shares

- 10.1. Subject to the Companies Act but without prejudice to any other provision of these Articles, save for as per Article 10.2 below, the Company may purchase its own shares with cash up to any amount in a financial year not exceeding the lower of:
  - 10.1.1. £15,000; and
  - 10.1.2. the value of 5% of the Company's share capital.
- 10.2. The provisions of Article 6.2 shall not apply to this Article 10.

## 11. Shareholder Compliance

- 11.1. Each of the Shareholders severally undertakes with the Company that he will comply with all provisions of the Company's Intellectual property and confidentiality policies (the "Policies") adopted from time to time.
- 11.2. In the event that a Shareholder breaches any provision of the Policies or the Board

unanimously resolve that a Shareholder is not acting in the best interests of the Company, the defaulting Shareholder shall be deemed to have served a Transfer Notice (a "Compulsory Transfer Notice") in respect of all Shares held by that Shareholder and in respect of all Relevant Shares transferred by that defaulting Shareholder (the "Compulsory Transfer Shares") and each holder of the Relevant Shares (or any of them) shall be deemed to have served a Compulsory Transfer Notice. A Compulsory Transfer Notice shall supersede any current Transfer Notice in respect of any Compulsory Transfer Shares.

- 11.3. Subject to Article 11.4, the Compulsory Transfer Shares shall be offered for sale in accordance with the provisions of Articles 6.2.3 to 6.2.9 as if the Compulsory Transfer Shares were Transferring Shares except that the Price for the Compulsory Transfer Shares shall be whichever is the lower of:

11.3.1. their Fair Value; and

11.3.2. their Issue Price.

- 11.4. The Company may, by giving written notice to the defaulting Shareholder within 5 Business Days of the deemed service of the Compulsory Transfer Notice, unless otherwise resolved by an A Ordinary Shareholder Majority, purchase the Compulsory Transfer Shares at the lower of their Fair Value and their Issue Price in accordance with the Companies Act.

- 11.5. Notwithstanding any other provision of these Articles, unless the Board resolves otherwise, any Compulsory Transfer Shares shall, with effect from the date of the relevant Compulsory Transfer Notice, cease to confer on the holder of those Shares or Relevant Shares, any right to receive notice of, or attend, speak, or vote at, any general meeting of the Company (or at any meeting of the holders of any class of Shares) or any right to receive or vote on any written resolution of the Company (or the holders of any class of Shares) until such time as another person is entered into the register of members of the Company as the holder of those Compulsory Transfer Shares (or other Shares).

## 12. Electronic Communication

- 12.1. Without prejudice to Article 48 of the Model Articles, notices and any other communications sent or supplied, by or to Shareholders or Directors under these Articles may be sent or supplied by electronic means as defined in section 1168 of the Companies Act (including via a website, chatroom, extranet, intranet, blog, online social network or forum or other similar mechanism duly notified to such Shareholder or Director or by electronic mail to any email address supplied to the Company, its officers or agents in writing by such Shareholders or Directors).

- 12.2. For the purposes of Article 12.1 above, the Company can assume that any email addresses supplied to the Company, its officers or agents by Shareholders or Directors are up to date and current, and it is the sole responsibility of each Shareholder and Director to update the Company as to any changes in their email addresses, and to ensure that the Company has and uses the correct email address. In this regard, all Shareholders and Directors agree that the Company has no responsibility to any Shareholder or Director who fails to receive any notice or other communication as a result of the Shareholder or Director failing to comply with this Article 12.2.

- 12.3. When any notice or communication is sent by means of a website, chatroom, internet, intranet, extranet, blog, online social network or forum, or other similar mechanism, an email shall be sent to Shareholders to inform them of the existence of the notice or communication made on such website, chatroom, internet, intranet, extranet, blog, online social network or forum, or other similar mechanism in accordance with Schedule 5 of the Companies Act.

- 12.4. Any notice or communication sent by means of a website, chatroom, internet, intranet, extranet, blog, online social network or forum, or other similar mechanism, shall be deemed to have been served on the intended recipient 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 any notice or communication sent by electronic mail or fax shall be deemed to be delivered at the time it was sent and shall be deemed to have been received 24 hours after its transmission.

12.5. The Company's obligation to send or supply any notice or communication to Shareholders or Directors is satisfied when the Company transmits an electronic message and the Company is not responsible for a failure in transmission beyond its control.

