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March 18, 2016

HAND DELIVERY

Kristin L. Forsberg, CPA, CFE
Insurance Financial Examiner/Company Licensing Specialist
Bureau of Financial Analysis and Examinations
Office of the Commissioner of Insurance
125 South Webster Street, 2nd Floor
Madison, WI 53707-

RE: Form A - Acquisition of control of Northwestern National Insurance Company of Milwaukee, Wisconsin by SOBC Gamma Holding Company Limited

Dear Kristin:

Thank you for your letter dated February 22, 2016 regarding this Form A filing. Your inquiries are set forth in bold below followed by the responses of SOBC.

- Form A Contact - New York: Please provide the name and contact information for the primary contact at the New York Dept. of Financial Services for the Form A filing pertaining to the acquisition of control of Compass Insurance Company by the Applicant.**

Justin A. Muscatello
Senior Insurance Examiner
New York State Department of Financial Services
Property Bureau
One Commerce Plaza
Albany, NY 12257
(518) 402-5778

- SOBC Corp.:**

- (a) **Governance Documents: We understand that SOBC Corp., the direct parent company of the Applicant, was formed on August 1, 2014. Please provide a copy of SOBC Corp.'s Articles of Incorporation and Bylaws.**

See attached Exhibit 2(a) for the Certificate (Articles) of Incorporation and Bylaws of SOBC Corp.

- (b) **Financial Statements- SOBC Corp.: The Unaudited Consolidated Balance Sheet as of December 31, 2015 shows negative shareholder's equity in the amount of (\$ [REDACTED]). Please discuss how SOBC Corp. plans to fund any operating deficits going forward, and how the recently acquired insurance companies will be protected from any capital deficits at the holding company level. [Include the source(s) of available capital, the nature of the capital (debt financing or equity), and the anticipated \$ amount of capital available from each source.]**

SOBC Corp. is a wholly owned subsidiary of SOBC Holdings PLC, a UK domiciled holding company. SOBC Holdings PLC mainly capitalized SOBC Corp. with a loan, thus resulting in the SOBC Corp. negative shareholders equity. The loan is interest free, with no repayment obligations. That said, SOBC Corp. expects to repay the loan steadily, and to reduce the negative shareholders equity, from its future profits.

SOBC Corp. is a newly incorporated U.S. business, started in 2014 and capitalized in June 2015. It builds on a previously successful business, SOBC Limited. SOBC Limited is a UK domiciled company owned and managed by two principals, Stephanie Mocatta and Richard Whatton. SOBC Limited ran profitably from 2007 and continues as an investor in SOBC Holdings PLC.

While SOBC Corp. is a new company, and therefore cannot provide historic data, it is a viable, vibrant and growing business that will not adversely affect its insurance company acquisitions. SOBC Corp. will demonstrate this in four ways:

- The commitment of the management team;
- The success of the business to date;
- The nature of the external investors; and
- The availability of additional capital.

Commitment of the management team

- The five principal executive directors own [REDACTED]% of SOBC Corp. and are significantly motivated to make the company a success.
- These executive directors have a direct impact on the company's success, as they are directly involved in the management of the enterprise.
- The executive directors take modest salaries – their real reward will be in growing and developing the business.
- SOBC Corp. builds on the successful track record and operations of SOBC Limited.

Success of the business to date

- SOBC Corp. developed a business plan for its investors and has to date met the expected targets.
- SOBC Corp. has already acquired an insurance company in run-off in Bermuda, which it is successfully managing and which has added US\$ [REDACTED] to the corporate balance sheet (this amount was not reflected as at December 31, 2015, as completion only took place in February 2016).
- SOBC Corp. has set up a Connecticut Sponsored Cell Captive and is actively looking to reinsure portfolios of run-off business into cells.
- SOBC Corp. has successfully completed a number of consulting assignments, some with a view to future acquisitions, in mainland USA as well as the Caribbean.
- SOBC Corp. has a significant pipeline of deals in progress and believes it will make its target of being cash flow positive by [REDACTED]

Nature of the investors

- The key is that SOBC Corp. investors are in this for the long term.
- The SOBC Corp. external investors have both equity ([REDACTED]%) and loan notes. While the loan notes return a good rate of interest, the investors are aligned with the management team in that the long term development of the business, producing a significant return on equity, is where their interest lies.
- The SOBC Corp. external investors are 35 individuals, the majority of whom invest via their nominee [REDACTED]. They are all High Net Worth Individuals, mainly in the UK. They invest on average around \$ [REDACTED], and the main source of the individual investments is pension funds (where the \$ [REDACTED], while significant to SOBC Corp, is minor in terms of the overall pension fund).

- The nature of the investments, coming from pension funds, is that this is a long term investment, which gives SOBC Corp. time to grow its business.
- Should short term cash flow be an issue for SOBC Corp., it is able to defer interest payments on its loan notes (though it has not done this to date).

Availability of additional capital

- SOBC is frequently offered additional capital, both on a deal-by-deal basis and also at the holding company level.
- These offers of additional capital come from many sources:
 - Existing investors;
 - Individuals who wish to become involved with the SOBC Corp. business; and
 - Smaller investment funds.
- To date the executive directors have not accepted additional capital, as they see their main benefit from owning the equity in the venture.
- Should it be required, SOBC Corp. will be able to convert this interest into quick access to additional capital.

Conclusion

SOBC Corp. and its management team are fully committed to the success of this business. They have strategies in place to deal with the need for additional capital should it arise, and they operate professionally and efficiently to ensure that their business continues to grow.

3. SOBC Holdings Plc:

- (a) **Governance Documents: We understand that SOBC Holdings Plc, the ultimate parent company of the Applicant, was incorporated in the United Kingdom in 2014. Please provide copies of SOBC Holdings Plc's governing documents (e.g. - Memorandum of Association (or Charter), Articles of Association, and Form 1).**

See attached Exhibit 3(a) for the Articles of Association of SOBC Holdings Plc, which has no other governing documents.

- (b) **Public or Private: Please discuss whether SOBC Holdings Plc is publicly traded or privately held. If publicly traded, please indicate which stock exchange SOBC Holding Plc is listed on (along with the ticker symbol).**

SOBC Holdings Plc is a privately held company.

(c) **Financial Statements- SOBC Holdings Plc:** The consolidated financial statements provided were as of September 30, 2015. Please provide the following information for SOBC Holdings Plc:

(1) **Current Financial Statements:** Consolidated financial statements as of December 31, 2015 (or the most current financial statements available).

The audited financial statements for December 31, 2015 will not be ready until mid April. The unaudited financials are attached as Exhibit 3(c)(1).

(2) **Loan Notes:** The Balance Sheet shows “Loan Notes” in the amount of [REDACTED] GBP, which comprise the bulk of SOBC Holdings Plc’s equity. Please provide the following information:

a. **Holders:** Please provide a list of the individuals who hold these loan notes, along with the amount of each Loan Note outstanding by individual.

[REDACTED]

b. **Loan Note Terms:** Please discuss the payment terms on these Loan Notes, and whether there is a conversion option.

Each outside investor received a [REDACTED] % unsecured loan note in the principal aggregate amount of £ [REDACTED] due on the last business day of 2019. Interest on the notes is payable annually, but there are no scheduled principal payments. The notes are subject to early redemption by the SOBC, at its discretion, at any time. See the response to inquiry no. 2(b) above regarding contingency plans for repayment of the loan notes.

c. **Equity vs. Debt:** Please explain why these securities are reported as Equity (as opposed to Debt) under IFRS.

The U.K. auditors incorrectly reported the notes as equity. Please refer to Exhibit 3(c)(1) for the correct treatment, and to the response to inquiry no. 2(b) regarding the issue of negative equity.

4. **Ownership: Please identify all individuals who own (directly or beneficially) 10% or more of SOBC Holdings Plc's voting securities. For each individual listed:**

(a) **Please submit a biographical affidavit (if not previously submitted).**

The only owners of 10% or more of the voting securities of SOBC Holdings Plc are SOBC Limited (████%) and Harry Whitcher (████%). As noted above, Richard Whatton and Stephanie Mocatta each own a █████% interest in SOBC Limited. Biographical Affidavits for Richard Whatton, Stephanie Mocatta, and Harry Whitcher were submitted with the Form A.

(b) **Please submit a disclaimer of control pursuant to s. 600.03 (13), Wis. Stats.**

A disclaimer of control for SOBC Limited, Stephanie Mocatta, and Richard Whatton will be submitted as soon as possible. Harry Whitcher also does not "control" SOBC Holdings Plc as defined in Wis. Stat. § 600.03(13), but it is my understanding that he does not need to disclaim control unless there is a presumption of control because he owns *more than* 10% of the voting securities of SOBC Holdings Plc.

5. **SOBC Ins Co Ltd. and SOBC Services Company Ltd.: Please provide a narrative discussing the business purpose of these affiliated companies, and explain the dotted-line relationship between SOBC Ins Co Ltd and SOBC Alpha Insurance Co. Ltd.**

SOBC Services Company Ltd. is a Connecticut corporation established as the operating company for SOBC, providing all administrative services to the group of companies (including NNIC pursuant to the proposed Intercompany Services Agreement). As SOBC group grows, all its employees will be employed by SOBC Services.

SOBC Insurance Company Ltd. is a Connecticut licensed sponsored captive insurance company. It acts as the host company for a cell captive facility into which SOBC intends to reinsure portfolios of run-off liabilities. Each portfolio will be segregated into a separate cell within the facility. SOBC Alpha Insurance Company Ltd. is the first cell company, organized in anticipation of writing an opportunity presented to SOBC in December, 2014. Thus, the dotted line was intended to represent reinsurance, but SOBC ended up not writing the opportunity.

6. **Biographical Affidavit- Thomas Hodson: The Biographical Affidavit for Thomas Hodson states that he owns █████% of SOBC Holdings Plc, and as such, he will beneficially own 4.95% of the stock of NNIC post-transaction. Please explain- if all entity's listed on the organizational chart (Appendix 2) are wholly-owned by SOBC Holdings Plc, why will Mr. Hodson beneficially own 4.95% (and not █████%)?**

Thomas Hodson will indirectly own [REDACTED] % of NNIC post-transaction. A corrected Biographical Affidavit is attached as Exhibit 6.

7. **Contingent Liabilities: Schedule 2.01 of the Stock Purchase Agreement lists a number of potential contingent liabilities, which may or may not be reflected or disclosed in the statutory financial statements of Northwestern National Insurance Company of Milwaukee, Wisconsin. Please provide a complete list of all contingent liabilities currently known (including the basis/origin), along with the estimated settlement amount.**

The contingent liabilities identified in Schedule 2.01 are those disclosed by the Seller and confirmed through SOBC's due diligence. Paragraph 4 is meant to encompass all potential policy liabilities that are currently not known, but that may arise after closing of the acquisition of NNIC.

8. **Prior Experience: The Form A states that the Applicant is a subsidiary of SOBC Corp., which specializes in the acquisition and management of distressed or run-off insurance or reinsurance entities, and that, to date, SOBC Corp. and its predecessor have acquired six companies in run-off. Please provide the following information for each of the six companies:**

- (a) **The name of the insurance company acquired (and the state of domicile)**
- (b) **The date of the acquisition**
- (c) **The SOBC executives who were involved in the transaction**
- (d) **The name and contact information (phone # and email) of the state regulator(s) who are familiar with the transaction**
- (e) **The ultimate resolution (i.e.- was the company liquidated, sold, etc.)**

1. ***Paladin Reinsurance Corporation*** – a New York insurer, specialising in non-marine reinsurance, acquired in April, 2009 for \$ [REDACTED] from previous multiple shareholders. The SOBC executives involved with the transaction were Stephanie Mocatta and Richard Whatton. Stated net assets of \$ [REDACTED] at point of acquisition. Fee income of \$525,000 charged. The New York regulator familiar with the transaction was Larry Lavine, who has since retired. Paladin was sold in 2014 for a sales price of \$ [REDACTED], after settlement of all significant claims.
2. ***Syncorp*** – a New York MGA specialising in Non-Marine reinsurance acquired in May, 2009 for \$ [REDACTED] from previous multiple shareholders, together with a \$ [REDACTED] capital injection by the vendor. The SOBC executives involved with the transaction were Stephanie Mocatta and Richard Whatton. SOBC unwound all debtor and creditor relationships maintained by the company and cleaned up the balance sheet. Fee income of \$ [REDACTED] was booked between 2010 and early 2014, at which point the business was

sold, as part of a package with Paladin. The acquisition did not require regulatory approval or supervision.

3. ***Americas Insurance Company*** – a Louisiana general insurance company writing marine, non-marine and aviation insurance and reinsurance, and its subsidiary, ***Americas Surplus Lines Insurance Company***, a Mississippi surplus lines insurer, were acquired in July, 2008 from Whittington Group. The acquisition price of \$ [REDACTED], plus additional costs, was funded by a loan of \$ [REDACTED]. Net assets at acquisition were \$13 million. The SOBC executives involved with the transaction were Stephanie Mocatta and Richard Whatton. The business was reactivated as a householder insurer following Hurricane Katrina; rates and forms were filed; systems put in place; and underwriting teams hired. The Louisiana regulator involved in the transaction was Mike Boutwell, Insurance Administrator. Mr. Boutwell can be reached at mboutwell@idi.la.gov, (225)342-0800. The two insurers were combined, and Americas was sold to Assure Holdings Corp in 2012 who took over the outstanding loan and wished to expand the business using the 26 existing State licences. Over the five years of ownership, management fees of \$ [REDACTED] were billed and a further \$ [REDACTED] in shares was received as payment on exit. The loan used to finance the acquisition was transferred to the new owners on exit.
4. ***Shared Services Insurance Company*** – a Pennsylvania insurer writing student accident and health and sports injury insurance was acquired in December, 2009 from a group of Pennsylvania universities for \$275,000. Net assets on acquisition were \$2.3 million. The SOBC executives involved with the transaction were Stephanie Mocatta and Richard Whatton. The regulator involved in the acquisition was Robert Brackbill. Mr. Brackbill can be reached at rbrackbill@state.pa.us, (717)783-2143. Fee income of \$ [REDACTED] billed in the period 2010-12, with exit by closure in 2012 with a total distribution of \$ [REDACTED], with all policyholder liabilities extinguished.
5. ***Syncorp Bermuda*** - a Bermuda MGA specialising in reinsurance acquired in May, 2009 for \$ [REDACTED] from multiple shareholders. Net assets on acquisition were \$ [REDACTED]. The SOBC executives involved with the transaction were Stephanie Mocatta and Richard Whatton. Regulatory approval of the acquisition was not required. Proceeds of \$ [REDACTED] were realised by way of capital distribution in 2010.

9. **Financial Projections - NNIC:**

- (a) **Income Statement:** Please provide a line-item breakout of underwriting / administrative expenses for each of the 3 years.

See Exhibit 9.

- (b) **Assumptions:** Please provide the key assumptions underlying the financial projections (i.e. - Why are Loss and LAE Reserves expected to decline by

■% over the 3 year period? Why are Other Liabilities expected to decline by ■%? What is driving any decrease in underwriting/administrative expenses?).

See Exhibit 9.

10. **Financial Advisor's Opinion:** Please discuss whether the Seller (Armco Insurance Group, Inc.) worked with a financial, tax, or valuation firm to assess the fairness of the consideration (one dollar). If so, please provide the name of the firm, along with a copy of the financial advisor's written opinion as to the fairness of the consideration.

The Seller has confirmed that they have the internal resources to evaluate the transaction and have not worked with any financial, tax or valuation firms to assess the fairness of the consideration.

11. **Stockholder Approval:** Please discuss whether the proposed transaction requires the approval by the AK Steel shareholders? If yes, please provide a certified copy of the shareholder resolution approving the transaction.

The Seller has confirmed that the transaction does not require the approval of the shareholders of AK Steel.

12. **Intercompany Services Agreement:** Exhibit B states that, in consideration of the Services provided under the Agreement, Insurer shall reimburse Provider for the actual costs and expenses incurred by Provider in undertaking the Services on behalf of Insurer.

Please provide a narrative describing the methodology that will be used to allocate costs, and how that methodology conforms with statutory accounting principles.

Upon reconsideration, it has been determined that SOBC will charge an annual flat fee of \$250,000, rather than charging actual costs and using any allocation methodology. This administration fee is included in the 3 year plan. See § 3.7 of the business plan attached to the Form A as Appendix 4. While the fixed fee will not cover actual costs,¹ SOBC thought it would be more acceptable for the 3 year period than trying to keep time sheets and allocating indirect costs.

¹ SOBC believes the fixed fee will not cover its actual costs based on its experience with run-off management. That experience indicates that the annual management of the run-off of NNIC will require 1.4 FTE, at an average annual salary of \$150,000 per year; and that other ordinary expenses of run-off (rent, travel and related expenses, etc.) would double the cost of the FTE. In sum, 1.4 FTE equals \$210,000, multiplied by two for other ordinary expenses, brings the total to \$420,000. Therefore, SOBC estimates the \$250,000 flat fee to be significantly less than its actual costs, on average.

Kristin L. Forsberg, CPA, CFE
March 18, 2016
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* * * *

Please note that Exhibit 3(c)(1), Exhibit 6, and Exhibit 9 (the "Confidential Information") contain proprietary and confidential information. Pursuant to Wis. Admin. Code § Ins 40.05, the Confidential Information is required under Wis. Stat. § 601.42; moreover, the Confidential Information is not public, and is therefore presumed to be proprietary and confidential under Wis. Stat. § 601.465(1n)(a), and the Office may withhold this information from public disclosure under Wis. Stat. § 601.465(1m)(a). The Confidential Information also includes "trade secrets" under Wis. Stat. § 134.90(1)(c) because it "derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use [and] is the subject of efforts to maintain its secrecy that are reasonable under the circumstances." As you know, a trade secret is exempt from the public records law under Wis. Stat. § 19.36(5) and Wis. Admin. Code § Ins 6.13(2). Finally, the public value of the personal information in biographical affidavits is outweighed by the privacy interests of persons submitting these affidavits, and the public interest in encouraging qualified people to serve in these capacities, *see* the Wisconsin Attorney General's November 2015 *Wisconsin Public Records Law Compliance Guide*, pp. 35-36, and, in particular, home information and the social security number of an employee provided by an employer are exempt from the public records law. *Id.* at p. 22, *citing* Wis. Stat. § 19.36(10)(a). In line with these provisions, we request that you do not release the Confidential Information to the public.

We hope this information is responsive to your inquiries. If you have any questions, please do not hesitate to contact me or Tom Hodson of SOBC (at thomas.hodson@sobccorp.com or 860-614-3656). Thank you for your expeditious consideration

Very truly yours,

QUARLES & BRADY LLP



William J. Toman

WJT:mjw
Enclosures

cc (w/enc): Thomas Hodson
Steven J. Junior

EXHIBIT 2(a)

SOBC Corp. Articles and Bylaws

Delaware

PAGE 1

The First State

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "SOBC CORP.", FILED IN THIS OFFICE ON THE FIRST DAY OF AUGUST, A.D. 2014, AT 11:59 O'CLOCK A.M.


A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE KENT COUNTY RECORDER OF DEEDS.

5579419 8100

141024967



You may verify this certificate online
at corp.delaware.gov/authver.shtml


Jeffrey W. Bullock, Secretary of State
AUTHENTICATION: 1586983

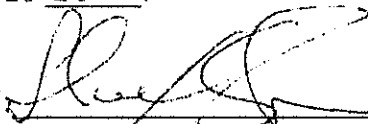
DATE: 08-01-14

STATE of DELAWARE
CERTIFICATE of INCORPORATION
A STOCK CORPORATION

- **First:** The name of this Corporation is SOBC Corp.
- **Second:** Its registered office in the State of Delaware is to be located at 160 Greentree Drive, Suite 101 Street, in the City of Dover County of Kent Zip Code 19904. The registered agent in charge thereof is National Registered Agents, Inc.