12.6. Each Shareholder and Director shall for the purposes of paragraph 6 and paragraph 9 of Schedule 5 of the Companies Act, be deemed to have agreed to accept notices or communications from the Company in electronic form, and to them being made available on a website, by providing a copy of his email address and expressly consenting to that email address being used for the purpose of receiving notices or communications from the Company in electronic form, and to the Company making information available on a website.

### 13. Board Representation

13.1. Any Qualifying Shareholder shall be entitled to be a Director of the Board, or to appoint one nominee Director to the Board, and to remove and replace such nominee Director upon written notice to the Board, provided that such nominee Director shall have been previously approved by the Board such approval not to be unreasonably withheld or delayed.

13.2. Any Director appointed to the Board in accordance with Article 12.1 above shall immediately resign as a Director should his appointing Qualifying Shareholder, cease to be a Qualifying Shareholder.

### 14. Alternate Directors

14.1. Any director (other than an alternate director) (in this article, the appointor) may appoint any other director to be an alternate director to exercise that director's powers, and carry out that director's responsibilities, in relation to the taking of decisions by the directors, in the absence of the alternate's appointor.

14.2. Any appointment or removal of an alternate director must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors.

14.3. The notice must:

(a) identify the proposed alternate; and

(b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that he is willing to act as the alternate of the director giving the notice.

14.4. An alternate director has the same rights, in relation to any decision of the directors, as the alternate's appointor.

14.5. Except as the Articles specify otherwise, alternate directors:

(a) are deemed for all purposes to be directors;

(b) are liable for their own acts and omissions;

(c) are subject to the same restrictions as their appointors; and

(d) are not deemed to be agents of or for their appointors,

and, in particular (without limitation), each alternate director shall be entitled to

receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member.

14.6. A person who is an alternate director but not a director:

(a) may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating); and

(b) may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, and does not himself participate).

14.7. A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision).

14.8. An alternate director may be paid expenses and may be indemnified by the Company to the same extent as if he were a director but shall not be entitled to receive from the Company any remuneration in his capacity as an alternate director except such part (if any) of the remuneration otherwise payable to the alternate's appointor as the appointor may by notice in writing to the Company from time to time direct.

14.9. An alternate director's appointment as an alternate terminates:

(a) when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

(b) on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director; or

(c) when the alternate director's appointor ceases to be a director for whatever reason.

15. Deductions from distributions in respect of sums owed to the company

15.1. If:

(a) a share is subject to the Company's lien (as defined in article 16), and;

(b) the directors are entitled to issue a Lien Enforcement Notice in respect of it, they may, instead of issuing a Lien Enforcement Notice, deduct from any dividend or other sum payable in respect of the share any sum of money which is payable to the Company in respect of that share to the extent that they are entitled to require payment under a Lien Enforcement Notice.

15.2. Money so deducted under 15.1 above must be used to pay any of the sums payable in respect of that share.

15.3. The Company must notify the distribution recipient in writing of:

(a) the fact and amount of any such deduction;

(b) any non-payment of a dividend or other sum payable in respect of a share resulting from any such deduction; and

(c) how the money deducted has been applied.

16. **Company's lien over shares**

16.1. The Company has a lien (the Company's lien) over every share, whether or not fully paid, which is registered in the name of any 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.

16.2. 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.

16.3. 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.

17. Enforcement of the Company's lien

17.1. Subject to the provisions of this article, 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.

17.2. A Lien Enforcement Notice:

- (a) may only be given in respect of a share which is subject to the Company's lien, in respect of which a sum is payable and the due date for payment of that sum 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);
- (c) must be addressed either to the holder of the share or to a transmittee of that holder; and
- (d) must state the Company's intention to sell the share if the notice is not complied with.

17.3. Where shares are sold under this article:

- (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.

17.4. The net proceeds of any such sale (after payment of the costs of sale and any other costs of enforcing the 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.