Third: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

- **Fourth:** The amount of the total stock of this corporation is authorized to issue is 10,000 shares (number of authorized shares) with a par value of 0.0000000000 per share.
- **Fifth:** The name and mailing address of the incorporator are as follows:
Name Thomas Hodson
Mailing Address 88 Sunset Farm Road
West Hartford, CT Zip Code 6107
- **I, The Undersigned,** for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 1 day of August, A.D. 20 14.

BY: 
(Incorporator)

NAME: Thomas Hodson
(type or print)

BYLAWS
of
SOBC Corp.
(the “Corporation”)

ARTICLE I

OFFICES

The principal office of the Corporation in the State of Delaware shall be located in County of Kent. The Corporation may have such other offices, either within or without the State of Delaware, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

ARTICLE II

SHAREHOLDERS

SECTION 1. ANNUAL MEETING. The annual meeting of the shareholders shall be held within the earlier of (a) six (6) months after the end of the Corporation’s fiscal year, or (b) fifteen months after its last annual meeting, or on such other date as may be determined by resolution of the Board of Directors, for the purpose of electing Directors and for the transaction of such other business as may come before the meeting. If the election of Directors shall not be held on the day designated herein for any annual meeting of the shareholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the shareholders as soon thereafter as conveniently may be.

SECTION 2. SPECIAL MEETINGS. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the President or by the Board of Directors, and shall be called by the President at the request of the holders of not less than ten (10) percent of all the outstanding shares of the Corporation entitled to vote at the meeting.

SECTION 3. PLACE OF MEETING. The Board of Directors may designate any place, either within or without the State of Delaware, unless otherwise prescribed by statute, as the place of meeting for any annual meeting or for any special meeting. A waiver of notice signed by all shareholders entitled to vote at a meeting may designate any place, either within or without the State of Delaware, unless otherwise prescribed by statute, as the place for the holding of such meeting. If no designation is made, the place of meeting shall be the principal office of the Corporation.

SECTION 4. NOTICE OF MEETING. (a) Written notice stating the place, day and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the shareholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid. If notice is given by facsimile transmission, notice is deemed to be given when directed to a number at which the shareholder has consented to receive notice. If notice is given by electronic mail, notice is deemed to be given when directed to an electronic mail address at which the shareholder has consented to receive notice or if notice is given by posting to an electronic network together with separate notice to the shareholder of such specific posting, notice is deemed to be given upon the later of (i) such posting, and (ii) the giving of such separate notice. If notice is given by any other means of electronic transmission, notice is deemed to be given when directed to the shareholder.

(b) Notwithstanding the foregoing, notice given to shareholders by e-mail, facsimile or other electronic transmissions shall be effective provided that notice is given by a form of e-mail, facsimile or other electronic transmission consented to by the shareholder to whom notice is given. Any such consent is revocable by the shareholder by written notice to the Corporation. Consent shall be deemed to be given by any shareholder that provides an e-mail, facsimile or other electronic transmission address to the Corporation. Any such consent shall be deemed revoked if (i) the Corporation is unable to deliver two consecutive notices by e-mail, facsimile or electronic transmission, and (ii) such inability becomes known to the corporate secretary, any assistant secretary or the transfer agent or such other person responsible for giving notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

(c) When a meeting is adjourned to another time or place, if any, in accordance with Section 7 of these Bylaws, notice need not be given of the adjourned meeting if the time and place, if any, and the means of remote communication, if any, by which shareholders and proxy holders may be deemed to be present in person and voting, at such adjourned meeting are announced at the meeting in which the adjournment is taken. At the adjourned meeting the Corporation may conduct any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record entitled to vote at the meeting.

SECTION 5. CLOSING OF TRANSFER BOOKS OF EXISTING RECORD. The purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors of the Corporation may provide that the stock transfer books shall be closed for a stated period, but not to exceed in any case fifty (50) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for

any such determination of shareholders, such date in any case to be not more than sixty (60) days and, in case of a meeting of shareholders, not less than ten (10) days, prior to the date on which the particular action requiring such determination of shareholders is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which the notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

SECTION 6. VOTING LISTS. The officer or agent having charge of the stock transfer books for shares of the Corporation shall make a complete list of the shareholders entitled to vote at each meeting of shareholders or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each. Such list shall be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof.

SECTION 7. QUORUM AND ADJOURNED MEETINGS. A majority of the outstanding shares of the Corporation entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders. If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

SECTION 8. PROXIES. At all meetings of shareholders, a shareholder may vote in person or by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. A meeting of the shareholders may be had by means of video, telephone conference or similar communications equipment by which all persons participating in the meeting can hear each other, and participation in a meeting under such circumstances shall constitute presence at the meeting.

SECTION 9. VOTING OF SHARES. Unless otherwise provided by the Certificate of Incorporation, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

SECTION 10. VOTING OF SHARES BY CERTAIN HOLDERS. Shares standing in the name of another Corporation may be voted by such officer, agent or proxy as the Bylaws of such Corporation may prescribe or, in the absence of such provision, as the Board of Directors of such Corporation may determine. Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by

proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name. Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name, if authority so to do be contained in an appropriate order of the court by which such receiver was appointed. A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred. Shares of its own stock belonging to the Corporation shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

SECTION 11. INFORMAL ACTION BY SHAREHOLDERS. (a) any action required taken at any annual or special meeting of the shareholders of the Corporation, or any action which may be taken at any annual or special meeting of such shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of corporate action without a meeting by less than unanimous written consent shall be given to those shareholders who had not consented in writing. In the event that the action which is consented to is such as would have required the filing of a certificate with any governmental body, if such action has been voted on by the shareholders at a meeting thereof, the certificate filed shall state, in lieu of any statement required by law concerning any vote of shareholders, that written consent had been given in accordance with the provisions of Section 228 of the Delaware General Corporation Law, and that written notice has been given as provided in such section.

(b) A facsimile, e-mail, telegram, cablegram or other means of electronic transmission consenting to any action to be taken and transmitted by a shareholder or proxy holder, or by a person or persons authorized to act for a shareholder or proxy holder, shall be deemed to be written, signed and dated for the purposes of this section, provided that any such facsimile, e-mail, telegram, cablegram or other means of electronic transmission sets forth or is delivered with information from which the Corporation can determine (i) that the facsimile, e-mail, telegram, cablegram or other means of electronic transmission was transmitted by the shareholder or proxy holder or by a person or persons authorized to act for the shareholder or proxy holder and (ii) the date on which such shareholder or proxy holder or authorized person or persons transmitted such facsimile, e-mail, telegram, cablegram or other means of electronic transmission. The date on which such facsimile, e-mail, telegram, cablegram or other means of electronic transmission is transmitted shall be deemed to be the date on which such consent was signed. No consent given by facsimile, e-mail, telegram, cablegram or other means of electronic transmission shall be deemed to have been delivered until such consent is reproduced in paper form and until such paper form shall be delivered to the Corporation by delivery to its registered office, its principal place of business or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested. Notwithstanding the foregoing limitations on delivery, consents given by facsimile, e-mail, telegram, cablegram or other means of electronic transmission may be

otherwise delivered to the principal place of business of the Corporation or to an officer or agent of the Corporation having custody of the book in which proceedings of meetings of shareholders are recorded.

(c) any copy, facsimile or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile or other reproduction shall be a complete reproduction of the entire original writing.

ARTICLE III

BOARD OF DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the Corporation shall be managed by its Board of Directors.

SECTION 2. NUMBER; TENURE AND QUALIFICATIONS. The number of directors of the Corporation shall be fixed by the Board of Directors, but in no event shall be less than three (3). Each director shall hold office until the next annual meeting of shareholders and until his successor shall have been elected and qualified.

SECTION 3. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held without other notice than this By-law immediately after, and at the same place as, the annual meeting of shareholders. The Board of Directors may provide, by resolution, the time and place for the holding of additional regular meetings without notice other than such resolution.

SECTION 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the President or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meeting of the Board of Directors called by them.

SECTION 5. NOTICE. Notice of any special meeting shall be given at least one (1) day previous thereto by written notice delivered personally or mailed to each director at his business address, or by facsimile, e-mail, telegram, cablegram or other electronic transmission to each director at his or her address. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with postage thereon prepaid. If notice be given by e-mail or other means of electronic transmission, such notice shall be deemed to be given upon direction to the e-mail or other electronic address of record of the director. If sent by any other means (including facsimile, telegram, cablegram, courier, or express mail, etc.) such notice shall be deemed to be delivered when actually delivered to the home or business address of the director. Any directors may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 6. QUORUM. A majority of the number of directors fixed by Section 2 of this Article III shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 7. MANNER OF ACTING. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 8. ACTION WITHOUT A MEETING. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if a consent in writing, setting forth the action so to be taken, shall be signed before such action by all of the directors.

SECTION 9. VACANCIES. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, unless otherwise provided by law. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of office continuing only until the next election of directors by the shareholders.

SECTION 10. COMPENSATION. By resolution of the Board of Directors, each director may be paid his expenses, if any, of attendance at each meeting of the Board of Directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the Board of Directors or both. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

SECTION 11. PRESUMPTION OF ASSENT. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to director who voted in favor of such action.

SECTION 12. PARTICIPATION BY VIDEO, CONFERENCE TELEPHONE AND OTHER COMMUNICATIONS EQUIPMENT. Members of the Board of Directors, or any committee designated by such board, may participate in a meeting of the Board of Directors, or committee thereof, by means of video, conference telephone or other similar communications equipment as long as all persons participating in the meeting can speak with and hear each other, and participation by a director pursuant to this section shall constitute presence in person at such meeting.

SECTION 13. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or

disqualified member at any meeting of the committee. In the absence or disqualification of a member at any meeting of a committee, a member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board of Directors, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to amending the Certificate of Incorporation, adopting an agreement of merger or consolidation, recommending to the shareholders the sale, lease, or exchange of all or substantially all of the Corporation's property and assets, recommending to the shareholders a dissolution of the Corporation or a revocation of a dissolution, or amending the Bylaws of the Corporation; and, unless the resolution so provides, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock or to adopt a certificate of ownership and merger, pursuant to Section 253 of the Delaware General Corporation Law.

SECTION 14. CONFLICTS OF INTEREST. (a) Any duality of interest or possible conflict of interest on the part of any director should be disclosed to two other members of the Board of Directors and made a matter of record, either through an annual procedure or when the interest becomes a matter for the Board of Directors.

(b) Any director having a duality of interest or possible conflict of interest on any matter should not vote nor be present during the vote nor use his or her personal influence in the matter. His or her presence may be counted in determining the quorum at the meeting. The minutes of the meeting should reflect that a disclosure was made, that the matter is fair and reasonable to the Corporation and that the interested director was not present during and has abstained from the vote.

(c) The foregoing requirements should not be construed as preventing the director from briefly stating his position in the matter, nor from answering pertinent questions of other directors since his knowledge may be of great assistance.

(d) A duality of interest or possible conflict of interest is presumed to exist where (i) a director holds, directly or indirectly, a position or a material financial interest in any outside concern from which the director had reason to believe the Corporation secures goods or services (including the services of buying or selling stocks, bonds, or other securities), or that provides services competitive with the Corporation; (ii) a director renders directive, managerial, or consulting services to any outside concern that does business with, or competes with the services of the Corporation or renders other services in competition with the Corporation; (iii) a director accepts gifts, excessive entertainment, or other favors from any outside concern that does, or is seeking to do, business with, or is a competitor of the Corporation, under circumstances from which it might be inferred that such action was intended to influence or possibly would influence the individual in the performance of his duties (not including the acceptance of items of nominal or minor value that are clearly tokens of respect or friendship and not related to any particular transaction or activities of the Corporation); and (iv) a director discloses or uses information

relating to the Corporation's business for the personal profit or advantage of such director or his or her immediate family or of his or her business associates or affiliates.

ARTICLE IV

OFFICERS

SECTION 1. NUMBER. The officers of the Corporation shall be a President, one or more Vice Presidents, one or more Vice Presidents, a Secretary, and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors, including a Chairman of the Board, Executive Vice Presidents and Senior Vice Presidents. In its discretion, the Board of Directors may leave unfilled for any such period as it may determine any office except those of President and Secretary. Any two or more offices may be held by the same person, except for the offices of President and Secretary which may not be held by the same person. Officers may be directors or shareholders of the Corporation.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the Corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified, or until his death, or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. REMOVAL. Any officer or agent may be removed by the Board of Directors whenever, in its judgment, the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights, and such appointment shall be terminable at will.

SECTION 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. PRESIDENT. The President shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation. He or she shall, when present, preside at all meetings of the shareholders and of the Board of Directors, unless there is a Chairman of the Board in which case the Chairman shall preside. He or she may sign, with the Secretary or any other proper officer of the Corporation thereunto authorized by the Board of Directors, certificates for shares of the Corporation, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation, or shall be required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of

President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. VICE PRESIDENT. In the absence of the President or in event of his death, inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall perform such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. If there is more than one Vice President, each Vice President shall succeed to the duties of the President in order of rank as determined by the Board of Directors. If no such rank has been determined, then each Vice President shall succeed to the duties of the President in order of date of election, the earliest date having the first rank.

SECTION 7. SECRETARY. The Secretary shall:

(a) Keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more minute books provided for that purpose; (b) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) Be custodian of the corporate records and of the seal of the Corporation and see that the seal of the Corporation is affixed to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized; (d) Keep a register of the post office address of each shareholder which shall be furnished to the Secretary by such shareholder; (e) Sign with the President certificates for shares of the Corporation, the issuance of which shall have been authorized by resolution of the Board of Directors; (f) Have general charge of the stock transfer books of the Corporation; and (g) In general perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors.

SECTION 8. TREASURER. The Treasurer shall: (a) Have charge and custody of and be responsible for all funds and securities of the Corporation; (b) Receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article VI of these Bylaws; and (c) In general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the President or by the Board of Directors. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such sureties as the Board of Directors shall determine.

SECTION 9. SALARIES. The salaries of the officers shall be fixed from time to time by the Board of Directors, and no officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the Corporation.

ARTICLE V

INDEMNITY

The Corporation shall indemnify its directors, officers and employees as follows:

(a) Every director, officer, or employee of the Corporation shall be indemnified by the Corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he or she may be made a party, or in which he or she may become involved, by reason of his or her being or having been a director, officer, employee or agent of the Corporation or any settlement thereof, whether or not he or she is a director, officer, employee or agent at the time such expenses are incurred, except in such cases wherein the director, officer, or employee is adjudged guilty of willful misfeasance or malfeasance in the performance of his or her duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Corporation; (b) The Corporation shall provide to any person who is or was a director, officer, employee, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of the corporation, partnership, joint venture, trust or enterprise, the indemnity against expenses of suit, litigation or other proceedings which is specifically permissible under applicable law; and (c) The Board of Directors may, in its discretion, direct the purchase of liability insurance by way of implementing the provisions of this Article V.

ARTICLE VI

CHECKS, DEPOSITS CONTRACTS, AND LOANS

SECTION 1. CHECKS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 2. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select.

SECTION 3. CONTRACTS. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

SECTION 4. LOANS. No loans greater than ten thousand dollars (\$10,000) shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

ARTICLE VII

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES. Certificates representing shares of the Corporation shall be in such form as shall be determined by the Board of Directors. Such certificates shall be signed by the President and by the Secretary or by such other officers

authorized by law and by the Board of Directors so to do, and sealed with the corporate seal. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate, a new one may be issued upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

SECTION 2. TRANSFER OF SHARES. Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes. Provided, however, that upon any action undertaken by the shareholders to elect S Corporation status pursuant to Section 1362 of the Internal Revenue Code and upon any shareholders agreement thereto restricting the transfer of said shares so as to disqualify said S Corporation status, said restriction on transfer shall be made a part of the bylaws so long as said agreement is in force and effect.

SECTION 3. LOST, DESTROYED OR STOLEN CERTIFICATES. Whenever a certificate representing shares of the Corporation has been lost, destroyed or stolen, the holder thereof may file in the office of the Corporation an affidavit setting forth, to the best of his or her knowledge and belief, the time, place, and circumstance of such loss, destruction or theft together with a statement of indemnity sufficient in the opinion of the Board of Directors to indemnify the Corporation against any claim that may be made against it on account of the allegedly loss of any such certificate. Thereupon the Board may cause to be issued to such person or such person's legal representative a new certificate or a duplicate of the certificate alleged to have been lost, destroyed or stolen. In the exercise of its discretion, the Board of Directors may waive the indemnification requirements provided herein.

ARTICLE VIII

FISCAL YEAR

The fiscal year of the Corporation shall begin on the 1st day of January and end on the 31st day of December each year.

ARTICLE IX

DIVIDENDS

The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Certificate of Incorporation.

ARTICLE X

CORPORATE SEAL

At the discretion of the Board of Directors, the Corporation may adopt a corporate seal, circular in form and shall have inscribed thereon the name of the Corporation and the State of incorporation and the words, "Corporate Seal". No seal shall be necessary to make any contract or undertaking valid.

ARTICLE XI

WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any shareholder or director of the Corporation under the provisions of these Bylaws or under the provisions of the Certificate of Incorporation or under the provisions of the applicable Business Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors at any regular or special meeting of the Board of Directors. The above Bylaws are certified to have been adopted by the Board of Directors of the Corporation on the _____ day of _____ (month), ____ (year).

Secretary

EXHIBIT 3(a)

Articles of Association of SOBC Holdings Plc

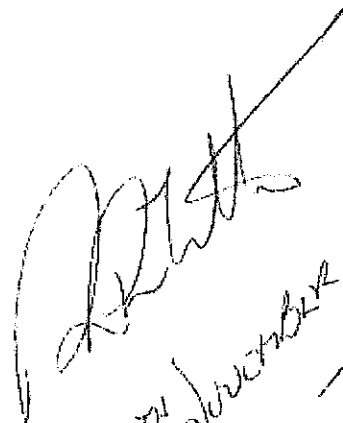
Company number 9306149

THE COMPANIES ACT 2006
PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

SOBC Holdings Plc


26 November 2014

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THE COMPANIES ACT 2006
PUBLIC COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

of

SOBC Holdings Plc

(the Company)

(adopted by special resolution passed on 26 November 2014)

PART 1 Interpretation and objects

1 Preliminary

- 1.1 No regulations or articles of association set out in any statute, or in any statutory instrument or other subordinate legislation made under any statute, concerning companies (including the regulations in the Companies (Model Articles) Regulations 2008 (SI 2008/3229)) shall apply as the articles of association of the Company. The following shall be the articles of association of the Company.
- 1.2 Words and expressions used in the Articles are defined in Article 2. Unless defined in Article 2 (and unless the context requires otherwise), other words or expressions contained in the Articles bear the same meaning as in the Act.
- 1.3 A reference in the Articles to any statute or statutory provision includes a reference to any subordinate legislation made under it from time to time and shall, unless the context requires otherwise, include any statutory modification or re-enactment of any statute or statutory provision for the time being in force.
- 1.4 Any phrase in the Articles 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 preceding those terms.