- 17.5. A statutory declaration by a director (or a Company secretary, if appointed) that the declarant is a director (or 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.
18. Call notices
- 18.1. Subject to the Articles and the terms on which shares are allotted, the directors may send a notice (a call notice) to a shareholder requiring the shareholder to pay the Company a specified sum of money (a call) which is payable to the Company at the date when the directors decide to send the call notice.
- 18.2. A call notice:
- (a) may not require a shareholder to pay a call which exceeds the total amount of his indebtedness or liability to the Company;
  - (b) must state when and how any call to which it relates is to be paid; and
  - (c) may permit or require the call to be made in instalments.
- 18.3. A shareholder must comply with the requirements of a call notice, but no shareholder is obliged to pay any call before 14 clear days (that is, excluding the date on which the notice is given and the date on which that 14 day period expires) have passed since the notice was sent.
- 18.4. Before the Company has received any call due under a call notice the directors may:
- (a) revoke it wholly or in part; or
  - (b) specify a later time for payment than is specified in the notice by a further notice in writing to the shareholder in respect of whose shares the call is made.
19. Liability to pay calls
- 19.1. Liability to pay a call is not extinguished or transferred by transferring the shares in respect of which it is required to be paid.
- 19.2. Joint holders of a share are jointly and severally liable to pay all calls in respect of that share.
- 19.3. Subject to the terms on which shares are allotted, the directors may, when issuing shares, provide that call notices sent to the holders of those shares may require them:
- (a) to pay calls which are not the same; or
  - (b) to pay calls at different times.
20. When a call notice need not be issued
- 20.1. A call notice need not be issued in respect of sums which are specified, in the terms on which a share is issued, as being payable to the Company in respect of that share:
- (a) on allotment;
  - (b) on the occurrence of a particular event; or

(c) on a date fixed by or in accordance with the terms of issue.

20.2 But if the due date for payment of such a sum has passed and it has not been paid, the holder of the share concerned is treated in all respects as having failed to comply with a call notice in respect of that sum, and is liable to the same consequences as regards the payment of interest and forfeiture.

21. Failure to comply with a call notice: automatic consequences

21.1 If a person is liable to pay a call and fails to do so by the call payment date:

- (a) the directors may issue a notice of intended forfeiture to that person; and
- (b) until the call is paid, that person must pay the Company interest on the call from the call payment date at the relevant rate.

21.2 For the purposes of this article:

- (a) the "call payment date" is the time when the call notice states that a call is payable, unless the directors give a notice specifying a later date, in which case the "call payment date" is that later date; and
- (b) the "relevant rate" is
  - (i) the rate fixed by the terms on which the share in respect of which the call is due was allotted;
  - (ii) such other rate as was fixed in the call notice which required payment of the call, or has otherwise been determined by the directors; or
  - (iii) if no rate is fixed in either of these ways, 5 per cent per annum.

21.3 The relevant rate must not exceed by more than 5 percentage points the base lending rate most recently set by the Monetary Policy Committee of the Bank of England in connection with its responsibilities under Part 2 of the Bank of England Act 1998.

21.4 The directors may waive any obligation to pay interest on a call wholly or in part.

22. Notice of intended forfeiture

A notice of intended forfeiture:

- (a) may be sent in respect of any share in respect of which a call has not been paid as required by a call notice;
- (b) must be sent to the holder of that share (or all the joint holders of that share) or to a transmittee of that holder;
- (c) must require payment of the call and any accrued interest and all expenses that may have been incurred by the Company by reason of such non-payment by a date which is not less than 14 clear days after the date 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 state how the payment is to be made; and
- (e) must state that if the notice is not complied with, the shares in respect of which the call is payable will be liable to be forfeited.

23. Directors' power to forfeit shares

If a notice of intended forfeiture is not complied with before the date by which payment



of the call is required in the notice of intended forfeiture, the directors may decide that any share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture.

## 24. Effect of forfeiture

### 24.1 Subject to the Articles, the forfeiture of a share extinguishes:

- (a) all interests in that share, and all claims and demands against the Company in respect of it; and
- (b) all other rights and liabilities incidental to the share as between the person whose share it was prior to the forfeiture and the Company.

### 24.2 Any share which is forfeited in accordance with the Articles:

- (a) is deemed to have been forfeited when the directors decide that it is forfeited;
- (b) is deemed to be the property of the Company; and
- (c) may be sold, re-allotted or otherwise disposed of as the directors think fit.

### 24.3 If a person's shares have been forfeited:

- (a) the Company must send that person notice that forfeiture has occurred and record it in the register of shareholders;
- (b) that person ceases to be a shareholder in respect of those shares;
- (c) that person must surrender the certificate for the shares forfeited to the Company for cancellation;
- (d) that person remains liable to the Company for all sums payable by that person under the Articles at the date of forfeiture in respect of those shares, including any interest (whether accrued before or after the date of forfeiture); and
- (e) the directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the shares at the time of forfeiture or for any consideration received on their disposal.

### 24.4 At any time before the Company disposes of a forfeited share, the directors may decide to cancel the forfeiture on payment of all calls, interest and expenses due in respect of it and on such other terms as they think fit.

## 25. Procedure following forfeiture

### 25.1 If a forfeited share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the directors may authorise any person to execute the instrument of transfer.

### 25.2 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 forfeited 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.

- 25.3 A person to whom a forfeited share is transferred is not bound to see to the application of the consideration (if any) nor is that person's title to the share affected by any irregularity in or invalidity of the process leading to the forfeiture or transfer of the share.
- 25.4 If the Company sells a forfeited share, the person who held it prior to its forfeiture is entitled to receive from the Company the proceeds of such sale, net of any commission, and excluding any amount which:
- (a) was, or would have become, payable; and
  - (b) had not, when that share was forfeited, been paid by that person in respect of that share, but no interest is payable to such a person in respect of such proceeds and the Company is not required to account for any money earned on them.
26. Surrender of shares
- 26.1 A shareholder may surrender any share:
- (a) in respect of which the directors may issue a notice of intended forfeiture;
  - (b) which the directors may forfeit; or
  - (c) which has been forfeited.
- 26.2 The directors may accept the surrender of any such share.
- 26.3 The effect of surrender on a share is the same as the effect of forfeiture on that share.
- 26.4 A share which has been surrendered may be dealt with in the same way as a share which has been forfeited

## Appendix 1

### MODEL ARTICLES FOR PRIVATE COMPANIES LIMITED BY SHARES

#### INDEX TO THE ARTICLES

##### PART 1

##### INTERPRETATION AND LIMITATION OF LIABILITY

1. Defined terms
2. Liability of members

##### PART 2

##### DIRECTORS

##### DIRECTORS' POWERS AND RESPONSIBILITIES

3. Directors' general authority
4. Shareholders' reserve power
5. Directors may delegate
6. Committees

##### DECISION-MAKING BY DIRECTORS

7. Directors to take decisions collectively
8. Unanimous decisions
9. Calling a directors' meeting
10. Participation in directors' meetings
11. Quorum for directors' meetings
12. Chairing of directors' meetings
13. Casting vote
14. Conflicts of interest
15. Records of decisions to be kept
16. Directors' discretion to make further rules

##### APPOINTMENT OF DIRECTORS

17. Methods of appointing directors
18. Termination of director's appointment
19. Directors' remuneration
20. Directors' expenses

##### PART 3

##### SHARES AND DISTRIBUTIONS

##### SHARES

21. All shares to be fully paid up
22. Powers to issue different classes of share

- 23. Company not bound by less than absolute interests
- 24. Share certificates
- 25. Replacement share certificates
- 26. Share transfers
- 27. Transmission of shares
- 28. Exercise of transmitters' rights
- 29. Transmitters bound by prior notices

#### DIVIDENDS AND OTHER DISTRIBUTIONS

- 30. Procedure for declaring dividends
- 31. Payment of dividends and other distributions
- 32. No interest on distributions
- 33. Unclaimed distributions
- 34. Non-cash distributions
- 35. Waiver of distributions

#### CAPITALISATION OF PROFITS

- 36. Authority to capitalise and appropriation of capitalised sums

### PART 4

#### DECISION-MAKING BY SHAREHOLDERS

#### ORGANISATION OF GENERAL MEETINGS

- 37. Attendance and speaking at general meetings
- 38. Quorum for general meetings
- 39. Chairing general meetings
- 40. Attendance and speaking by directors and non-shareholders
- 41. Adjournment

#### VOTING AT GENERAL MEETINGS

- 42. Voting: general
- 43. Errors and disputes
- 44. Poll votes
- 45. Content of proxy notices
- 46. Delivery of proxy notices
- 47. Amendments to resolutions

### PART 5

#### ADMINISTRATIVE ARRANGEMENTS

- 48. Means of communication to be used
- 49. Company seals
- 50. No right to inspect accounts and other records
- 51. Provision for employees on cessation of business

#### DIRECTORS' INDEMNITY AND INSURANCE

- 52. Indemnity
- 53. Insurance

PART 1  
INTERPRETATION AND LIMITATION OF LIABILITY

Defined terms

1. In the articles, unless the context requires otherwise—

“articles” means the company’s articles of association;