2 Defined terms

In the Articles, unless the context requires otherwise:

A Ordinary Share means an ordinary Share of 1 pence nominal value each in the share capital of the Company having the rights attached thereto as set out in the Articles;

Accepting Shareholder has the meaning given to it in Article 77.5;

accepting shareholder has the meaning given to it in Article 78.6;

Act means the Companies Act 2006;

acting in concert has the meaning given to it in the City Code on Takeovers and Mergers published by the Panel on Takeovers and Mergers (as amended);

Address has the meaning when used in relation to electronic communications given to it by section 1259 of the Act;

Articles means these articles of association as altered from time to time (and a reference to an **Article** is a reference to a provision set out in this document, as amended from time to time);

Audited Accounts mean the audited consolidated financial statements of the Company and each of its subsidiaries for a financial period ending on the relevant accounts date (including the balance sheet, profit and loss account, notes to the accounts, auditors' report, Directors' report) and all other reports, statements and narrative information attached to them;

Auditors means the auditors for the time being of the Company or, in the case of joint auditors, any of them;

B Ordinary Share means an ordinary Share of 1 pence nominal value each in the share capital of the Company having the rights attached thereto as set out in the Articles;

Bad Leaver means an Executive Director who ceases to be a Director of the Company and is not a Good Leaver;

Board means the board of Directors comprising Executive Directors and Non-Executive Directors of the Company in each case from time to time;

Business means the business of insurance and reinsurance and such other expansion, development or evolution of such business as carried out by the Company and its Group from time to time;

Business Day means a day other than a Saturday or Sunday or a bank holiday or public holiday in England and Wales;

Certificated Share means a Share which is recorded in the relevant register of Shares as being held in certificated form;

clear days means in relation to a period of notice that period excluding the day when the notice is served or deemed to be served and the day on which it is given or on which it is to take effect;

Company means SOBC Holdings Plc (company number 9306149);

Default Offer means the offer made by a Defaulting Shareholder to all of the non-defaulting Shareholders as described in Article 77.1;

Default Price has the meaning given to it in Article 77.2;

Default Shares has the meaning given to it in Article 77.2;

Defaulting Shareholder means a Shareholder who commits or suffers an Event of Default;

Deferred Share means a deferred share of 1 pence nominal value each in the capital of the Company having the rights attached thereto as set out in the Articles;

Directors means the Executive Directors and Non-Executive Directors of the Company in each case from time to time appointed pursuant to the Articles and, where the context requires, shall also include an alternate of a Director, and **Director** means any one of them;

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; 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 person who is entitled to his Share by reason of such death or bankruptcy or the holder or otherwise by operation of law;

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

electronic form has the meaning given in section 1168 of the Act;

electronic means has the meaning given in section 1168 of the Act;

electronic signature means anything in electronic form which the Directors require to be attached to or otherwise associated with an electronic communication for the purpose of ensuring the authenticity or integrity of the communication;

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

Encumbrance means any mortgage, charge (fixed or floating), pledge, lien, hypothecation, guarantee, trust, right of set off or other third party right or interest (legal or equitable) including any assignment by way of security, reservation of title or other security interest of any kind, howsoever created or arising, or any other agreement or arrangement (including a sale and repurchase agreement) having similar effect;

Event of Default means in relation to a Shareholder where:

- (a) it commits a breach of the Articles and either:
 - (i) the breach is not capable of being remedied; or
 - (ii) the Defaulting Shareholder does not remedy that breach:
 - (A) in respect of any breach relating to payment within five Business Days of receiving a Notice from any non-defaulting Shareholder requiring it to remedy that breach; or
 - (B) in respect of any other breach, as soon as possible and in any event within 15 Business Days of it receiving a Notice from any non-defaulting Shareholder requiring it to remedy that breach;
- (b) it is insolvent or unable to pay its debts as they fall due for the purposes of section 123 of the Insolvency Act 1986;
- (c) it sells, assigns, transfers or otherwise disposes of, or grants any option or other contractual right over or attempts to do the same to any of or in respect of any of its Shares or any legal or beneficial interest in its Shares in breach of the Articles; or
- (d) it is prosecuted and found guilty of an offence under sections 1, 2, 6 or 7 of the Bribery Act 2010, or is in breach of any sanction requirements, or is in breach of any relevant laws or regulations which the Directors determine in their absolute discretion may give rise to any regulatory difficulties or

problems including in relation to the involvement of the Shareholder (or any person on whose behalf the Shareholder is holding any Shares) with the Company and its Group;

Executive Director means any Director appointed to the Board of the Company in accordance with Article 31.1;

Executive Shares has the meaning given to it in Article 78.2;

Experts mean a firm of accountants appointed in accordance with Article 79 to determine the Fair Price;

Fair Price means the price per Share determined in writing by the Experts on the following bases and assumptions:

- (a) other than in connection with the Deferred Shares, valuing each of the relevant Shares as a proportion of the total value of all the issued Shares in the capital of the Company without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent or for the rights or restrictions applying to the relevant Shares;
- (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
- (c) the sale is to be on arms' length terms between a willing seller and a willing buyer;
- (d) the relevant Shares are sold free of all Encumbrances; and
- (e) reflecting any other factors which the Experts reasonably believe should be taken into account;

Family Member means in relation to a Shareholder who is an individual (or a deceased or former Shareholder who is an individual) a spouse, civil partner (as defined in the Civil Partnerships Act 2004), widow or widower, child or grandchild over the age of 18 (including step or adopted or illegitimate child and their issue);

Family Trust means as regards any particular Shareholder who is an individual (or deceased or former Shareholder who is an individual) any trust (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made, or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the Shares in question is for the time being vested in any person other than the particular Shareholder and/or any of the Family Members of that Shareholder (and so that for this purpose a person shall be considered to be beneficially interested in a Share if such Share or the income thereof is liable to be transferred or paid or applied or appointed to or for the benefit of any such person or any voting or other rights attaching thereto are exercisable by or as directed by any such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons), and, for these purposes, to the fullest extent permitted by law, a personal pension scheme (as defined under Section 1 of the Pension Schemes Act 1993), including a self-invested personal pension scheme, shall be a Family Trust;

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;

FSMA means the Financial Services and Markets Act 2000;

General Meeting means any annual or general meeting of the Company;

Good Leaver means an Executive Director who ceases to be an employee and/or Director of the Company by reason of:

- (a) retirement with the agreement of the Company;
- (b) death;
- (c) termination of that person's employment with the Company due to unfair dismissal or redundancy or wrongful dismissal;
- (d) illness or disablement of that person giving rise to permanent incapacity to continue in employment or as a Director as certified by a qualified medical practitioner; or
- (e) adverse personal circumstances as determined by the Directors in their absolute discretion;

Group means, in relation to any company or other body corporate, any holding company or parent undertaking of the company or body corporate and any subsidiary or subsidiary undertaking of such holding company or parent undertaking and any subsidiary or subsidiary undertaking of the company or body corporate from time to time and **Group Company** means any one of them;

hard copy form has the meaning given in section 1168 of the Act;

holder in relation to Shares means the person whose name is entered in the register of members as the holder of the Shares or, in the case of a Share in respect of which a Share Warrant has been issued (and not cancelled), the person in possession of that warrant;

insolvent means a person who:

- (a) is deemed unable to pay his debts within the meaning of Section 268 of the Insolvency Act 1986 (**IA 1986**);
- (b) is the subject of an application for an interim order under Section 253 of IA 1986;
- (c) is the subject of a bankruptcy order;
- (d) has a receiver or manager, fixed charge receiver or any other type of receiver, manager, interim manager or interim trustee appointed over the whole or any part of his assets;
- (e) proposes any scheme of arrangement, compromise, composition or other form of arrangement with any of his creditors (whether or not approved or sanctioned);
- (f) has any distress or execution levied on any of his assets; or
- (g) becomes subject to any proceedings analogous to those listed in subparagraphs (a) to (f) inclusive in any jurisdiction outside of England and Wales;

instrument means a document in hard copy form;

Leaver has the meaning given to it in Article 78.2;

Leaver Notice has the meaning given to it in Article 78.2;

Member means the person whose name is entered in the Register as the holder of any Share or, where the context permits, the persons whose names are entered in the Register as joint holders of that Share;

Non-Executive Director means any Director appointed to the Company in accordance with Article 31.2;

Non-Executive Director Reserved Matters has the meaning given in Article 15;

Offer Period has the meaning given to it in Article 74.4;

offer period has the meaning given to it in Article 78.6;

Office means the registered office of the Company from time to time;

Official List means the list of securities that have been admitted to listing which is maintained by the Financial Conduct Authority (FCA) in accordance with section 74(1) of FSMA;

Operator means Euroclear UK and Ireland Limited or such other person as may for the time being be approved by HM Treasury as operator under the Uncertificated Securities Regulations;

Original Shareholder has the meaning given to it in Article 73.1;

Ordinary resolution has the meaning given in section 282 of the Act;

Ordinary Share means an A Ordinary Share or a B Ordinary Share of the Company from time to time and Ordinary Shares means A Ordinary Shares and/or B Ordinary Shares as the context may require;

paid means paid or credited as paid;

Participating Security means a Share, class of Share, renounceable right of allotment of a Share or other security, title to units of which are permitted to be transferred by means of a Relevant System in accordance with the Uncertificated Securities Regulations;

partly paid in relation to a Share means that part of that Share's nominal value or any premium at which it was issued has not been paid to the Company;

Permitted Condition means a condition requiring the grant of a bona fide consent, clearance, approval or permission necessary to enable the relevant person to be able to complete a transfer of Shares under (1) its constitutional documents or pursuant to any relevant law or regulation (2) the rules or regulations of any stock exchange on which it or its holding company is quoted or listed or (3) the requirements of any governmental, statutory or regulatory authority or body in those jurisdictions where that person carries on business;

Permitted Transfer means a transfer of Shares made in accordance with Article 72;

Permitted Transferee has the meaning given to it in Article 73.1;

Recognised Clearing House means a recognised clearing house within the meaning of the Financial Services and Markets Act 2000 (as amended) acting in relation to a recognised investment exchange (as defined therein);

Register means the register of Members of the Company;

relevant officer means any Director or other officer or former Director or other officer of the Company or an associated company but excluding any person engaged by the Company or an associated company as auditor;

Relevant Price has the meaning given in Article 78.6;

Relevant System means a computer-based system and related procedures, as defined in the Uncertificated Securities Regulations, which enable title to units of a security to be evidenced and transferred without a written instrument;

Sale means:

- (h) the completion of an agreement for the sale of more than 50% of the Ordinary Shares (or more than 50% of the Shares of any member of the Company's Group) (inclusive of those already owned by the buyer or persons connected to, or acting in concert with, the buyer); or
- (i) the acceptance of an offer as a result of which the offeror becomes entitled or bound to acquire more than 50% of the Ordinary Shares (or more than 50% of the Shares of any member of the Company's Group) (inclusive of those already owned by the buyer or persons connected to, or acting in concert with, the offeror) in accordance with the Companies Act 2006;

Sale Shares has the meaning given in Article 74.2;

Seal means any common seal of the Company or any official seal kept by the Company;

Secretary means the secretary for the time being of the Company or any other person appointed to perform any of the duties of the secretary including (subject to the provisions of the Act) a joint, temporary, deputy or assistant secretary;

section 793 notice has the meaning given to it in Article 139.1;

section 793 Shares has the meaning given to it in Article 139.1;

Selling Member has the meaning given to it in Article 74.1;

Selling Shareholder has the meaning given to it in Article 75.1;

Shareholder means a holder for the time being of any Share or Shares, but excluding any member holding Shares in treasury;

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

Share Warrant means any warrant issued by the Company in respect of its Shares;

special resolution has the meaning given in section 283 of the Act;

Statutes means the Act and every other statute or subordinate legislation for the time being in force concerning companies and affecting the Company;

Stock Exchange means the London Stock Exchange plc;

Subsidiary has the meaning given in section 1159 of the Act;

Transfer Notice has the meaning given to it in Article 74.2;

United Kingdom means Great Britain and Northern Ireland;

UKLA means the United Kingdom listing authority which is the Financial Conduct Authority (FCA) when performing its functions under Part VI of FSMA;

Uncertificated Proxy Instructions has the meaning given in Article 131.2;

Uncertificated Securities Regulations means the Uncertificated Securities Regulations 2001 (including any modifications thereof or any regulation in substitution therefor made under section 784 of the Act and for the time being in force);

Uncertificated Share means a security title which is recorded in the relevant register of securities as being held in uncertificated form and title to which may be transferred by means of a Relevant System;

working day has the meaning given in section 1173 of the Act; and

writing, in writing or written 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, made available on a website or otherwise.

3 **Objects**

Nothing in these Articles shall constitute a restriction on the objects of the Company to do (or omit to do) any act and, in accordance with section 31(1) of the Act, the Company's objects are unrestricted.

PART 2 Directors

Directors' powers and responsibilities

4 **Directors' general authority**

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.

5 **Members' reserve power**

5.1 The Members may, by special resolution, direct the Directors to take, or refrain from taking, specified action.

5.2 No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

6 **Delegation of power of the Board and committees**

6.1 Subject to the Articles, the Board may by simple majority 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.

6.2 If the Board so specifies, any such delegation may authorise further delegation of the Board's powers by any person to whom they are delegated.

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

6.4 Committees to which the Board delegates any of its 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 Board.

6.5 The Board 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.

7 **Board's borrowing powers**

Subject to these Articles, the Board may exercise all the powers of the Company to borrow money and to mortgage or charge the whole or any part of its undertaking, property and assets (present and future) and uncalled capital (or any part thereof) and, subject to the provisions of the Act, to issue debentures and other securities whether outright or as a security for any debt, liability or obligation of the Company or of any third party.

8 **Power of attorney**

The Board may by power of attorney or otherwise appoint any person or persons to be the attorney or the agent of the Company and may delegate to any such person or persons any of its powers, authorities and discretions (with power to sub-delegate), in each case for such purposes and for such time, on such terms (including as to remuneration) and subject to such conditions as it thinks fit. The Board may revoke any such powers in whole or in part, or alter its terms and conditions.

Decision-making by Directors

9 **Regulation of meetings of the Board**

9.1 Subject to the provisions of these Articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit.

9.2 The Board shall not take any decision or act on a matter that is a Reserved Matter without seeking the relevant consent in favour thereof (by way of a simple majority) of the Non-Executive Directors.

10 **Calling a meeting of the Board**

10.1 Any Director may and the Secretary on the requisition of a Director shall call a meeting of the Board by giving notice of the meeting to the Directors.

10.2 Notice of any meeting of the Board must indicate:

- (a) its proposed date and time;
 - (b) where it is proposed 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.
- 10.3 Notice of meeting of the Board must be given to each Director, but need not be in writing.
- 10.4 Notice of a meeting of the Board need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company before or not more than seven 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.

11 **Participation in meetings of the Board**

- 11.1 Subject to the Articles, Directors participate in a meeting of the Board, or part of a meeting of the Board, 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.
- 11.2 In determining whether Directors are participating in a meeting of the Board, it is irrelevant where any Director is or what the form of communication used is (whether in use when these Articles are adopted or developed subsequently), provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting.
- 11.3 If all the Directors participating in a meeting are not in the same place, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no group which is larger than any other group, at the place where the chairman (or other Director chairing the meeting) is.

12 **Quorum for meetings of the Board**

- 12.1 The quorum for meetings of the Board may be determined by the Board and until so determined shall be three Directors, of whom two at least shall be Executive Directors (or their alternates) and one at least an Non-Executive Director (or his alternate). For the avoidance of all doubt, where there are no Non-Executive Directors, the quorum for meetings of the Board shall be two Executive Directors. A duly convened meeting of the Board at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion for the time being vested and exercisable by the Board.
- 12.2 Subject to the Articles, at a meeting of the Board, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- 12.3 If a quorum is not present at two consecutive meetings, the quorum at the third meeting shall constitute one Director.

13 **Chairing meetings of the Board**

13.1 Subject to the Articles, the Directors may appoint a Director to chair at every meeting of the Board at which he is present. The person so appointed for the time being is known as the **chairman**.

13.2 The Directors may terminate the chairman's appointment at any time.

13.3 If:

- (a) the Directors have not appointed a chairman;
- (b) the chairman is not willing to chair the meeting or is not participating in a meeting of the Board within ten minutes of the time at which it was to start; or
- (c) the chairman is not an Eligible Director in respect of any matter to be discussed at the meeting,

the Directors participating in the meeting of the Board must appoint one of themselves (who is an Eligible Director in respect of the matters to be discussed at the meeting) to chair it.

13.4 Subject to the Articles, if the chairman ceases to hold office as a Director during his/her term, the Shareholder who nominated him/her shall nominate another Director as chairman for the remainder of the term of the chairman who ceased to hold office.

14 **Voting at meetings of the Board: general rules**

14.1 Subject to the Articles, a decision is taken at a meeting of the Board by a majority of the votes of the Eligible Directors who are participating, and each Eligible Director participating in a meeting of the Board has one vote.

14.2 Subject to Article 14.3, if a question arises at a meeting of the Board (or of a committee established by the Board) as to the right of a Director (or committee member) to participate in the meeting of the Board (or part of the meeting) for voting or quorum purposes or otherwise in accordance with the Articles, the question may, before the conclusion of the meeting of the Board, be referred to the chairman (or other person chairing the meeting) whose ruling in relation to any person other than himself is to be final and conclusive.

14.3 If there is an equality of votes on any matter then the matter shall be treated as voted down and not carried. The chairman or other Director chairing the meeting does not have a casting vote.

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

15 **Non-Executive Directors' Reserved Matters**

The following matters shall require a vote in favour by the Non-Executive Directors (acting by simple majority) before any such decision can be taken or matter acted upon:

- (a) any material transaction involving an acquisition or disposal of any member of the Group or all or a material part of the business of any member of the Group or the acquisition or disposal of an asset with net worth in excess of ten percent of the Group's total net assets (other than in each case by or to another member of the Group);
- (b) the entry by any member of the Group into a joint venture or partnership (other than in the ordinary course of that member's business);
- (c) the incurring by any member of the Group of any material borrowing or other material indebtedness; and
- (d) any proposed material change in the nature of the Business or cessation of any material business operation of any member of the Group (other than in the ordinary course of that member's business)

and for the purpose of the above any reference to material shall mean material in the context of the Group as a whole at the relevant time.

16 **Resolution in writing**

A resolution in writing executed by all the Directors for the time being entitled to receive notice of a meeting of the Board, or in case of a resolution of a committee of the Board, by all the members of that committee of the Board shall be as valid and effective for all purposes as a resolution duly passed at a meeting of the Board (or committee, as the case may be). Such a resolution:

- (a) may consist of several documents in the same form each executed by one or more of the Directors or members of the relevant committee, including by means of fax transmissions;
- (b) need not be signed by an alternate Director if it is signed by the Director who appointed him; and
- (c) if signed by an alternate Director need not also be signed by his appointor.

17 **Minutes of proceedings**

17.1 The Board shall ensure that the Company keeps minutes in writing for the purpose of:

- (a) all appointments of officers and committees made by the Board; and
- (b) all orders, resolutions and proceedings at every meeting of the Company, of the Board and of any committee of the Board.

17.2 Any such minutes, if purporting to be signed by the chairman of the meeting at which the proceedings were held or by the chairman of the next succeeding meeting or the secretary, shall be prima facie evidence of the matters stated in such minutes without the need for any further proof.

18 **Validity of proceedings**

All acts done by a meeting of the Board, or of a committee of the Board, or by any person acting as a Director, alternate Director or member of a committee shall, notwithstanding that it is afterwards discovered that there was some defect in the appointment of any person or persons acting as aforesaid, or that they or any of them were or was disqualified from holding office or not entitled to vote, or had in any way vacated their or his office, be as valid as if every such person had been

duly appointed, and was duly qualified and had continued to be a Director, alternate Director or member of a committee of the Board.

19 **Exercise by the Board of voting powers**

The Board may exercise the voting powers conferred by the Shares in any company held or owned by the Company or exercisable by them as Directors of such other company in such manner in all respects as they think fit including the exercise thereof in favour of any resolution appointing themselves or any of them Directors or officers of such company, or voting or providing for the payment of remuneration, pension contributions or other benefits to the Directors or officers of such company.

20 **Powers of Directors being less than minimum number**

If the number of Directors is less than the minimum for the time being prescribed by these Articles, the remaining Director or Directors shall act only for the purposes of appointing an additional Director or Directors to make up such minimum or of convening a General Meeting of the Company for the purpose of making such appointment. If there are no Director or Directors able or willing to act, any two members may summon a General Meeting for the purpose of appointing Directors. Subject to the provisions of these Articles, any additional Director so appointed will hold office only until the dissolution of the annual General Meeting of the Company next following such appointment unless he is re-elected during such meeting.

Directors' interests

21 **General**

21.1 For the purposes of Articles 21 to 24 inclusive (which shall apply equally to alternate Directors), a reference to:

21.1.1 a **relevant situation** means any matter which relates to a situation in which a Director has, or can have, a direct or indirect interest which conflicts, or possibly may conflict, with the interests of the Company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it but excluding any situation which cannot reasonably be regarded as likely to give rise to a conflict of interest);

21.1.2 a **conflict of interest** includes a conflict of interest and duty and a conflict of duties;

21.1.3 **general duties** means the general duties a Director owes to the Company under sections 171 to 177 of the Act;

21.1.4 an interest of a person who is connected (which word shall have the meaning given to it by section 252 of the Act) with a Director shall be treated as an interest of the Director; and

21.1.5 a **contract** includes references to any proposed contract and to any transaction or arrangement or proposed transaction or arrangement whether or not consulting a contract.

21.2 Subject to the Statutes, the Company may by ordinary resolution suspend or relax the provisions of Articles 21 to 24 inclusive to any extent or ratify any contract not properly authorised by reason of a contravention of any of the provisions of Articles 21 to 24 inclusive.

22 **Directors' conflicts of interest**

- 22.1 The Board may, in accordance with the requirements set out in this Article, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director (an **Interested Director**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**Conflict**).
- 22.2 A Director seeking authorisation in respect of a Conflict shall declare to the Board the nature and extent of his interest in a Conflict as soon as is reasonably practicable. The Director shall provide the Board with such details of the matter as are necessary for the Board to decide how to address the Conflict together with such additional information as may be requested by the Board.
- 22.3 Any authorisation under this Article will be effective only if:
- (a) the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles;
 - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director and any other interested Director; and
 - (c) the matter is agreed to without the Interested Director voting or would be agreed to if the Interested Director's and any other interested Director's vote is not counted.
- 22.4 Any authorisation of a Conflict under this Article must be recorded in writing (but the authority shall be effective whether or not the terms are so recorded) and may (whether at the time of giving the authorisation or subsequently):
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
 - (b) provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict;
 - (c) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit;
 - (d) 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) 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
 - (e) 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.
- 22.5 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.

- 22.6 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.
- 22.7 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 or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 22.8 No authority under this Article is required in respect of a conflict of interest arising in relation to a transaction or arrangement with the Company, but this is without prejudice to a Director's obligation to declare any interest under Article 23.

23 Transactions or arrangements with the Company

- 23.1 Subject to the provisions of the Statutes and compliance with the provisions of this Article, a Director notwithstanding his office:
- (a) may enter into or otherwise be interested in any transaction or arrangement with the Company or in which the Company is otherwise interested;
 - (b) may hold any other office or employment with the Company (except that of auditor of the Company or of a subsidiary of the Company) in conjunction with the office of Director and may act by himself or through his firm in a professional capacity for the Company, and in any such case on such terms as to remuneration and otherwise as the Directors may arrange, either in addition to or instead of any remuneration provided for by any other Article; and
 - (c) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested.
- 23.2 Where a Director is in any way (directly or indirectly) interested in a proposed transaction or arrangement with the Company, he:
- (a) shall declare the nature and extent of his interest to the Directors before the Company enters into the transaction or arrangement; and
 - (b) may in accordance with section 177 of the Act make the declaration at a meeting of the Directors or give it to the Directors by notice in writing, by general notice or by any other means.
- 23.3 Except to the extent that an interest has been declared in accordance with Article 23.2, where a Director is in any way (directly or indirectly) interested in a transaction or arrangement that has been entered into by the Company, he:
- (a) shall as soon as is reasonably practicable declare the nature and extent of his interest to the Board; and
 - (b) must make the declaration at a meeting of the Directors or give it to the Directors by notice in writing or by general notice in accordance with section 182 of the Act.
- 23.4 In the case of Articles 23.2 and 23.3:

- (a) a Director need not declare an interest:
 - (i) if it cannot be reasonably regarded as likely to give rise to a conflict of interest;
 - (ii) if, or to the extent that, the other Directors are already aware of it (and for this purpose the other Directors are treated as aware of anything of which they ought reasonably to be aware); or
 - (iii) if, or to the extent that, it concerns the terms of his service contract that have been or are to be considered by a meeting of the Board or by a committee of the Board appointed for the purpose under these Articles.

23.5 If a declaration made under either Article 22 or Article 23 proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.

24 **Liability to account**

A Director shall not by reason of his office be liable to account to the Company for any remuneration, profit or other benefit derived as a result of:

- (a) any relevant situation authorised under Article 22 (subject to any restrictions or conditions to which such authorisation was subject); or
- (b) any interest permitted under Article 23,

and no transaction or arrangement shall be liable to be avoided on the grounds of a Director having an interest or benefit authorised or permitted under these Articles.

25 **Permitted interests and voting**

25.1 A Director shall not vote at a meeting of the Board or of a committee of Directors or otherwise participate in the decision-making process in relation to any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which conflicts, or may conflict, with the interests of the Company unless:

- (a) the matter arises from a relevant situation which has been authorised by the Directors under Article 22 and the authorisation does not restrict the Director from voting on resolutions concerning that matter;
- (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 only from one of the following situations:
 - (i) the resolution relates to the giving to him of a guarantee, security or indemnity in respect of money lent to, or an obligation incurred by him for the benefit of, the Company or any of its subsidiaries;
 - (ii) the resolution relates to the giving to a third party of a guarantee, security or indemnity in respect of an obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security;
 - (iii) his interest arises by virtue of his subscribing or agreeing to subscribe for any Shares, debentures or other securities of the Company or any of its subsidiaries, or by virtue of his being or intending to become a

participant in the underwriting or sub-underwriting of an offer of any such Shares, debentures or other securities by the Company or any of its subsidiaries for subscription, purchase or exchange; or

- (iv) the resolution relates in any way to a retirement benefits scheme which has been approved, or is conditional upon approval, by HM Revenue & Customs for taxation purposes.

- 25.2 A Director cannot vote or be counted in the quorum on a resolution relating to his own appointment or the settlement or variation of the terms of his appointment to an office or place of profit with the Company or any other company in which the Company has an interest.
- 25.3 A company shall be deemed to be one in which the Director has an interest (a **Relevant Interest**) if and so long as (but only if and so long as) he is to his knowledge (either directly or indirectly) the holder of or beneficially interested in one per cent or more of any class of the equity share capital of that company (calculated exclusive of any shares of that class in that company held as treasury shares) or of the voting rights available to members of that company. In relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise. Where a company in which a Director has a Relevant Interest is interested in a contract, he also shall be deemed interested in that contract.
- 25.4 Where the Directors are considering proposals about the appointment, or the settlement or variation of the terms or the termination of the appointment of two or more Directors to other offices or places of profit with the Company or any company in which the Company has an interest, a separate resolution may be put in relation to each Director and in that case each of the Directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution unless it concerns his own appointment or the settlement or variation of the terms or the termination of his own appointment or the appointment of another director to an office or place of profit with the company or any other company in which the Company has an interest and the Director seeking to vote or be counted in the quorum has a Relevant Interest in it.
- 25.5 If a question arises at a Board meeting about whether a Director (other than the chairman of the meeting) has an interest which is likely to give rise to a conflict of interest, or whether he can vote or be counted in the quorum, and the Director does not agree to abstain from voting on the issue or not to be counted in the quorum, the question must be referred to the chairman of the meeting. The chairman's ruling about the relevant Director is final and conclusive, unless the nature and extent of the Director's interests have not been fairly disclosed to the Directors. If the question arises about the chairman of the meeting, the question must be directed to the Directors. The chairman cannot vote on the question but can be counted in the quorum. The Directors' resolution about the chairman is final and conclusive, unless the nature and extent of the chairman's interests have not been fairly disclosed to the Directors.
- 25.6 Where a Director finds himself in a situation in which he has an interest which conflicts, or possibly may conflict, with the interests of the Company, the general duties will not be infringed by anything done (or omitted to be done) in accordance with the following provisions. The Director may, for as long as he reasonably believes the situation subsists:
 - (a) absent himself from meetings of the Board or from the discussion of any matter at a meeting;

- (b) make such arrangements as he sees fit for relevant Board papers not to be sent to him; and/or
- (c) behave in any other way authorised by any guidance which may from time to time be issued by the Board.

26 Confidential information

Where a Director obtains (otherwise than as result of his office as a Director of the Company) information in respect of which he owes a duty of confidentiality to another person he shall not be obliged to disclose such information (in circumstances in which he would otherwise be so obliged) if it relates to:

- (a) a relevant situation authorised pursuant to Article 22 (unless any restrictions or conditions to which such authorisation is subject provide otherwise); or
- (b) an interest permitted under Article 23,

and any failure on the part of that Director to disclose or use any such information in performing his duties as a Director of the Company will not constitute a breach by him of the general duties. This Article is without prejudice to any equitable principle or rule of law which may excuse a Director from disclosing information.

27 Third party benefits

The acceptance of a benefit by a Director from a third party (within the meaning of section 176 of the Act) will not constitute a breach of that section if the acceptance of the benefit cannot reasonably be regarded as likely to give rise to a conflict of interest. For the purposes of this Article, the Directors may from time to time prescribe an amount (a de minimis amount) below which, in their view, the amount or value of a benefit is such that it cannot reasonably be regarded as likely to give rise to a conflict of interest.

28 Chairman's ruling conclusive on Director's right to vote

If any question arises at a meeting of the Board or of a committee of the Directors as to the right of a Director (other than the chairman of the Board) to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be referred to the chairman of the meeting. The chairman's ruling in relation to the Director concerned shall be final and conclusive unless the nature and extent of the interest of the Director which is relevant for making the ruling or considering the resolution (so far as it is known to him) has not been fairly disclosed to the meeting.

29 Directors' resolution conclusive on chairman's right to vote

If any question arises at a meeting of the Board or of a committee of the Directors as to the right of the chairman of the Board to vote and such question is not resolved by his voluntarily agreeing to abstain from voting, such question shall be decided by resolution of the Directors or committee members present at the meeting (excluding the chairman), whose majority vote shall be final and conclusive unless the nature and extent of the interest of the chairman which is relevant for making the ruling or considering the resolution (so far as it is known to him) has not been fairly disclosed to the meeting.

Appointment of Directors

30 Number of Directors

- 30.1 Unless otherwise determined by the Company by ordinary resolution and subject to the Act, the number of Directors shall be not less than three, being at least one Executive Director and at least one Non-Executive Director. In the event that no Non-Executive Directors have been appointed by the Company, the number of Directors shall be not less than two, being two Executive Directors. There shall not be a maximum number of Executive Directors but there shall be a maximum number of three Non-Executive Directors.
- 30.2 A Director shall not be required to hold any Shares of the Company by way of qualification.

31 Methods of appointing and removing Directors

- 31.1 An Executive Director may be appointed or removed from office by ordinary resolution of the holders of A Ordinary Shares or by a simple majority vote of the Board (other than the Executive Director who is the subject of the decision).
- 31.2 A Non-Executive Director may be appointed or removed from office by ordinary resolution of the holders of B Ordinary Shares or by a simple majority vote of the Non-Executive Directors (other than the Non-Executive Director who is the subject of the decision).
- 31.3 The removal of a Director under Articles 31.1 or 31.2 shall be without prejudice to any claim for damages which that Director may have for breach of any contract of service between him and the Company.
- 31.4 The right to appoint and to remove Executive Directors under Article 31.1 shall be a class right attaching to A Ordinary Shares.
- 31.5 The right to appoint and to remove Non-Executive Directors under Article 31.2 shall be a class right attaching to B Ordinary Shares.
- 31.6 Subject to the provisions of the Act, and to the rest of this Article 31, the Board may from time to time appoint one or more of its body to hold any employment or executive office on such terms and for such period as it may determine. The Board may revoke or terminate any such appointment without prejudice to any claim for breach of contract between the Director and the Company.

32 No multiple appointment

A resolution for the appointment of two or more persons as Directors by a single resolution shall not be proposed at any General Meeting unless a resolution that it shall be so proposed has first been agreed to by that meeting unanimously. Any resolution proposed in contravention of this Article shall be void.

33 Effective time of appointment or removal

The appointment or removal of a Director under Article 31 takes effect from the date the Company receives the relevant notice, or any later date specified in that notice.

34 Termination of Director's appointment

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 Act or is prohibited from being a Director by law;
- (b) he or she becomes insolvent;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a Director and may remain so for more than three months;
- (e) by reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have; or
- (f) notification is received by the Company from the Director that the Director is resigning from office as Director, and such resignation has taken effect in accordance with its terms.

Alternate Directors

35 Appointment and removal of alternate Directors

35.1 Any Director (**appointor**) (other than an alternate Director) may appoint as an **alternate Director** any suitable person to act as his alternate, who shall:

- (a) exercise that Director's powers; and
- (b) carry out that Director's responsibilities,

in relation to the taking of decisions by the Directors in the absence of the alternate Director's appointor.

35.2 Where the person appointed as an alternate is already a Director in his own right, he shall also act as a Director (and may vote) separately and additionally in his own right.

35.3 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 and has immediate effect (subject to any necessary approval and unless otherwise specified).

35.4 The notice must:

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

36 Rights and responsibilities of alternate Directors

36.1 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.

36.2 An alternate Director is not entitled to receive any remuneration from the Company for serving as an alternate Director except such part of the remuneration (if any) of the alternate Director's appointor as such appointor may direct by notice in writing made to the Company. An alternate Director is however entitled to the payment by the Company of such expenses as might properly be paid to him if he were a Director.

37 Alternate Directors and decisions of the Directors

37.1 Subject to the Articles, an alternate Director may act as alternate Director for more than one Director and has the same rights in relation to any decision of the Directors as the alternate Director's appointor.

37.2 Subject to the Articles, an alternate Director is entitled to take part for all purposes (including quorum and voting purposes) in a decision of the Directors in respect of which his appointor:

- (a) is not taking part; and
- (b) is an Eligible Director.

37.3 If an alternate Director's appointor is not an Eligible Director in relation to a decision of the Directors, this does not preclude the alternate Director from taking part on behalf of another appointor who is (and on his own behalf if he is) an Eligible Director in relation to that decision.

37.4 An alternate Director is not entitled to take part in a decision of the Directors if he (whether a Director or not) would not qualify as an Eligible Director in relation to that decision.

37.5 No person taking part in a decision of the Directors may (whether in his capacity as Director or alternate Director) be counted as more than one Director for the purposes of determining whether the quorum requirement is satisfied in relation to that decision.

37.6 Subject to the Articles, an alternate Director who acts as alternate Director for more than one Director has one vote for each appointor, in addition to his own vote if he is also a Director.

38 Termination of alternate directorship

An alternate Director's appointment as an alternate Director terminates:

- (a) when the alternate Director'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 Director of any event which, if it occurred in relation to the alternate Director's appointor, would result in the termination of the appointor's appointment as a Director;
- (c) on the death of the alternate Director's appointor; or
- (d) when the appointment as a Director of the alternate Director's appointor terminates.

39 Directors' remuneration

- 39.1 Directors may undertake any services for the Company that the Board decides.
- 39.2 Directors (other than alternate Directors) are entitled to such remuneration as the Board determines:
- (a) for their services to the Company as Directors, and
 - (b) for any other service which they undertake for the Company.
- 39.3 Subject to these 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.
- 39.4 Unless the Board decides otherwise, Directors' remuneration accrues from day to day.
- 39.5 Unless the Board decides 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.

40 Directors' expenses

- 40.1 The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at:
- (a) meetings of the Board or committees of the Board;
 - (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.

41 Remuneration of Executive Directors

The salary or remuneration of any Director appointed to hold any employment or executive office in accordance with the provisions of these Articles may be either a fixed sum of money, or may in whole or in part be governed by business done or profits made or otherwise determined by the Board, and may be in addition to or in lieu of any fee payable to him for his services as Director pursuant to these Articles.

42 Company Secretary

- 42.1 Subject to the provisions of the Act the Board shall appoint a Secretary (or joint Secretaries) and shall have the power to appoint one or more persons to be an assistant or deputy secretary for such term, at such remuneration and upon such conditions as it may think fit, and any Secretary so appointed may be removed by the Board.
- 42.2 Any provision of the Act or of these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done

by or to the same person acting both as Director and as, or in place of, the Secretary.

PART 3 Shares and distributions

43 Share capital and limited liability

- 43.1 The Company does not have an authorised share capital.
- 43.2 The liability of the Members of the Company is limited to the amount, if any, unpaid on the Shares in the Company held by them.
- 43.3 The share capital of the Company at the date of these Articles is divided into A Ordinary Shares, B Ordinary Shares and Deferred Shares, which shall constitute separate classes of Shares.
- 43.4 The Company may increase its share capital in accordance with section 617 of the Act.
- 43.5 The Company may reduce its share capital by special resolution confirmed by the court in accordance with Chapter 10 of Part 17 of the Act.

44 Rights attaching to Shares

- 44.1 Except as otherwise provided in these Articles, the rights attaching to the Ordinary Shares are as follows:
- (a) each Ordinary Share is entitled to one vote in any circumstances;
 - (b) each Ordinary Share is entitled pari passu to dividend payments or any other distribution; and
 - (c) each Ordinary Share is entitled pari passu to participate in a distribution arising from a winding up of the company.
- 44.2 In addition to the rights set out in Article 44.1, the rights attaching to A Ordinary Shares comprise the right to appoint and remove Executive Directors pursuant to Article 31.1.
- 44.3 In addition to the rights set out in Article 44.1, the rights attaching to B Ordinary Shares comprise the right to appoint and remove Non-Executive Directors pursuant to Article 31.2.
- 44.4 The right attaching to Deferred Shares shall be the right to sell the shares to the Company at nominal value, and shall not confer any right to participation in the Company dividends or other distribution of Company assets, nor any right to vote or be counted in the quorum of any Members' meeting.
- 44.5 Except as otherwise provided in these Articles, on the transfer of any Share as permitted by these Articles:
- (a) a Share transferred to a non-Shareholder shall remain of the same class as before the transfer; and
 - (b) a Share transferred to a Shareholder shall automatically be redesignated on transfer as a Share of the same class as those Shares already held by the Shareholder (assuming such Shareholder is only holding one class of share).
- 44.6 If no Shares of a class remain in issue following a redesignation under this Article, these Articles shall be read as if they do not include any reference to that class or

to any consents from, or attendance at any meeting or votes to be cast by, Shareholders of that class or Directors appointed by that class.

45 **Deferred Shares**

45.1 If after three months following the date of adoption of these Articles, the number of A Ordinary Shares shall be more than the number of B Ordinary Shares, the Company shall convert a number of A Ordinary Shares (being the Surplus Shares) into Deferred Shares in accordance with Article 45.2, which shall result in the aggregate number of A Ordinary Shares being equal to the aggregate number of B Ordinary Shares and each holder of A Ordinary Shares shall hold, when aggregated with the existing holders of A Ordinary Shares, the same proportion of the total number of A Ordinary Shares in issue as before the Surplus Shares were converted into Deferred Shares.