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

“chairman” has the meaning given in article 12;

“chairman of the meeting” has the meaning given in article 39;

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

“director” means a director of the company, and includes any person occupying the position of director, by whatever name called;

“distribution recipient” has the meaning given in article 31;

“document” includes, unless otherwise specified, any document sent or supplied in electronic form;

“electronic form” has the meaning given in section 1168 of the Companies Act 2006;

“fully paid” in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

“hard copy form” has the meaning given in section 1168 of the Companies Act 2006;

“holder” in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

“instrument” means a document in hard copy form;

“ordinary resolution” has the meaning given in section 282 of the Companies Act 2006;

“paid” means paid or credited as paid;

“participate”, in relation to a directors’ meeting, has the meaning given in article 10;

“proxy notice” has the meaning given in article 45;

“shareholder” means a person who is the holder of a share;

“shares” means shares in the company;

“special resolution” has the meaning given in section 283 of the Companies Act 2006;

“subsidiary” has the meaning given in section 1159 of the Companies Act 2006;

“transmittee” means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

“writing” means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these articles bear the same meaning as in the Companies Act 2006 as in force on the date when these articles become

binding on the company.

#### Liability of members

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

### PART 2

#### DIRECTORS

##### DIRECTORS' POWERS AND RESPONSIBILITIES

###### **Directors' general authority**

3. Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

###### **Shareholders' reserve power**

- 4.—(1) The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.

- (2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.

#### Directors may delegate

- 5.—(1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles—

- (a) to such person or committee;
  - (b) by such means (including by power of attorney);
  - (c) to such an extent;
  - (d) in relation to such matters or territories; and
  - (e) on such terms and conditions;

as they think fit.

- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.

- (3) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

#### Committees

- 6.—(1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.

- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

#### DECISION-MAKING BY DIRECTORS

##### Directors to take decisions collectively

- 7.—(1) The general rule about decision-making by directors is that any decision of the directors must be either a majority decision at a meeting or a decision taken in accordance with article 8.

- (2) If—

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

the general rule does not apply, and the director may take decisions without regard to any of the provisions of the articles relating to directors' decision-making.

##### Unanimous decisions

- 8.—(1) A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter.
- (2) Such a decision may take the form of a resolution in writing, copies of which have been signed by each eligible director or to which each eligible director has otherwise indicated agreement in writing.
- (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter had it been proposed as a resolution at a directors' meeting.
- (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

### **Calling a directors' meeting**

- 9.—(1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- (2) Notice of any directors' meeting must indicate—
- (a) its proposed date and time;
  - (b) where it is to take place; and
  - (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- (3) Notice of a directors' meeting must be given to each director, but need not be in writing.
- (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company not more than 7 days after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

### **Participation in directors' meetings**

- 10.—(1) Subject to the articles, directors participate in a directors' meeting, or part of a directors' meeting, when—
- (a) the meeting has been called and takes place in accordance with the articles, and
  - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

### **Quorum for directors' meetings**

- 11.—(1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (3) If the total number of directors for the time being is less than the quorum required, the directors must not take any decision other than a decision—
- (a) to appoint further directors, or
  - (b) to call a general meeting so as to enable the shareholders to appoint further directors.

### **Chairing of directors' meetings**

- 12.—(1) The directors may appoint a director to chair their meetings.
- (2) The person so appointed for the time being is known as the chairman.
- (3) The directors may terminate the chairman's appointment at any time.
- (4) If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors must appoint one of themselves to chair it.

### **Casting vote**

- 13.—(1) If the numbers of votes for and against a proposal are equal, the chairman or other director chairing the meeting has a casting vote.
- (2) But this does not apply if, in accordance with the articles, the chairman or other director is not to be

counted as participating in the decision-making process for quorum or voting purposes.

#### Conflicts of interest

14.—(1) If a proposed decision of the directors is concerned with an actual or proposed transaction or arrangement with the company in which a director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes.

(2) But if paragraph (3) applies, a director who is interested in an actual or proposed transaction or arrangement with the company is to be counted as participating in the decision-making process for quorum and voting purposes.

(3) This paragraph applies when—

(a) the company by ordinary resolution disapplies the provision of the articles which would otherwise prevent a director from being counted as participating in the decision-making process;

(b) the director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest; or

(c) the director's conflict of interest arises from a permitted cause.