45.2 To calculate the number of A Ordinary Shares which the Company is required to convert into Deferred Shares as a result of Article 45.1, the following formula shall be used:

No. of A Ordinary Shares of X – (No. of A Ordinary Shares of X / 5,004,000 * Aggregate No. of B Ordinary Shares)

45.3 The creation or issue of Deferred Shares shall be deemed to confer irrevocable authority on the Company at any time after that creation or issue to appoint any person to execute or give on behalf of the holder of those Shares a transfer of them to such person or persons as the Company may determine.

46 **Powers to issue different classes of Shares**

46.1 Without prejudice to any special rights attached to any existing Shares or class of Shares, any Share in the capital of the Company may be issued with such rights or such restrictions as the Company may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

46.2 Subject to any rights attached to any existing Shares or classes of Shares, Shares may be issued which are to be redeemed or are liable to be redeemed at the option of the Company or the Shareholders on such terms and conditions and in such manner as shall be provided by the Board prior to the allotment of any such Shares.

47 **Allotment of Shares**

47.1 Subject to the Act, these Articles and to any relevant authority of the Company in general meeting required by the Act, the Board may offer, allot (with or without conferring rights of renunciation), grant options over or otherwise deal with or dispose of Shares or grant rights to subscribe for or convert any security into Shares to such persons, at such times and upon such terms as the Board may decide. No Share may be issued at a discount.

47.2 The Board may, at any time after the allotment of any Share but before any person has been entered in the Register, recognise a renunciation by the allottee in favour of some other person and accord to the allottee of a Share a right to effect such renunciation and/or allow the rights to be represented to be one or more participating securities, in each case subject to such terms and conditions as the Board may think fit to impose.

47.3 Under and in accordance with section 551 of the Act, the Directors shall be generally and unconditionally authorised to exercise for each prescribed period all

the powers of the Company to allot Shares up to an aggregate nominal amount equal to the Section 551 Amount.

47.4 Under and within the terms of the said authority or otherwise in accordance with section 570 of the Act, the Directors shall be empowered during each prescribed period to allot equity securities (as defined by the Act) wholly for cash:

(a) in connection with a rights issue; and

(b) otherwise than in connection with a rights issue up to an aggregate nominal amount equal to the Section 561 Amount.

47.5 During each prescribed period, the Company and its Directors by such authority and power may make offers or agreements which would or might require equity securities or other securities to be allotted after the expiry of such period.

47.6 For the purposes of this Article 47:

(a) **rights issue** means an offer of equity securities (as defined by the Act) open for acceptance for a period fixed by the Board to holders of equity securities on the Register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached to them but subject to such exclusions or other arrangements as the Board may deem necessary or expedient with regard to treasury Shares, fractional entitlements or legal or practical problems under the laws of any territory or under the requirements of any recognised regulatory body or stock exchange in any territory;

(b) **prescribed period** means any period (not exceeding five years on any occasion) for which the authority, in the case of Article 47.3, is conferred or renewed by ordinary or special resolution stating the Section 551 Amount, and, in the case of Article 47.4, is conferred or renewed by special resolution stating the Section 561 Amount;

(c) **Section 551 Amount** means for any prescribed period, the amount stated in the relevant ordinary or special resolution;

(d) **Section 561 Amount** means for any prescribed period, the amount stated in the relevant special resolution; and

(e) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or to convert any securities into Shares, the nominal amount of such Shares which may be allotted pursuant to such rights.

Partly paid Shares

48 Company's lien over partly paid Shares

48.1 The Company has a lien (the **Company's lien**) over every Share which is partly paid for any part of:

(a) that Share's nominal value; and

(b) any premium at which it was issued;

which has not been paid to the company, and which is payable immediately or at some time in the future, whether or not a call notice has been sent in respect of it.

48.2 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.
- 48.3 The Board 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.
- 49 **Enforcement of the Company's lien**
- 49.1 Subject to the provisions of this Article 49, 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 Board decides.
- 49.2 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 payable within 14 clear days of the notice;
 - (d) must be addressed either to the holder of the Share or to a person entitled to it by reason of the holder's death, bankruptcy or otherwise; and
 - (e) must state the Company's intention to sell the Share if the notice is not complied with.
- 49.3 Where Shares are sold under this Article 49:
 - (a) the Board may authorise any person to execute an instrument of transfer of the Shares to the purchaser or 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.
- 49.4 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 a suitable indemnity 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 in respect of the Shares after the date of the lien enforcement notice.
- 49.5 A statutory declaration by a Director or the Secretary that the declarant is a Director or the 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 these Articles or by law, constitutes a good title to the Share.

50 **Call notices**

50.1 Subject to these Articles and the terms on which Shares are allotted, the Board may send a notice (a **call notice**) to a Member requiring the Member to pay the Company a specified sum of money (a **call**) which is payable in respect of Shares which that Member holds at the date when the Board decides to send the call notice.

50.2 A call notice:

- (a) may not require a Member to pay a call which exceeds the total sum unpaid on that Member's Shares (whether as to the Share's nominal value or any amount payable to the Company by way of premium);
- (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 paid by instalments.

50.3 A Member must comply with the requirements of a call notice, but no Member is obliged to pay any call before 14 days have passed since the notice was sent.

50.4 Before the Company has received any call due under a call notice the Board 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 Member in respect of whose Shares the call is made.

51 **Liability to pay calls**

51.1 Liability to pay a call is not extinguished or transferred by transferring the Shares in respect of which it is required to be paid.

51.2 Joint holders of a Share are jointly and severally liable to pay all calls in respect of that Share.

51.3 Subject to the terms on which Shares are allotted, the Board 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.

52 **When call notice need not be issued**

52.1 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 (whether in respect of nominal value or premium):

- (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.

52.2 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.

53 **Failure to comply with call notice**

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

- (a) the Board 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.

53.2 For the purposes of this Article 53:

- (a) the **call payment date** means the time when the call notice states that a call is payable, unless the Board gives a notice specifying a later date, in which case the **call payment date** means that later date;
- (b) the **relevant rate** means:
 - (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 Board; or
 - (iii) if no rate is fixed in either of these ways, 5 per cent. per annum.

53.3 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.

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

54 **Notice of intended forfeiture**

54.1 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 to a person entitled to it by reason of the holder's death, bankruptcy or otherwise by law;
- (c) must require payment of the call and any accrued interest by a date which is not less than 14 days after the date of the notice;
- (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.

55 **Board's 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 Board may

decide that any Share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other monies payable in respect of the forfeited Shares and not paid before the forfeiture.

56 **Effect of forfeiture**

56.1 Subject to these 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.

56.2 Any Share which is forfeited in accordance with these Articles:

- (a) is deemed to have been forfeited when the Board decides 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 Board thinks fit.

56.3 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;
- (b) that person ceases to be a Member in respect of those Shares;
- (c) that person must surrender the certificate for the Shares (if in certificated form) forfeited to the Company for cancellation;
- (d) that person remains liable to the Company for all sums payable by that person under these 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 Board 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.

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

57 **Procedure following forfeiture**

57.1 If a forfeited Share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the Board may authorise any person to execute the instrument of transfer.

57.2 A statutory declaration by a Director or the Secretary that the declarant is a Director or the 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 these Articles or by law, constitutes a good title to the Share.

57.3 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.

57.4 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.

58 **Surrender of Shares**

58.1 A Member may surrender any Share:

- (a) in respect of which the Board may issue a notice of intended forfeiture;
- (b) which the Board may forfeit; or
- (c) which has been forfeited.

58.2 The Board may accept the surrender of any such Share.

58.3 The effect of surrender on a Share is the same as the effect of forfeiture on that Share.

58.4 A Share which has been surrendered may be dealt with in the same way as a Share which has been forfeited.

59 **Payment of commissions on subscription for Shares**

59.1 The Company may pay any person a commission in consideration for that person:

- (a) subscribing, or agreeing to subscribe, for Shares; or
- (b) procuring, or agreeing to procure, subscriptions for Shares.

59.2 Any such commission may be paid:

- (a) in cash, or in fully paid or partly paid Shares or other securities, or partly in one way and partly in the other; and
- (b) in respect of a conditional or an absolute subscription.

60 **Trusts not to be recognised**

Except as required by law or otherwise in accordance with these Articles, no person shall be recognised by the Company as holding any Share upon any trust, and the Company shall not be bound by or compelled in any way to recognise any interest in or right in respect of any Share, except an absolute right to the entirety thereof in the Member.

61 **Share warrants**

- 61.1 The Company may, with respect to any fully paid Shares, issue a Share Warrant stating that the bearer of the warrant is entitled to the Shares specified in it and may provide (by coupons or otherwise) for the payment of future dividends on the Shares included in a Share Warrant.
- 61.2 The powers referred to in Article 61.1 may be exercised by the Board, which may determine and vary the conditions on which Share Warrants shall be issued, and in particular on which:
- (a) a new Share Warrant or coupon will be issued in the place of one damaged, defaced, worn out or lost (provided that no new Share Warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed);
 - (b) the bearer of a Share Warrant shall be entitled to receive notice of and to attend, vote and demand a poll at General Meetings;
 - (c) dividends will be paid; and
 - (d) a Share Warrant may be surrendered and the name of the holder entered in the Register in respect of the Shares specified in it.
- 61.3 Subject to such conditions and to these Articles, the bearer of a Share Warrant shall be deemed to be a Member for all purposes. The bearer of a Share Warrant shall be subject to the conditions for the time being in force and applicable thereto, whether made before or after the issue of such Share Warrant.

Variation of rights

62 **Manner of variation of rights**

- 62.1 Subject to the provisions of the Act, any of the rights or privileges for the time being attached to any class of Share may be varied or abrogated, either while the Company is a going concern or during or in contemplation of a winding-up, in such manner (if any) as may be provided by such rights or, in the absence of any such provision, either with the consent in writing of the holders of not less than three-quarters in nominal value of the issued Shares of the class (excluding any Shares of that class held as treasury Shares) or with the sanction of a special resolution passed at a separate General Meeting of the holders of the Shares of the class duly convened and held as hereinafter provided (but not otherwise).
- 62.2 To every such separate General Meeting the provisions of Chapter 3 of Part 13 of the Act (save as stated in sections 334(2) to (3) of the Act) and of these Articles relating to General Meetings or the proceedings at such meetings shall apply mutatis mutandis, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons holding or representing by proxy not less than one-third in nominal value of the issued Shares of the class and at an adjourned meeting shall be one person holding Shares of the class or his proxy.
- 62.3 Every holder of Shares of the class, present in person or by proxy, may demand a poll. Each such holder shall, on a poll, have one vote in respect of every Share of the class held by him.
- 62.4 The foregoing provisions of this Article shall apply also to the variation or abrogation of the special rights attached to some only of the Shares of any class as

if each group of Shares of the class differently treated formed a separate class the special rights of which are to be varied.

- 62.5 Shares in the capital of the Company shall not be treated as a separate class of Shares either by becoming, or by ceasing to be, a Participating Security or held in uncertificated form.
- 62.6 The Board may convene a class meeting whenever it thinks fit and whether or not the business to be transacted involves a variation or abrogation of class rights.

63 **Deemed variation**

- 63.1 Subject to the terms on which any Shares may be issued, the rights or privileges attached to any class of Shares shall be deemed to be varied or abrogated by the reduction of the capital paid upon those Shares or by the allotment of further Shares ranking in priority thereto in any respect but shall not be deemed to be varied or abrogated by the creation or issue of any new Shares ranking *pari passu* in all respects (save as to the date from which such new Shares shall rank for dividend) with or ranking subsequent to those already issued or by the purchase or redemption by the Company of its own Shares in accordance with the provisions of the Act and these Articles.
- 63.2 The rights attached to any class of Shares shall not be deemed to be varied by any securities in the capital of the Company becoming, or ceasing to be, a Participating Security.

Alteration of share capital

64 **Uncertificated Shares**

- 64.1 Subject to the Statutes, the Board may at any time resolve that a class of Shares is to become a Participating Security and may at any time resolve that a class of Shares shall cease to be a Participating Security.
- 64.2 The Board shall have power to implement such arrangements as it may, in its absolute discretion, think fit in relation to the evidencing and transfer of Uncertificated Shares, subject always to the Uncertificated Securities Regulations and the rules and procedures of the Relevant System.
- 64.3 The Company shall enter on the Register the number of Shares held by each Member in uncertificated form and in certificated form and shall maintain the Register in each case as is required by the Uncertificated Securities Regulations and the Relevant System. Unless the Board otherwise determines, holdings of the holder or joint holders in certificated form and uncertificated form shall be treated as separate holdings.
- 64.4 Any Share of a class which is a Participating Security may be converted from an Uncertificated Share to a Certificated Share and from a Certificated Share to an Uncertificated Share in such manner as the Board may, in its absolute discretion, think fit, subject always to the Uncertificated Securities Regulations and the rules and procedures of the Relevant System.
- 64.5 In relation to any class of Shares which is a Participating Security, and for so long as that class of Shares or any part of that class of Shares remains a Participating Security, these Articles shall (notwithstanding anything else contained in these Articles) apply to Uncertificated Shares to the extent that they are consistent with:
- (a) the holding of Shares in that class in uncertificated form;

- (b) the transfer of title to the Shares in that class by means of a Relevant System; and
- (c) the Uncertificated Securities Regulations and all Statutes.

64.6 Where the Company is entitled under any provision of the Statutes or the rules of the Relevant System or under these Articles to dispose of, forfeit, enforce a lien over, or otherwise procure the sale of, any Shares (or fractions of a Share) which are held in uncertificated form, the Board shall have the power (to the extent permitted by the Uncertificated Securities Regulations and the rules and practices of the Relevant System) to take such steps as may be required, by means of the Relevant System or otherwise, to effect such disposal, forfeiture, enforcement or sale and such powers shall (to the extent permitted as aforesaid) include the right to:

- (a) request or require the deletion of any computer-based entries in the Relevant System relating to the holding of such Shares in uncertificated form;
- (b) alter such computer-based entries so as to divest the registered holder of such Shares of the power to transfer such Shares to a person other than the transferee, purchaser or his nominee identified by the Company for this purpose;
- (c) require any holder of any Uncertificated Shares which are the subject of any exercise by the Company of any such entitlement, by notice in writing to the holder concerned, to change his holding of such Uncertificated Shares into certificated form within such period as may be specified in the notice, prior to completion of any disposal, sale or transfer of such Shares or direct the holder to take such steps as may be necessary to sell or transfer such Shares; and
- (d) appoint any person to take such other steps in the name of the holder of such Shares and such steps shall be as effected as if they had been taken by the registered holder of the Uncertificated Shares concerned.

65 **Procedure for disposing of fractions of Shares**

65.1 This Article 65 applies where:

- (a) there has been a consolidation or division of Shares, and
- (b) as a result, Members are entitled to fractions of Shares.

65.2 The Board may:

- (a) sell the Shares representing the fractions to any person including the Company for the best price reasonably obtainable;
- (b) in the case of a certificated Share, authorise any person to execute an instrument of transfer of the Shares to the purchaser or a person nominated by the purchaser; and
- (c) distribute the net proceeds of sale in due proportion among the holders of the Shares.

65.3 Where any holder's entitlement to a portion of the proceeds of sale amounts to less than £3 (or such minimum figure as the Board may determine from time to time), that Member's portion may be distributed to an organisation which is a charity for the purposes of the law of England and Wales, Scotland or Northern Ireland.

65.4 The person to whom the Shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions.

65.5 The transferee's title to the Shares is not affected by any irregularity in or invalidity of the process leading to their sale.

66 **Purchase of own Shares**

66.1 Subject to the provisions of the Statutes and to any rights for the time being attached to any Shares, the Company may purchase any of its own Shares of any class (including any redeemable Shares).

66.2 Subject to the remaining provisions of this Article 66, on a purchase of Shares in accordance with the Act the Company may:

(a) hold the Shares (or any of them) in treasury and deal with them in accordance with the Act; or

(b) cancel any of the Shares in accordance with the Act.

Share Certificates

67 **General**

67.1 The provisions of this Article 67 relating to Share certificates will not apply so as to require the Company to issue to any person a certificate in respect of any Share where such person holds such Shares in uncertificated form.

67.2 Subject to the provisions of these Articles, any Member (excluding a Recognised Clearing House or a nominee of a Recognised Clearing House or a recognised investment exchange) in respect of any Shares shall be entitled, without charge, to receive within two months after allotment (or such period as the terms of issue of the Shares shall otherwise provide) or lodgement at the registered office of the Company of a transfer, one certificate under Seal for all the Shares of each class registered in his name.

67.3 Subject to the Statutes, these Articles and the requirements of the UKLA and the Stock Exchange, upon the conversion of an Uncertificated Share into a Certificated Share, the holder thereof (other than a Recognised Clearing House or a nominee of a Recognised Clearing House or a recognised investment exchange) will be entitled (unless the terms of issue of that Share otherwise provide) to a certificate, free of charge, in respect of all the Uncertificated Shares so converted into certificated form.

67.4 Every Share certificate shall be issued under the Seal (or in the case of Shares on a branch register, an official seal for use in the relevant territory) and shall specify the number and class of Shares in respect of which it is issued and the amount paid up thereon. No certificate shall be issued representing Shares of more than one class. Any of the Seals may be affixed by laser printer or in such other manner as the Board, having regard to the terms of the issue, the Statutes and the regulations of the UKLA and the Stock Exchange may authorise. Unless the Board otherwise determines, no definitive certificate shall be issued in respect of Shares held by a Recognised Clearing House or a nominee of a Recognised Clearing House or a recognised investment exchange.

67.5 The Company shall not issue more than one certificate in respect of Shares held jointly by two or more persons and delivery of a certificate to one of the joint holders shall be sufficient delivery to all joint holders.

- 67.6 Subject to the Statutes (including the Uncertificated Securities Regulations) and the rules for the time being of the Relevant System, the Company may issue Shares in uncertificated form and permit the same (whether or not in such form) to be transferred without the production of written forms of transfer or the creation of certificates and the Board may from time to time lay down regulations governing such issue and transfer, which regulations shall (to the extent they specify) operate in substitution for the relevant provisions of these Articles governing certificates and the transfer of Shares.
- 67.7 Where a Member (other than a Recognised Clearing House or a nominee of a Recognised Clearing House or a recognised investment exchange) has transferred part only of Shares comprised in a certificate he shall be entitled, without charge, to a new certificate for the balance of such Shares.
- 67.8 If and so long as all the issued Shares of the Company or all the issued Shares of a particular class are fully paid up and rank *pari passu* for all purposes, then none of those Shares shall bear a distinguishing number. In all other cases each Share shall bear a distinguishing number.
- 68 **Replacement Share certificates**
- 68.1 If a certificate issued in respect of a Member's Shares is:
- (a) damaged, defaced or worn out; or
 - (b) said to be lost, stolen or destroyed,
- that Member is entitled to be issued with a replacement certificate in respect of the same Shares.
- 68.2 A Member 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 (with or without security) and the payment of a reasonable fee as the Directors decide.
- 68.3 Any two or more certificates representing Shares of any one class held by any Member may, at his request, be cancelled and a single new certificate for such Shares issued in lieu without charge on surrender of the original certificates for cancellation.
- 68.4 If any Member shall surrender for cancellation a Share certificate representing Shares held by him and request the Company to issue in lieu two or more Share certificates representing such Shares in such proportions as he may specify, the Board may, if it thinks fit, comply with such request subject to the payment of such fee (if any) as it may determine.
- 68.5 In the case of Shares held jointly by two or more persons any such request as is mentioned in this Article 68 may be made by any one of the joint holders of such Shares.

Transfer and transmission of Shares

69 Transfers of certificated Shares

69.1 In these Articles, reference to the transfer of a Share includes the transfer, assignment or other disposal of a beneficial or other interest in that Share, or the creation of a trust or encumbrance over that Share, and reference to a Share includes a beneficial or other interest in a Share.

69.2 Certificated Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Board, which is executed by or on behalf of:

- (a) the transferor; and
- (b) (if any of the Shares is partly paid) the transferee.

69.3 No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any Share.

69.4 The Company may retain any instrument of transfer which is registered.

69.5 The transferor remains the holder of a certificated Share until the transferee's name is entered in the Register as holder of it.

69.6 The Board may refuse to register the transfer of a certificated Share if:

- (a) the Share is not fully paid;
- (b) the transfer is not lodged at the Office or such other place as the Board has appointed;
- (c) the transfer is not accompanied by the certificate for the Shares to which it relates, or such other evidence as the Board may reasonably require to show the transferor's right to make the transfer, or evidence of the right of someone other than the transferor to make the transfer on the transferor's behalf;
- (d) the Share transfer is not duly stamped or certified or adjudicated to be exempt from stamp duty;
- (e) the transfer is in respect of more than one class of Share;
- (f) the transfer is in favour of more than four transferees; or
- (g) in such exceptional circumstances as approved by the UKLA and the Stock Exchange,

provided that such refusal could not prevent any Shares admitted to trading on AIM Market of the London Stock Exchange plc from continuing to be so admitted.

70 Transfer of uncertificated Shares

70.1 Subject to the requirements of the UKLA and the Stock Exchange, the Company shall register a transfer of title to any Uncertificated Share or any renounceable right or allotment of a Share which is a Participating Security held in an uncertificated form in accordance with the Uncertificated Securities Regulations, but so that the Board may refuse to register such transfer in any circumstance permitted or required by the Uncertificated Securities Regulations and the requirements of the Relevant System.

70.2 A transfer of an uncertificated Share must not be registered if it is in favour of more than four transferees.

71 **Notice of refusal**

If the Board refuses to register a transfer pursuant to Articles 69.6 or 70 it shall:

- (a) send the transferee notice of the refusal as soon as is practicable and in any case within two months after the date on which the transfer was lodged with the Company (in the case of Certificated Shares) or within two months after the date on which the appropriate instructions were received by or on behalf of the Company (in the case of Uncertificated Shares) in accordance with the rules and procedures of the Relevant System together with the reasons for the refusal; and
- (b) provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request except that nothing shall compel the Board to provide the transferee with a copy of the minutes of a meeting of the Board.

72 **Permitted Transfers**

No Shareholder is permitted to sell, transfer, assign, pledge, charge or otherwise dispose of a beneficial or other interest in any Share or create a trust or Encumbrance over any Share (and for which purposes a reference to a Share shall include a beneficial or other interest in a Share), except subject to and in accordance with Articles 73, 74, 75, 76, 77, and 78 (with any sale, transfer or other disposal pursuant to any of the aforementioned Articles being a **Permitted Transfer**).

73 **Associated parties**

73.1 Any Shareholder (the **Original Shareholder**) shall be permitted to sell, transfer, assign, pledge, charge or otherwise dispose of a beneficial or other interest in any Share or create a trust or Encumbrance over any Share (and for which purposes a reference to a Share includes a beneficial or other interest in a Share) to:

- (a) any member of its Group (where relevant);
- (b) any Family Member (where relevant); or
- (c) any Family Trust (where relevant),

(any such member of its Group or Family Member or Family Trust being a **Permitted Transferee**).

73.2 Any Permitted Transferee holding Shares pursuant to Article 73.1 may, at any time, transfer its Shares back to the Original Shareholder without being required to comply with Article 74.

73.3 Where the Permitted Transferee is a Family Member, the transmittee(s) of any such person shall within ten Business Days of that Family Member's death execute in favour of the Original Shareholder (or any Permitted Transferee of the Original Shareholder) and deliver to the Company a transfer of the Shares held by such Family Member without any price or other restriction.

73.4 Where the Permitted Transferee is a Family Trust, such Family Trust shall no later than five Business Days prior to it ceasing to be a Family Trust execute in favour of the Original Shareholder (or any Permitted Transferee of the Original Shareholder) and deliver to the Company a transfer of the Shares held by such Family Trust without any price or other restriction.

- 73.5 Where the Permitted Transferee is a member of the Original Shareholder's Group, the Permitted Transferee shall no later than five Business Days prior to it ceasing to be a member of the same Group execute in favour of the Original Shareholder (or any Permitted Transferee of the Original Shareholder) and deliver to the Company a transfer of the Shares held by such member of the Original Shareholder's Group without any price or other restriction.
- 73.6 If a Permitted Transferee fails to make a transfer in accordance with Articles 73.3, 73.4 and 73.5, a Transfer Notice shall be deemed to have been given in respect of all of the Shares held by the Permitted Transferee.
- 73.7 In circumstances where Article 73.6 applies:
- (a) the Company shall be constituted the agent and attorney of such Permitted Transferee for the purpose of taking such actions as are necessary to effect the proposed transfer;
 - (b) the Directors may authorise an officer of the Company or a Shareholder to complete, execute and deliver on behalf of such Permitted Transferee all or any necessary documents;
 - (c) the Company may receive any purchase money due to the Permitted Transferee in trust for the Permitted Transferee (without any obligation to pay interest) and give good discharge for it; and
 - (d) the Company may, subject to the transfer being duly stamped, enter (as appropriate) any Shareholder as the holder of the Shares acquired by it.

74 **Pre-emption rights on the transfer of Shares**

- 74.1 A Shareholder wishing to transfer any of his Shares (**Selling Member**) shall, subject to these Articles, comply with this Article 74.
- 74.2 The Selling Member shall in a dated notice in writing to the Company (**Transfer Notice**) set out details of the proposed transfer or other disposal or dealing, specifying:
- (a) the Shares affected (**Sale Shares**);
 - (b) the price per Share at which the Selling Member is prepared to sell the Sale Shares (or if no price per Share is specified, then such price as may be determined by the Board) (**Sale Price**);
 - (c) the identity and address of any proposed transferee (**Purchaser**); and
 - (d) whether the proposed transfer by the Selling Member is subject to any Permitted Condition (but the absence of any reference to a Permitted Condition shall not obviate the need for a Permitted Condition where relevant).
- 74.3 Subject to the Articles, the Transfer Notice shall irrevocably and unconditionally constitute the Company the agent of the Selling Member in relation to the transfer of the Sale Shares, even if the Transfer Notice contains a provision to the contrary. A Transfer Notice shall not be revocable without the consent of the Board.
- 74.4 Within seven days of receiving the Transfer Notice, the Company shall by notice in writing offer the Sale Shares at the Sale Price to:

- (a) in the case of any Sale Shares which are A Ordinary Shares, the A Ordinary Shareholders (other than the Selling Member (where relevant)); or
- (b) in the case of any Sale Shares which are B Ordinary Shares, the B Ordinary Shareholders (other than the Selling Member (where relevant)),

inviting each Shareholder of the relevant class to state in writing to the Company within 14 days of the offer (**Offer Period**) whether it:

- (i) wishes to purchase all or some of the Sale Shares offered to it on a pro-rata basis to their existing shareholding at the Sale Price (and in each such case such Shareholder shall be an **Accepting Member**);
- (ii) wishes to purchase all of the Sale Shares offered to it including additional Shares in the event that any holders of the same class of any Shares shall elect not to take up their pro-rata entitlement; or
- (iii) does not wish to purchase any of the Sale Shares offered to it,

and if the Shareholder does not notify the Company in accordance with this Article 74.4 it shall be deemed to have declined the offer.

74.5 If the Accepting Member gives notice to the Company in accordance with Article 74.4(b)(i) that it wishes to purchase some only of the Sale Shares offered to it at the Sale Price, the Selling Member must transfer such Sale Shares to the Accepting Member at that price and otherwise in compliance with the Articles.

74.6 If the Accepting Member gives notice to the Company in accordance with Article 74.4(b)(i) that it wishes to purchase all of the Sale Shares offered to it at the Sale Price or in accordance with 74.4(b)(ii) that it wishes to purchase a greater number of Sale Shares at the Sale Price than was offered to it, then the Company shall on expiry of the Offer Period allocate the Sale Shares as follows:

- (a) an Accepting Member shall be entitled to that proportion, without involving fractions, of the Sale Shares that its shareholding, at the expiry of the Offer Period, bears to the total shareholdings at such date of all Accepting Members, without involving fractions (**Pre-emption Proportion**), or the amount of the Sale Shares to which its acceptance relates, whichever is the less; and
- (b) if relevant, an Accepting Member who wishes to purchase more than its Pre-emption Proportion (**Excess Proportion**) shall receive that proportion of any remaining unallocated Shares as its Excess Proportion bears to the total Excess Proportions of any Accepting Members who also wish to purchase Excess Proportions.

74.7 The Company shall within five Business Days of the expiry of the Offer Period notify the Accepting Members of their allocation and shall inform the Selling Member of the identity of the Accepting Members and the number of Sale Shares allocated to them. 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.

74.8 Within:

- (a) five Business Days of receiving notification from the Company pursuant to Article 74.7 where there is no Permitted Condition; or
- (b) five Business Days of satisfaction or waiver (if permitted) of any Permitted Condition, the relevant party/ies using all reasonable endeavours to satisfy or waive (if permitted) such Permitted Condition,

the Selling Member shall transfer the Sale Shares to the Accepting Members in accordance with their respective allocations and the Accepting Members shall pay the Sale Price.

74.9 In the event that there are no or insufficient acceptances of all of the Sale Shares, the Company may either:

- (a) elect to purchase all or some of the Sale Shares not taken up by existing Shareholders at the Sale Price, which must be purchased in accordance with Article 66; or
- (b) allocate and transfer the remaining Shares to such persons as it may determine on such terms as the Directors may determine (acting by simple majority).

74.10 If the Company elects not to purchase all of the Sale Shares which have not been taken up or allocate and transfer such Sale Shares to such persons as the Directors may determine, the Company shall inform the Selling Member within five Business Days of such election, and subject as may be otherwise provided in these Articles, the Selling Member may then transfer any or all of the Sale Shares which have not been taken up to the proposed transferee identified in the Transfer Notice at a price not less than the Sale Price and subject to any other terms as the Directors may determine.

75 **Drag along**

75.1 If a Shareholder majority (being the holders of at least 75% by nominal value of the Ordinary Shares in issue for the time being) (the **Selling Shareholders**) wish to transfer all of their interest in their Shares (**Sellers' Shares**) to a bona fide purchaser on arm's-length terms (**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 including the Company in respect of any Shares held in treasury (if any) (**Called Shareholders**) to sell and transfer all (but not some only) of their respective interest in their Shares to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this Article 75.

75.2 The Selling Shareholders may exercise the Drag Along Option by giving written notice to that effect (**Drag Along Notice**) to the Called Shareholders at any time before the completion of the transfer of the Selling Shareholders' Shares to the Proposed Buyer. The Drag Along Notice shall specify:

- (a) that the Called Shareholders are required to transfer all of their interest in their Shares (**Called Shares**) pursuant to this Article 75;
- (b) the identity of the Proposed Buyer;
- (c) the price per Share for the Called Shares which shall, for each Called Share, be an amount equal to the price per Share offered by the Proposed Buyer for each of the Selling Shareholders' Shares;

- (d) any other terms, being terms offered by the Proposed Buyer to each of the Selling Shareholders; and
- (e) the proposed date of completion (if practicable) of the transfer of the Called Shares, subject to any Permitted Condition having been satisfied or waived (if permitted), which date shall be the same date for completion of the transfer of the Sellers' Shares,

and, once given, a Drag Along Notice may not be revoked.

75.3 Within:

- (a) ten Business Days of receiving the Drag Along Notice where there is no Permitted Condition; or
- (b) ten Business Days of satisfaction or waiver (if permitted) of any Permitted Condition, the relevant party/ies using all reasonable endeavours to satisfy or waive (if permitted) such Permitted Condition,

the holders of the Sellers' Shares and the Called Shares shall transfer their Shares to the Proposed Buyer and the Proposed Buyer shall pay the price per Share as specified in the Drag Along Notice and any other relevant terms specified in the Drag Along Notice.

75.4 On completion of the sale of the Sellers' Shares and the Called Shares in accordance with Article 75.3, the Selling Shareholders and 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).

75.5 If any of the Selling Shareholders or Called Shareholders fails to deliver to the Proposed Buyer (or as a Proposed Buyer may direct) a duly executed stock transfer form (or forms) in respect of the Shares held by it (together with the Share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof)) the defaulting Selling Shareholder or Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Company to be its agent and attorney to execute and deliver all necessary transfers on its behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the relevant Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any relevant 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 75.

75.6 Any transfer of Sellers' Shares or 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 74.

75.7 No transfer shall be permitted pursuant to Articles 73, 74, 76, 77 or 78 in the event that there is service of a Drag Along Notice (save in respect of any such transfer which has completed before the date of service of such Drag Along Notice).

76 Tag along

76.1 The provisions of Article 76 shall apply if, in one or a series of related transactions, one or more Shareholders (**Sellers**) propose to transfer any of their Shares (**Proposed Transfer**) which would, if carried out, result in any person (**Buyer**), and

any person acting in concert with the Buyer, acquiring in excess of 50 per cent of the issued share capital of the Company.

- 76.2 The Sellers shall procure that, prior to signing any definitive agreement relating to the Proposed Transfer, the Buyer shall make an offer (**Offer**) to each Shareholder and, in respect of all Shares held in treasury, the Company (each an **Offeree**) to buy all of the Shares held by such Offerees on the date of the Offer for a consideration in cash per Share (the **Offer Price**) that is at least equal to the highest price per Share offered, paid or to be paid by the Buyer (or any person(s) acting in concert with the Buyer) for any Shares in connection with the Proposed Transfer or any transaction involving the Buyer (or any person(s) acting in concert with the Buyer) in the six calendar months preceding the date of the Offer.
- 76.3 The Buyer may make the Offer by notice in writing (an **Offer Notice**) addressed to each Offeree at any time before the completion of the transfer of the Shares held by the Sellers. The Offer Notice shall specify:
- (a) the identity of the Buyer (and any person(s) acting in concert with the Buyer);
 - (b) the Offer Price and any other terms and conditions of the Offer being the same terms offered by the Buyer to the Sellers;
 - (c) the number of Shares which would be held by the Buyer (and any persons acting in concert with the Buyer) on completion of the Proposed Transfer and on completion of the Shares held by the Offerees, subject to any Permitted Condition having been satisfied or waived (if permitted); and
 - (d) the proposed date of completion (if practicable) of the Proposed Transfer and transfer of the Shares held by the Offerees, subject to any Permitted Condition having been satisfied or waived (if permitted), which date shall be the same date for completion of the transfer of the Shares held by the Sellers and the Offerees.
- 76.4 Within:
- (a) ten Business Days of receiving the Offer Notice where there is no Permitted Condition; or
 - (b) ten Business Days of satisfaction or waiver (if permitted) of any Permitted Condition, the relevant party/ies using all reasonable endeavours to satisfy or waive (if permitted) such Permitted Condition,
- the Sellers and the holders of the Shares which are the subject of the Offer Notice shall transfer their Shares to the Buyer and the Buyer shall pay the consideration payable as specified in the Offer and in accordance with any other relevant terms specified in the Offer.
- 76.5 On completion of the sale of the Sellers' Shares and the Shares held by the Offerees in accordance with Article 76.4, the Sellers and the Offerees shall deliver stock transfer forms for their Shares in favour of the Buyer (or as the Buyer may direct), together with the Share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof).
- 76.6 If any of the Sellers or Offerees fail to deliver to the Buyer (or as a Buyer may direct) a duly executed stock transfer form (or forms) in respect of the Shares held by it (together with the Share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof)) the defaulting Sellers or Offerees shall be deemed to have appointed any person nominated for the purpose by the Company to be its

agent and attorney to execute and deliver all necessary transfers on its behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the relevant Shares. After the Buyer (or person(s) nominated by the Buyer) has been registered as the holder of any relevant 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 76.

76.7 If the Buyer fails to make the Offer to all of the Shareholders in accordance with this Article, the Sellers shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares the subject of the Proposed Transfer.

77 **Event of Default**

77.1 If an Event of Default occurs, the Defaulting Shareholder shall notify the other Shareholders as soon as possible, and, if it does not, it shall be deemed to have given notice of the Event of Default (**Default Offer**) on the first date on which any one of the non-defaulting Shareholders becomes aware of such Event of Default.

77.2 Pursuant to the Default Offer, the Defaulting Shareholder shall be deemed to offer to sell all of the Shares held by it at the date of the Default Offer (**Default Shares**) to the relevant non-defaulting Shareholders (in accordance with Article 77.5). The price per Default Share shall be equal to 90 per cent of the Fair Price (as calculated pursuant to Article 79) (such price being the **Default Price**).

77.3 From the time a Default Offer is made under Article 77.2 until the Default Shares are transferred:

- (a) the Defaulting Shareholder shall not exercise any voting rights attached to the Default Shares and any requirement contained in the Articles for a certain number of Shareholders to be present at a meeting of the Company to constitute a quorum shall be met without the attendance or presence of the Defaulting Shareholder notwithstanding that a particular number or certain type of Shareholder is normally required in order to constitute a quorum;
- (b) the Defaulting Shareholder shall cease to have the right to appoint any Director(s);
- (c) except as required by law, the Defaulting Shareholder shall not be entitled to receive or request any information from the Company under the Articles;
- (d) the Defaulting Shareholder shall cease to receive dividends or other distributions; or
- (e) the Defaulting Shareholder shall cease to participate in any future issue and allotment of Shares.

77.4 Subject to the Articles, the Default Offer shall irrevocably and unconditionally constitute the Company the agent of the Defaulting Shareholder in relation to the transfer of the Default Shares, even if the Default Offer contains a provision to the contrary. A Default Offer shall not be revocable without the consent of the Board.

77.5 Within five Business Days of the Default Price having been determined, the Company shall by notice in writing offer the Default Shares at the Default Price to:

- (a) in the case of any Default Shares which are A Ordinary Shares, the A Ordinary Shareholders (other than the Defaulting Shareholder (where relevant)); or
- (b) in the case of any Default Shares which are B Ordinary Shares, the B Ordinary Shareholders (other than the Defaulting Shareholder (where relevant)),

inviting each Shareholder of the relevant class to state in writing to the Company within 14 days of the Default Offer (**offer period**) whether it:

- (i) wishes to purchase all or some of the Default Shares offered to it on a pro-rata basis to their existing shareholding at the Default Price (and in each such case such Shareholder shall be an **Accepting Shareholder**);
- (ii) wishes to purchase all of the Default Shares offered to it including additional Shares in the event that any holders of the same class of Shares shall elect not to take up their pro-rata entitlement; or
- (iii) does not wish to purchase any of the Default Shares offered to it,

and if the Shareholder does not notify the Company in accordance with this Article 77.5 it shall be deemed to have declined the offer.

77.6 If the Accepting Shareholder gives notice to the Company in accordance with Article 77.5(b)(i) that it wishes to purchase some only of the Default Shares offered to it at the Default Price, the Defaulting Shareholder must transfer such Default Shares to the Accepting Shareholder at that price and otherwise in compliance with the Articles.