(4) For the purposes of this article, the following are permitted causes—

(a) a guarantee given, or to be given, by or to a director in respect of an obligation incurred by or on behalf of the company or any of its subsidiaries;

(b) subscription, or an agreement to subscribe, for shares or other securities of the company or any of its subsidiaries, or to underwrite, sub-underwrite, or guarantee subscription for any such shares or securities; and

(c) arrangements pursuant to which benefits are made available to employees and directors or former employees and directors of the company or any of its subsidiaries which do not provide special benefits for directors or former directors.

(5) For the purposes of this article, references to proposed decisions and decision-making processes include any directors' meeting or part of a directors' meeting.

(6) Subject to paragraph (7), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.

(7) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

#### Records of decisions to be kept

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

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

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

### APPOINTMENT OF DIRECTORS

#### Methods of appointing directors

17.—(1) Any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director—

(a) by ordinary resolution, or

(b) by a decision of the directors.

(2) In any case where, as a result of death, the company has no shareholders and no directors, the personal representatives of the last shareholder to have died have the right, by notice in writing, to appoint a person to be a director.

(3) For the purposes of paragraph (2), where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an



older shareholder.

### **Termination of director's appointment**

18. A person ceases to be a director as soon as—
- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
  - (b) a bankruptcy order is made against that person;
  - (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
  - (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;
  - (e) [paragraph omitted pursuant to The Mental Health (Discrimination) Act 2013]
  - (f) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms.

### **Directors' remuneration**

- 19.—(1) Directors may undertake any services for the company that the directors decide.
- (2) Directors are entitled to such remuneration as the directors determine—
- (a) for their services to the company as directors, and
  - (b) for any other service which they undertake for the company.
- (3) Subject to the articles, a director's remuneration may—
- (a) take any form, and
  - (b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that director.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested.

### **Directors' expenses**

20. The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at—
- (a) meetings of directors or committees of directors,
  - (b) general meetings, or
  - (c) separate meetings of the holders of any class of shares or of debentures of the company, or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

## **PART 3**

### **SHARES AND DISTRIBUTIONS**

#### **SHARES**

All shares to be fully paid up

- 21.—(1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.
- (2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

Powers to issue different classes of share

- 22.—(1) Subject to the articles, but without prejudice to the rights attached to any existing share, the

company may issue shares with such rights or restrictions as may be determined by ordinary resolution.  
(2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.

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

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

#### Share certificates

24.—(1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

(2) Every certificate must specify—

- (a) in respect of how many shares, of what class, it is issued;
- (b) the nominal value of those shares;
- (c) that the shares are fully paid; and
- (d) any distinguishing numbers assigned to them.

(3) No certificate may be issued in respect of shares of more than one class.

(4) If more than one person holds a share, only one certificate may be issued in respect of it.

(5) Certificates must—

- (a) have affixed to them the company's common seal, or
- (b) be otherwise executed in accordance with the Companies Acts.

#### Replacement share certificates

25.—(1) If a certificate issued in respect of a shareholder's shares is—

- (a) damaged or defaced, or
- (b) said to be lost, stolen or destroyed, that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

(2) A shareholder exercising the right to be issued with such a replacement certificate—

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

#### Share transfers

26.—(1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

(2) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

(3) The company may retain any instrument of transfer which is registered.

(4) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

(5) The directors may refuse to register the transfer of a share, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

#### Transmission of shares

27.—(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.

(2) A transmittee who produces such evidence of entitlement to shares as the directors may properly

require—

- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and
- (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

(3) But transmittes do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

### **Exercise of transmittes' rights**

28.—(1) Transmittes who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.

(2) If the transmittes wishes to have a share transferred to another person, the transmittes must execute an instrument of transfer in respect of it.

(3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittes has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

Transmittes bound by prior notices

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

## **DIVIDENDS AND OTHER DISTRIBUTIONS**

### **Procedure for declaring dividends**

30.—(1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

(2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.

(3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

(4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

(5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.

(6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.

(7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

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

31.—(1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means—

- (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
- (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
- (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
- (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.

(2) In the articles, "the distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—

- (a) the holder of the share; or
- (b) if the share has two or more joint holders, whichever of them is named first in the register of members; or
- (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

#### No interest on distributions

32. The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

- (a) the terms on which the share was issued, or
- (b) the provisions of another agreement between the holder of that share and the company.