77.7 If the Accepting Shareholder gives notice to the Company in accordance with Article 77.5(b)(i) that it wishes to purchase all of the Default Shares offered to it at the Default Price or in accordance with 77.5(b)(ii) that it wishes to purchase a greater number of Default Shares at the Default Price than was offered to it, then the Company shall on expiry of the offer period allocate the Default Shares as follows:

- (a) an Accepting Shareholder shall be entitled to that proportion, without involving fractions, of the Default Shares that its shareholding, at the expiry of the offer period, bears to the total shareholdings at such date of all Accepting Shareholders, without involving fractions (**Pre-emption Proportion**), or the amount of the Default Shares to which its acceptance relates, whichever is the less; and
- (b) if relevant, an Accepting Shareholder who wishes to purchase more than its Pre-emption Proportion (**Excess Proportion**) shall receive that proportion of any remaining unallocated Shares as its Excess Proportion bears to the total Excess Proportions of any Accepting Shareholders who also wish to purchase Excess Proportions.

77.8 The Company shall within five Business Days of the expiry of the offer period notify the Accepting Shareholders of their allocation and shall inform the Defaulting Shareholder of the identity of the Accepting Shareholders and the number of Default Shares allocated to them. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Default 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 Default Shares which he has stated he is willing to buy.

77.9 Within:

- (a) five Business Days of receiving notification from the Company pursuant to Article 77.8 where there is no Permitted Condition; or
- (b) five Business Days of satisfaction or waiver (if permitted) of any Permitted Condition, the relevant party/ies using all reasonable endeavours to satisfy or waive (if permitted) such Permitted Condition,

the Defaulting Shareholder shall transfer the Default Shares to the Accepting Shareholders in accordance with their respective allocations and the Accepting Shareholders shall pay the Default Price.

77.10 On completion of the sale of the Default Shares, the Defaulting Shareholder shall deliver stock transfer forms for their Shares in favour of the Accepting Shareholders, together with the Share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof).

77.11 If the Default Shareholder fails to deliver to the Accepting Shareholders a duly executed stock transfer form (or forms) in respect of the Default Shares held by it (together with the Share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof)) the Defaulting Shareholder shall be deemed to have appointed any person nominated for the purpose by the Company to be its agent and attorney to execute and deliver all necessary transfers on its behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the relevant Shares. After the Accepting Shareholders has been registered as the holder of any relevant 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 77.

77.12 In the event that there are no or insufficient acceptances of all of the Default Shares, the Company may either:

- (a) elect to purchase all or some of the Default Shares not taken up by existing Shareholders at the Default Price, which must be purchased in accordance with Article 66; or
- (b) allocate and transfer the remaining Shares to such persons as it may determine on such terms as the Directors may determine (acting by simple majority).

77.13 If the Company elects not to purchase all of the Default Shares which have not been taken up or allocate and transfer such Default Shares to such persons as the Directors may determine, the Company shall inform the Defaulting Shareholder within five Business Days of such election, and the provisions of Article 77.3 shall continue to apply.

78 **Good Leaver and Bad Leaver**

78.1 The provisions of this Article 78 shall apply to any Executive Director who becomes either a Good Leaver or a Bad Leaver.

78.2 If an Executive Director becomes either a Good Leaver or a Bad Leaver, that Executive Director shall be deemed to have given a notice (**Leaver Notice**) in

respect of all of the Shares held by the Executive Director on the date on which he ceased to be an employee and/or a Director (**Executive Shares**).

78.3 Pursuant to the Leaver Notice:

- (a) where the Executive Director is a Good Leaver, he shall be deemed to offer to sell such percentage of the Executive Shares (such percentage as determined below) to the relevant Shareholders at a price per Executive Share equal to the Fair Price (as calculated pursuant to Article 79), such relevant percentage being at least 75% of his shareholding if the Executive Director departs within his first year of service, at least 50% of his shareholding if the Executive Director departs within his second year of service, at least 25% if the Executive Director departs within his third year of service, but the Executive Director shall not be obliged to offer to sell any of his shareholding if he departs within his fourth year of service;
- (b) where the Executive Director is a Bad Leaver, he shall be deemed to offer to sell all of the Executive Shares to the relevant Shareholders at the lower of either the Fair Price (as calculated pursuant to Article 79) or by reference to the price per Share which the Executive Director paid to acquire the Executive Shares (and where the Executive Director acquired Executive Shares on more than one occasion the price per Share shall be the price which he paid to acquire his first Executive Shares).

78.4 From the time an Executive Director becomes a Good Leaver (in which case (b) below shall apply) or a Bad Leaver (in which case all of (a) to (e) below shall apply):

- (a) the Executive Director shall not exercise any voting rights attached to his Shares and any requirement contained in the Articles for a certain number of Shareholders to be present at a meeting of the Company to constitute a quorum shall be met without the attendance or presence of the Executive Director notwithstanding that a particular number or certain type of Shareholder is normally required in order to constitute a quorum;
- (b) the Executive Director shall cease to have the right to appoint any Director(s) and shall cease to be a Director himself (if he has not already done so);
- (c) except as required by law, the Executive Director shall not be entitled to receive or request any information from the Company under the Articles;
- (d) the Executive Director shall cease to receive dividends or other distributions; and
- (e) the Executive Director shall cease to participate in any future issue and allotment of Shares.

78.5 The Leaver Notice shall irrevocably and unconditionally constitute the Company as the agent of the Executive Director in relation to the transfer of his Executive Shares, even if the Leaver Notice contains a provision to the contrary. A Leaver Notice shall not be revocable without the consent of the Board and shall be notified (to the extent not already done) to all relevant Shareholders (as determined in accordance with Article 78.6).

78.6 Within five Business Days of the relevant price having been determined pursuant to Article 78.3 (**Relevant Price**), the Company shall by notice in writing offer the Executive Shares at the Relevant Price to:

- (a) in the case of any Executive Shares which are A Ordinary Shares, the A Ordinary Shareholders (other than the Executive Director (where relevant)); or
- (b) in the case of any Executive Shares which are B Ordinary Shares, the B Ordinary Shareholders (other than the Executive Director (where relevant)),

inviting each Shareholder of the relevant class to state in writing to the Company within 14 days of the Leaver Notice (**offer period**) whether it:

- (i) wishes to purchase all or some of the Executive Shares offered to it on a pro-rata basis to their existing shareholding at the Relevant Price (and in each such case such Shareholder shall be an **accepting shareholder**);
- (ii) wishes to purchase all of the Executive Shares offered to it on a pro-rata basis to their existing shareholding at the Relevant Price, including any additional Shares in the event that any holders of the same class of Shares shall elect not to take up their pro-rata entitlement; or
- (iii) does not wish to purchase any of the Executive Shares offered to it,

and if any relevant Shareholder does not notify the Company in accordance with this Article 78.6 it shall be deemed to have declined the offer.

78.7 If the accepting shareholder gives notice to the Company in accordance with Article 78.6(b)(i) that it wishes to purchase some only of the Executive Shares offered to it at the Relevant Price, the Executive Director must transfer such Executive Shares to the accepting shareholder at that price and otherwise in compliance with the Articles.

78.8 If the accepting shareholder gives notice to the Company in accordance with Article 78.6(b)(i) that it wishes to purchase all of the Executive Shares offered to it at the Relevant Price or in accordance with Article 78.6(b)(ii) that it wishes to purchase a greater number of Executive Shares at the Relevant Price than was offered to it, then the Company shall on expiry of the offer period allocate the Executive Shares as follows:

- (a) an accepting shareholder shall be entitled to that proportion, without involving fractions, of the Executive Shares that its shareholding, at the expiry of the offer period, bears to the total shareholdings at such date of all accepting shareholders, without involving fractions (**Pre-emption Proportion**), or the amount of the Executive Shares to which its acceptance relates, whichever is the less; and
- (b) if relevant, an accepting shareholder who wishes to purchase more than its Pre-emption Proportion (**Excess Proportion**) shall receive that proportion of any remaining unallocated Shares as its Excess Proportion bears to the total Excess Proportions of any accepting shareholders who also wish to purchase Excess Proportions.

78.9 The Company shall within five Business Days of the expiry of the offer period notify the accepting shareholders of their allocation and shall inform the Executive Director (or any relevant person on his behalf) of the identity of the accepting shareholders and the number of Executive Shares allocated to them. Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Executive 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 an accepting shareholder of more than the maximum number of Executive Shares which he has stated he is willing to buy.

78.10 Within:

- (a) five Business Days of receiving notification from the Company pursuant to Article 78.9 where there is no Permitted Condition; or
- (b) five Business Days of satisfaction or waiver (if permitted) of any Permitted Condition, the relevant party/ies using all reasonable endeavours to satisfy or waive (if permitted) such Permitted Condition,

the Executive Director (or any relevant person on his behalf) shall transfer the Executive Shares to the accepting shareholders in accordance with their respective allocations and the accepting shareholders shall pay the Relevant Price.

78.11 On completion of the sale of the Executive Shares, the Executive Director (or any relevant person on his behalf) shall deliver stock transfer forms for the Executive Shares in favour of the accepting shareholders, together with the Share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof).

78.12 If the Executive Director (or any relevant person on his behalf) fails to deliver to the accepting shareholders a duly executed stock transfer form (or forms) in respect of the Executive Shares held by it (together with the Share certificate(s) in respect of those Shares (or a suitable indemnity in respect thereof)) the Executive Director shall be deemed to have appointed any person nominated for the purpose by the Company to be its agent and attorney to execute and deliver all necessary transfers on its behalf, against receipt by the Company (on trust for such holder) of the consideration payable for the relevant Shares. After the accepting shareholders have been registered as the holder of any relevant 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 78.

78.13 In the event that there are no or insufficient acceptances of all of the Executive Shares, the Company may either:

- (a) elect to purchase all or some of the Executive Shares not taken up by existing Shareholders at the Relevant Price, which must be purchased in accordance with Article 66; or
- (b) allocate and transfer the remaining Executive Shares to such persons as it may determine on such terms as the Directors may determine (acting by simple majority).

78.14 If the Company elects not to purchase all of the Executive Shares which have not been taken up or allocate and transfer such Executive Shares to such persons as the Directors may determine, the Company shall inform the Executive Director (or any relevant person on his behalf) within five Business Days of such election, and the provisions of Article 78.4 (where relevant) shall continue to apply.

79 Fair Price

79.1.1 Pursuant to Articles 77 or 78 the Company shall (where relevant) appoint an independent firm of accountants as the Experts, requiring the Experts to determine the Fair Price within 20 Business Days of their appointment and to notify the Company in writing of their determination.

- 79.1.2 The Shareholders shall be entitled to make submissions to the Experts including oral submissions and will provide (or procure that the Company provides) the Experts with such assistance and documents as the Experts may reasonably require for the purpose of reaching a decision, subject to them agreeing such confidentiality provisions as the Shareholders may reasonably impose.
- 79.1.3 The Directors will give the Experts access to all accounting records or other relevant documents, subject to them agreeing such confidentiality provisions as the Directors (acting by way of simple majority) may reasonably impose.
- 79.1.4 To the extent not provided for by this Article, the Experts may, in their reasonable discretion, determine such other procedures to assist with the valuation as they consider just or appropriate, including (to the extent they consider necessary), instructing professional advisers to assist them in reaching their valuation.
- 79.1.5 The Experts shall act as expert and not as arbitrator and their written determination shall be final and binding on the Shareholders (in the absence of manifest error or fraud). If any difficulty arises in applying any of the bases and assumptions used in calculating the Fair Price, then the Experts shall resolve that difficulty in whatever manner they think fit in their absolute discretion.
- 79.1.6 The cost of obtaining the Experts' valuation shall be borne by the proposed transferor of the Shares.

80 General terms on transfers of Shares or purchase of own Shares

- 80.1 Any transfer of Shares shall be on the following terms:
- 80.1.1 the Shares are transferred free from all Encumbrances; and
- 80.1.2 the Shares are transferred with the benefit of all rights attaching to them as at the transfer date of those Shares.
- 80.2 Where a Shareholder wishes to transfer all of the Shares held by it pursuant to any of the Articles, this shall include any Shares acquired by that Shareholder after the date on which it indicated that it wishes to transfer all of its Shares.

81 Transmission of Shares

- 81.1 If title to a Share passes to a transferee by reason of the holder's death or bankruptcy or otherwise by law, the Company may only recognise the transferee as having any title to that Share.
- 81.2 Nothing in these Articles releases the estate of a deceased Member from any liability in respect of a Share solely or jointly held by that Member.

82 Transferees' rights

- 82.1 A transferee who produces such evidence of entitlement to Shares as the Board may properly require:
- (a) may, subject to these Articles, choose either to become the holder of those Shares or to have them transferred to another person; and
- (b) subject to these Articles, and pending any transfer of the Shares to another person, has the same rights as the holder had.

82.2 Transmittees do not have the right to attend or vote at a General Meeting in respect of Shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise by law, unless they become the holders of those Shares.

83 Exercise of transmittees' rights

83.1 Transmittees who wish to become the holders of Shares to which they have become entitled must notify the Company in writing of that wish.

83.2 Subject to Article 83.4, if the Share is a certificated Share and a transmittee wishes to have it transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

83.3 Subject to Article 83.4, if the Share is an uncertificated Share and the transmittee wishes to have it transferred to another person, the transmittee must:

(a) procure that all appropriate instructions are given to effect the transfer; or

(b) procure that the uncertificated Share is changed into certificated form and then execute an instrument of transfer in respect of it.

83.4 Any transfer made or executed under this Article 83 is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the Share, and as if the event which gave rise to the transmission had not occurred, and shall otherwise be made in accordance with these Articles.

84 Transmittes bound by prior notices

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

85 Closing of the Register

85.1 Subject to Article 85.2, the registration of transfers of Shares or of any class of Shares may be suspended at such times and for such periods (not exceeding 30 days in any year) as the Board may from time to time determine. Any closing of the Register shall be notified in accordance with the Act.

85.2 The Company will not close the Register in respect of a Participating Security without the consent of the operator of the Relevant System.

86 Retention of transfer

All instruments of transfer which are registered may be retained by the Company.

87 No fee on registration

The Company shall not charge any fee in respect of the registration of any transfer, probate or letters of administration, certificate of marriage or death, stop notice, power of attorney, court order or other documentation relating to or affecting the title to any Share.

88 Destruction of documents

88.1 The Company may destroy:

(a) any instrument of transfer after six years from the date on which it is registered (or such shorter period as the Board shall determine provided an electronically scanned copy thereof is retained);

- (b) any dividend mandate or any variation or cancellation thereof or any notification of change of name or address, after two years from the date on which it is recorded (or such shorter period as the Board shall determine provided an electronically scanned copy thereof is retained);
- (c) any Share certificate, after one year from the date on which it is cancelled (or such shorter period as the Board shall determine provided an electronically scanned copy thereof is retained);
- (d) any proxy form, after one year from the date it was used if it was used for a poll, or after one month from the end of the meeting to which it relates if it was not used for a poll (provided an electronically scanned copy thereof is retained); and
- (e) any other document on the basis of which any entry in the Register is made, after six years from the date on which an entry was first made in the Register in respect of it (or such shorter period as the Board shall determine provided an electronically scanned copy thereof is retained).

88.2 It shall be conclusively presumed in favour of the Company that every entry in the Register purporting to have been made on the basis of a document so destroyed was duly and properly made, that every instrument of transfer so destroyed was duly registered, that every Share certificate so destroyed was duly cancelled, and that every other document so destroyed was valid and effective in accordance with the particulars in the records of the Company, provided that:

- (a) this Article 88.2 shall apply only to the destruction of a document in good faith and without notice of any claim (regardless of the parties to it) to which the document might be relevant;
- (b) nothing in this Article 88.2 shall be construed as imposing on the Company any liability in respect of the destruction of any such document otherwise than as provided for in this Article 88.2 which would not attach to the Company in the absence of this Article 88.2; and
- (c) references in this Article 88.2 to the destruction of any document include references to the disposal of it in any manner.

88.3 References in this Article 88 to instruments of transfer shall include, in relation to Uncertificated Shares, instructions and/or notifications made in accordance with the rules and procedures of the Relevant System relating to the transfer of such Shares.

Untraced Members

89 Power of sale

89.1 The Company shall be entitled to sell any Share of a Member, or any Share to which a person is entitled by transmission, if and provided that:

- (a) during the period of 12 years prior to the date of the publication of the advertisements referred to in Article 89.1(b) (or, if published on different dates, the earlier or earliest thereof), no cheque, order or warrant in respect of such Share sent by the Company through the post in a pre-paid envelope addressed to the Member or to the person entitled by transmission to the Share at his address on the Register or other last known address given by the Member or that person to which cheques, orders or warrants in respect of such Share are to be sent has been cashed and the Company has received

no communications in respect of such Share from such Member or person, provided that during such period of 12 years the Company has paid at least three dividends (whether interim or final) and no such dividend has been claimed by the person entitled to it;

- (b) on expiry of the said period of 12 years the Company has given notice of its intention to sell such Share by advertisements appearing in both a national newspaper and in a newspaper circulating in the area in which the address referred to in Article 89.1 (a) is located;
- (c) the said advertisements, if not published on the same day, shall have been published within 30 days of each other;
- (d) during the further period of three months following the date of publication of the said advertisements (or, if published on different dates, the later or latest thereof) and prior to the exercise of the power of sale the Company has not received any communication in respect of such Share from the Member or person entitled by transmission; and
- (e) if Shares of the class concerned are listed or dealt on the Stock Exchange, the Company has given notice to the Stock Exchange of its intention to make such sale.

89.2 The manner, timing and terms of any sale of Shares pursuant to this Article (including but not limited to the price or prices at which the same is made) shall be such as the Board determines, based upon advice from such bankers, brokers or other persons as the Board considers appropriate, to be reasonably practicable having regard to all the circumstances including the number of Shares to be disposed of and the requirement that the disposal be made without delay and the Board shall not be liable to any person for any of the consequences of reliance on such advice.

89.3 To give effect to any sale of Shares pursuant to this Article, the Board may authorise such person as it sees fit to transfer the Shares in question and may enter the name of the transferee in respect of the transferred Shares in the Register notwithstanding the absence of any Share certificate being lodged in respect thereof and may issue a new certificate to the transferee and an instrument of transfer executed by that person shall be as effective as if it had been executed by the holder of, or person entitled by transmission to, the Shares. The purchaser shall not be bound to see to the application of the purchase monies nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings relating to the sale.

89.4 If during the period of 12 years referred to in Article 89.1, or during any period ending on the date when all the requirements of paragraphs (a) to (e) of Article 89.1 (to the extent relevant) have been satisfied, any additional Shares have been issued in respect of those held at the beginning of, or previously so issued during, any such period and all the requirements of paragraphs (b) to (d) of Article 89.1 have been satisfied in relation to such additional Shares, the Company shall also be entitled to sell the additional Shares.

90 **Application of proceeds of sale**

The Company shall account to the Member or other person entitled to such Share for the net proceeds of such sale by crediting all monies in respect thereof to a separate account. The Company shall be deemed to be a debtor to, and not a trustee for, such Member or other person in respect of such monies. Monies

credited to such separate account may either be employed in the business of the Company or invested in such investments as the Board may from time to time think fit. No interest shall be payable to such Member or other person in respect of such monies and the Company shall not be required to account for any money earned on them.

Dividends

91 Procedure for declaring dividends

- 91.1 Subject to the Act and these Articles, the Company may by ordinary resolution declare dividends to be paid to Members according to their respective rights and interests in the profits of the Company.
- 91.2 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.
- 91.2.1 The Company shall not declare, pay or make any dividend or other distribution until all loans, loan notes, borrowings and indebtedness in the nature of borrowings made to the Company by the Shareholders have been repaid in full including all accrued interest. Subject to this, the Company shall, unless the Shareholders agree otherwise in relation to any particular financial year, distribute to the Shareholders in proportion to their existing holding of A Ordinary Shares or B Ordinary Shares such percentage as the Board determines in each financial year subject to any retention the Board may consider appropriate with respect to any other obligation or liability of the Company and the Board making reasonable provisions and transfers to reserves.
- 91.3 Unless the Members' 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 Member's holding of Shares on the date of the resolution or decision to declare or pay it.
- 91.4 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.
- 91.5 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.
- 91.6 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.