#### Unclaimed distributions

33.—(1) All dividends or other sums which are—

- (a) payable in respect of shares, and
  - (b) unclaimed after having been declared or become payable,
- may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

(2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

(3) If—

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment, and
- (b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

#### Non-cash distributions

34.—(1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

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

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

#### Waiver of distributions

35. Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if—

- (a) the share has more than one holder, or
- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

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

## CAPITALISATION OF PROFITS

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

36.—(1) Subject to the articles, the directors may, if they are so authorised by an ordinary

resolution—

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

(2) Capitalised sums must be applied—

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

(3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

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

(5) Subject to the articles the directors may—

- (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
- (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and
- (c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

## PART 4

### DECISION-MAKING BY SHAREHOLDERS

#### ORGANISATION OF GENERAL MEETINGS

##### Attendance and speaking at general meetings

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

(2) A person is able to exercise the right to vote at a general meeting when—

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

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

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

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

##### Quorum for general meetings

38. No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

##### Chairing general meetings

39.—(1) If the directors have appointed a chairman, the chairman shall chair general meetings if present

and willing to do so.

(2) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start—

(a) the directors present, or

(b) (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

(3) The person chairing a meeting in accordance with this article is referred to as “the chairman of the meeting”.

#### Attendance and speaking by directors and non-shareholders

40.—(1) Directors may attend and speak at general meetings, whether or not they are shareholders.

(2) The chairman of the meeting may permit other persons who are not—

(a) shareholders of the company, or

(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

#### Adjournment

41.—(1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.

(2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if—

(a) the meeting consents to an adjournment, or

(b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

(3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.

(4) When adjourning a general meeting, the chairman of the meeting must—

(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors, and

(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

(5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—

(a) to the same persons to whom notice of the company's general meetings is required to be given, and

(b) containing the same information which such notice is required to contain.

(6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

#### VOTING AT GENERAL MEETINGS

##### Voting: general

42. A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

#### Errors and disputes

43.—(1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.

(2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

#### Poll votes

44.—(1) A poll on a resolution may be demanded—

- (a) in advance of the general meeting where it is to be put to the vote, or
- (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.

(2) A poll may be demanded by—

- (a) the chairman of the meeting;
- (b) the directors;
- (c) two or more persons having the right to vote on the resolution; or
- (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution.

(3) A demand for a poll may be withdrawn if—

- (a) the poll has not yet been taken, and
- (b) the chairman of the meeting consents to the withdrawal.

(4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

#### Content of proxy notices

45.—(1) Proxies may only validly be appointed by a notice in writing (a “proxy notice”) which—

- (a) states the name and address of the shareholder appointing the proxy;
- (b) identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed;
- (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and
- (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting to which they relate.

(2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

(3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

(4) Unless a proxy notice indicates otherwise, it must be treated as—

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

#### Delivery of proxy notices

46.—(1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.

(2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

(3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

(4) If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor’s behalf.

#### Amendments to resolutions

47.—(1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

- (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine), and
- (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting,

materially alter the scope of the resolution.

(2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—

(a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and

(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

(3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

## PART 5

### ADMINISTRATIVE ARRANGEMENTS

#### Means of communication to be used

48.—(1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.

(2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.

(3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

#### Company seals

49.—(1) Any common seal may only be used by the authority of the directors.

(2) The directors may decide by what means and in what form any common seal is to be used.

(3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

(4) For the purposes of this article, an authorised person is—

(a) any director of the company;

(b) the company secretary (if any); or

(c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

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

50. Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

#### Provision for employees on cessation of business

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

## DIRECTORS' INDEMNITY AND INSURANCE

### Indemnity

52.—(1) Subject to paragraph (2), a relevant director of the company or an associated company may be indemnified out of the company's assets against—

(a) any liability incurred by that director in connection with any negligence, default, breach of duty



or breach of trust in relation to the company or an associated company,

(b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Companies Act 2006),

(c) any other liability incurred by that director as an officer of the company or an associated company.

(2) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

(3) In this article—

(a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

(b) a “relevant director” means any director or former director of the company or an associated company.

## Insurance

53.—(1) The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

(2) In this article—

(a) a “relevant director” means any director or former director of the company or an associated company,

(b) a “relevant loss” means any loss or liability which has been or may be incurred by a relevant director in connection with that director’s duties or powers in relation to the company, any associated company or any pension fund or employees’ share scheme of the company or associated company, and

(c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.