92 Interim dividends

Subject to the provisions of the Act and these Articles, the Board may declare and pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Board to be justified by the financial position of the Company. If at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends on Shares which rank after Shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. Provided that the Board acts in good faith, it shall not incur any liability to the holders of Shares conferring preferential rights for any loss that they may suffer by the lawful payment of any interim dividend on any Shares ranking after those with preferential rights.

93 **Entitlement to dividends**

Except as otherwise provided by the rights attached to Shares, all dividends shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the Shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionally to the amounts paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms providing that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

94 **Dividends not to bear interest**

Except as otherwise provided by the rights attached to Shares, no dividend or other monies payable by the Company or in respect of a Share shall bear interest as against the Company.

95 **Persons entitled by transmission**

The Board may retain the dividends payable upon Shares in respect of which any person is, under the provisions of these Articles relating to the transmission of Shares, entitled to become a Member, or to transfer such Shares, until such person shall become a Member in respect of such Shares or the Shares are transferred.

96 **Calls or debts may be deducted from dividends**

The Board may deduct from any dividend or other money payable to any person on or in respect of a Share all such sums as may be due from him to the Company on account of calls or otherwise in relation to the Shares.

97 **Uncashed dividends**

If cheques, warrants or orders for dividends or other monies payable in respect of a Share sent by the Company to the person entitled thereto are left uncashed or returned to the Company undelivered on two consecutive occasions or on one occasion if such cheque, warrant or order is returned to the Company undelivered and the Board has made reasonable enquiries but has failed to establish a new address for the person entitled thereto, the Company shall not be obliged to send any dividends or other monies payable in respect of that Share due to that person until he notifies the Company of an address to be used for the purpose.

98 **Unclaimed dividends**

All dividends unclaimed for 12 months after having become payable may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends unclaimed for a period of 12 years after having become due for payment shall (if the Board so resolves) be forfeited and shall cease to remain owing by the Company.

99 **Payment of dividends and other distributions**

99.1 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 Board 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 Board 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 Board may otherwise decide; or
- (d) any other means of payment as the Board agrees with the distribution recipient either in writing or by such other means as the Board decides.

100 Deductions from distributions in respect of sums owed to the Company

100.1 If:

- (a) a Share is subject to the Company's lien; and
- (b) the Board is entitled to issue a lien enforcement notice in respect of it,

it 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 it is entitled to require payment under a lien enforcement notice.

100.2 Money so deducted must be used to pay any of the sums payable in respect of that Share.

100.3 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.

101 No interest on distributions

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.

102 Non-cash distributions

102.1 Subject to the terms of issue of the Share in question, the Company may, by ordinary resolution on the recommendation of the Board, 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).

102.2 If the Shares in respect of which such non-cash distribution is paid are uncertificated, any Shares in the Company which are issued as a non-cash distribution in respect of them must be uncertificated.

- 102.3 For the purposes of paying a non-cash distribution, the Board 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.

103 **Dividends by way of Ordinary Shares**

The Board may, if authorised by an ordinary resolution of the Company, offer holders of Ordinary Shares the right to elect to receive further Ordinary Shares paid up or credited as fully paid and ranking pari passu with all other Ordinary Shares for the time being in issue, in lieu of any dividend as may be determined by the Board.

104 **Waiver of distributions**

- 104.1 Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a Share by giving the company notice in writing to that effect, but if:

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

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

Capitalisation of profits and scrip dividends

105 **Capitalisation of profits and appropriation of capitalised sums**

- 105.1 Subject to Article 106, the Board may:

- (a) capitalise any undivided profits of the Company (whether or not they are available for distribution) which are not required for paying any preferential dividend, or any sum standing to the credit of the Company's reserve accounts (including any Share premium account or capital redemption reserve) or to the credit of the profit and loss or retained earnings account; and
- (b) appropriate any sum which it so decides to capitalise (**capitalised sum**) either:
 - (i) to the holders of Ordinary Shares (on the Register at such time and on such date as may be specified in, or determined as provided in, the resolution of the General Meeting granting authority for such capitalisation) who would have been entitled thereto if distributed by way of dividend and in the same proportions (including for this purpose any Shares in the Company held as treasury Shares as if the restriction on payment of dividends in the Statutes did not apply) who would have been entitled to it if it were distributed by way of dividend (**persons entitled**); or

- (ii) to such holders of Ordinary Shares who may, in relation to any dividend or dividends, validly accept an offer or offers on such terms and conditions as the Board may determine (and subject to such exclusions or other arrangements as the Board may consider necessary or expedient to deal with legal or practical problems in respect of overseas Shareholders or in respect of Shares represented by depository receipts) to receive new Ordinary Shares, credited as fully paid, in lieu of the whole or any part of any such dividend or dividends (any such offer being called a **scrip dividend offer**).

105.2 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.

105.3 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.

105.4 A capitalised sum which was appropriated from profits available for distribution may be applied:

- (a) in or towards paying up any amounts unpaid on existing Shares held by the persons entitled; or
- (b) 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.

105.5 Subject to the Articles, the Board may:

- (a) apply capitalised sums in accordance with Articles 105.3 and 105.4 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.

106 **Authority to capitalisation**

106.1 The authority of the Company by ordinary resolution at a General Meeting shall be required for any capitalisation pursuant to Article 106.1 and before the Board implements any scrip dividend offer (which authority may extend to one or more offers).

106.2 A Share premium account and a capital redemption reserve and any other amounts which are not available for distribution may only be applied in the paying up of unissued Shares to be allotted to holders of Ordinary Shares credited as fully paid.

PART 4 Decision-making by Members

Organisation of General Meetings

107 Members can call General Meeting if no Directors

If the Company has no Directors then any Member may call a General Meeting (or instruct the Secretary (if any) to do so) solely for the purpose of appointing one or more Directors and any reasonable expenses incurred by a Member in calling any such meeting shall be reimbursed by the Company.

108 Annual General Meetings

An annual General Meeting shall be held at such place, date and time as may be determined by the Board.

109 Convening of General Meetings

The Board may convene a General Meeting to be held at such time and in such place as the Board thinks fit. A General Meeting shall also be convened by the Board on a requisition from Members, or in default of the Board, may be convened by such requisitionists, as is provided by section 305 of the Act.

110 Notice of General Meetings

110.1 Subject to the provisions of section 307A of the Act, an annual General Meeting shall be called by not less than 21 clear days' notice. All other General Meetings shall be convened by not less than 14 clear days' notice in writing, unless agreed otherwise in accordance with the Act. A notice calling an annual General Meeting shall specify the meeting as such.

110.2 Notwithstanding that it is convened by shorter notice than that specified in Article 110.1, a separate General Meeting of holders of a class of Shares of the Company shall be deemed to have been duly convened if it is so agreed by a majority in number of the Members having the right to attend and vote at that meeting, being a majority together holding not less than 95 per cent. in nominal value of the class of Shares giving that right (excluding Shares held as treasury Shares).

110.3 The notice shall be given to the Members (other than any who, under the provisions of these Articles or of any restrictions imposed on any Shares, are not entitled to receive notice from the Company), to the Directors and to the Auditors.

110.4 If on three consecutive occasions any notice, document or other information has been sent or supplied (whether through the post or in electronic form) to any Member at his registered address or his address for the service of notices but have been returned undelivered (in the case of an item sent or supplied in electronic form, it will be treated as undelivered if the Company receives notification that it was not delivered to the address to which it was sent), such Member shall not thereafter be entitled to receive notices, documents or information from the Company until he shall have communicated with the Company and supplied in writing to the Office a new registered address or address within the United Kingdom for the services of notices, documents and information.

111 Contents of notice

111.1 The notice shall specify:

- (a) whether the meeting is an annual General Meeting or a General Meeting;

- (b) the place, the day and the time of the General Meeting;
 - (c) in the case of special business, the general nature of that business;
 - (d) if the General Meeting is convened to consider a special resolution, the intention to propose the resolution as such;
 - (e) details of any resolutions to be considered at the General Meeting; and
 - (f) with reasonable prominence, that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a Member.
- 111.2 In the case of an annual General Meeting, the notice shall also specify the meeting as such and where notice of such annual general meeting is given more than 6 weeks before the date of the meeting, the notice must include a statement of the right under section 338 of the Act to require the Company to give notice of a resolution to be moved at the meeting.
- 112 **Omission to give, or non-receipt of, notice of resolution or meeting or proxy**
- The accidental failure to give a notice of a General Meeting or of a resolution intended to be moved at a General Meeting, or to issue an invitation to appoint a proxy with a notice where required by these Articles to, or the non-receipt by, any one or more persons entitled to receive the same shall be disregarded for the purpose of determining whether notice of that General Meeting or any resolution to be moved at that meeting, is duly given.
- 113 **Circulation of resolutions and other matters on requisition of Members**
- 113.1 Subject to the Statutes, the Board shall on the requisition of members, and where relevant, those entitled under section 153 of the Act (**requisitionists**):
- (a) give to the members entitled to receive notice of the next annual General Meeting, notice of any resolution which may properly be moved and is intended to be moved at that meeting and of any matter which may properly be included in the business of that meeting;
 - (b) circulate to the members entitled to receive notice of any General Meeting, a statement of not more than 1,000 words with respect to a matter referred to in any proposed resolution or other business to be dealt with at that meeting.
- 113.2 Members and requisitionists who requisition the Company to circulate a resolution or statement or any matter to be included in the business of a meeting must meet the expenses of the circulation (in this Article defined as costs) unless either:
- (a) in the case of an annual General Meeting, the request to circulate the resolution or statement or matter to be included in the business of the meeting is received by the Company before the end of the Company's financial year preceding the meeting; or
 - (b) the Members have resolved that the Company will meet the costs.
- 113.3 In cases where the Members and the requisitionists have to meet the costs, the Company will, unless it has otherwise resolved, not be bound to circulate the resolution or statement or matter to be included in the business of the meeting unless there is deposited with it or tendered to it a sum or sums reasonably sufficient to meet the costs. The costs must, in the case of a resolution or matter to

be included in the business of the meeting, be deposited or tendered not later than six weeks before the date of the annual General Meeting to which the request relates, or if later, the time at which the notice of the meeting is given or, in the case of a statement, be deposited or tendered not later than one week before the date of the meeting to which it relates.

114 Attendance and speaking at General Meetings

- 114.1 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.
- 114.2 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.
- 114.3 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.
- 114.4 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.
- 114.5 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.

115 Questions at General Meetings

- 115.1 At any General Meeting, the Company must cause to be answered any question relating to the business being dealt with at the meeting put by a Member attending the meeting.
- 115.2 The Company does not need to give an answer to any such question if:
- (a) to do so would interfere unduly with the preparation for the meeting or would involve the disclosure of confidential information;
 - (b) the answer has already been given on a website in the form of an answer to a question; or
 - (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

116 Quorum for General Meetings

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. For all purposes the quorum shall be not less than two persons entitled to attend and to vote on the business to be transacted, each being a Member or a proxy for a Member or a duly authorised representative of a corporation which is a

Member provided that such proxies or authorised representatives are not proxies or authorised representatives of the same Member.

117 **If quorum not present**

If within 15 minutes (or such longer interval as the chairman of that General Meeting in his absolute discretion thinks fit) from the time appointed for the holding of a General Meeting a quorum is not present, or if during a General Meeting such a quorum ceases to be present, that meeting shall stand adjourned to be reconvened on the day falling no less than ten days after the day of the adjourned meeting at the same time and place, or to such other day and at such time and place as the chairman (or, in default, the Board) may determine. If at such reconvened meeting a quorum is not present within 15 minutes from the time appointed for holding the meeting, one person entitled to attend and to vote on the business to be transacted, being a Member or a proxy for a Member or a duly authorised representative of a corporation which is a Member, shall be a quorum.

118 **Chairing General Meetings**

118.1 The chairman (if any) of the Board shall chair the General Meetings if present and willing to do so. If there is no chairman of the Board or if at any General Meeting he is not present within five minutes after the time appointed for holding that meeting or willing to act as chairman, the Directors present shall choose one of their number or, if no Director is present or if all the Directors present decline to take the chair, the Members present in person or by proxy and entitled to vote shall choose one of their number to be chairman of that meeting.

118.2 The person chairing a meeting in accordance with this Article is referred to as the chairman of the meeting.

119 **Accommodation of Members at General Meetings**

119.1 The Board may, for the purpose of controlling the level of attendance at any place specified for the holding of a General Meeting, from time to time make such arrangements (whether involving the issue of tickets, on a basis intended to afford to all Members otherwise entitled to attend such meeting an equal opportunity of being admitted to that meeting, or the imposition of some random means of selection, or otherwise, as the Board shall in its absolute discretion consider to be appropriate) and may from time to time vary any such arrangements or make new arrangements in place therefor. The entitlement of any Member or proxy to attend a General Meeting at such place shall be subject to any such arrangements as may be for the time being in force and by the notice of meeting stated to apply to that meeting. In the case of any General Meeting to which such arrangements apply, the Board shall, and in the case of any other General Meeting the Board may, when specifying the place of the General Meeting:

- (a) direct that that meeting shall be held at a place specified in the notice at which the chairman of that meeting shall preside (the **Principal Place**); and
- (b) make arrangements for simultaneous attendance and participation at other places by Members otherwise entitled to attend the General Meeting but excluded therefrom under the provisions of this Article, or who wish to attend at any of such other places, provided that persons attending at the Principal Place and at any other such places shall be able to see and hear and be seen and heard by persons attending at the Principal Place and at such other places.

119.2 Such arrangements for simultaneous attendance may include arrangements for controlling the level of attendance in any manner aforesaid at any of such other places, provided that they shall operate so that any such excluded Members as aforesaid are able to attend at one of such other places. For the purposes of all other provisions of these Articles any such meeting shall be treated as being held and taking place at the Principal Place.

120 Attendance and speaking by Directors and non-Members

120.1 Directors may attend and speak at General Meetings and at any other meetings of the holders of any class of Shares, whether or not they are Members.

120.2 The chairman of the meeting may permit other persons who are not:

- (a) Members of the Company; or
- (b) otherwise entitled to exercise the rights of Members in relation to General Meetings,

to attend and speak at a General Meeting.

121 Adjournment

121.1 The chairman of any General Meeting may, with or without the consent of that meeting (and shall, if so directed by that meeting) adjourn the meeting from time to time (or indefinitely) and from place to place as that meeting shall determine. However, without prejudice to any other power which he may have under these Articles, the Statutes or common law, the chairman may, without the need for consent of that meeting, interrupt or adjourn any General Meeting from time to time and from place to place or for an indefinite period if he is of the opinion that it has become necessary to do so in order to secure the proper and orderly conduct of that meeting, to give all persons entitled to do so a reasonable opportunity of speaking and voting at that meeting or to ensure that the business of that General Meeting is properly discharged.

121.2 The chairman of the meeting must adjourn a General Meeting if directed to do so by the meeting.

121.3 When adjourning a General Meeting, the chairman of the meeting must:

- (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors; and
- (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

122 Notice of adjourned General Meeting

Where a General Meeting is adjourned indefinitely, the Board shall fix the time and place for the adjourned General Meeting. Whenever a General Meeting is adjourned for 14 days or more or indefinitely, seven clear days' notice at the least, specifying the place, the day and the time of such adjourned meeting and the general nature of the business to be transacted, shall be given in the same manner as in the case of an original General Meeting. Save as aforesaid, no Member shall be entitled to any notice of an adjournment or of the business to be transacted at any such adjourned meeting.

123 Business of adjourned General Meeting

No business shall be transacted at any adjourned General Meeting other than the business which might properly have been transacted at the meeting from which the adjournment took place.

Voting at General Meetings

124 Voting: general

A resolution put to the vote of a General Meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the Articles.

125 Votes of Members, proxies and joint holders

125.1 Subject to the provisions of the Act, these Articles and to any special rights or restrictions as to voting attached to any Shares which may have been issued or may for the time being be held and to any suspension or abrogation of voting rights pursuant to these Articles, Shares shall carry votes as follows:

- (a) the Ordinary Shares shall confer on each holder of Ordinary Shares the right to receive notice of and to attend, speak and vote at all General Meetings of the Company, and each Ordinary Share shall carry one vote per share;
- (b) the Deferred Shares (if any) shall not entitle the holders of them to receive notice of, to attend, to speak or to vote at any General Meeting of the Company.

125.2 Where Shares confer a right to vote, votes may be exercised:

- (a) on a show of hands by every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case, each Shareholder holding Shares with votes shall have one vote); or
- (b) on a poll by every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a representative or by a proxy (in which case, each Shareholder holding Shares with votes shall have one vote for each such Share held).

125.3 Notwithstanding the provisions of Article 125.2, on a show of hands, a proxy has one vote for and one vote against the resolution if:

- (a) the proxy has been duly appointed by more than one Member entitled to vote on the resolution; and
- (b) the proxy has been instructed by, or exercises a discretion given by, one or more of those Members to vote for the resolution and has been instructed by, or exercises a discretion given by, one or more other of those Members to vote against it.

125.4 If two or more persons are joint holders of a Share, then in voting on any question the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders. For this purpose seniority shall be determined by the order in which the names of the holders of that Share stand in the Register.

125.5 Where in England or elsewhere a receiver or other person (by whatever name called) has been appointed by any court or official claiming jurisdiction in that

behalf to exercise powers with respect to the property or affairs of any Member on the ground (however formulated) of mental disorder, the Board may in its absolute discretion, on or subject to production of such evidence of the appointment as the Board may require, permit such receiver or other person to vote in person or by proxy on behalf of such Member. Evidence to the satisfaction of the Board of the authority of the person claiming to exercise the right to vote shall be deposited at the registered office of the Company, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised, and in default the right to vote shall not be exercisable.

126 Chairman's declaration conclusive on a show of hands

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman of that General Meeting that a resolution has been carried, or carried unanimously or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the book containing the minutes of proceedings of the Company, shall be conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

127 Errors and disputes

127.1 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.

127.2 Any such objection must be referred to the chairman of the meeting whose decision is final. The chairman of the meeting shall only vitiate the decision of that meeting.

127.3 If there is an equality of votes on any matter or where an increased majority is required at Board or Shareholder level and that is not then obtained, then the matter shall be treated as voted down and not carried.

127.4 The Company is not obliged to verify whether a proxy or corporate representative has voted in accordance with the instructions given by the Member by whom the proxy or the corporate representative is instructed. Any vote (whether given on a show of hands or on a poll) is not invalidated if a proxy or corporate representative does not vote in accordance with their instructions.

128 Demanding a poll

128.1 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.

128.2 A poll may be demanded by:

- (a) the chairman of the meeting;
- (b) the Directors;
- (c) at least five Members present in person or by proxy having the right to vote on the resolution;

- (d) a person or persons representing not less than one-tenth of the total voting rights of all the Members having the right to vote on the resolution (excluding any voting rights attached to any Shares held as treasury Shares); or
- (e) a person or persons holding Shares conferring a right to vote on the resolution being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right (excluding any Shares conferring a right to vote at the meeting which are held as treasury Shares).

128.3 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.

A demand which is withdrawn shall not invalidate the result of a show of hands declared before the demand was made.

128.4 If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the General Meeting shall continue as if the demand had not been made.

129 **Procedure on a poll**

129.1 Any poll duly demanded on the election of a chairman of a General Meeting or on any question of adjournment shall be taken forthwith. A poll duly demanded on any other matter shall be taken in such manner (including the use of ballot or voting papers or tickets) and at such time and place, not being more than 30 days from the date of the meeting or adjourned meeting at which the poll was demanded, as the chairman shall direct. No notice need be given of a poll not taken immediately if the time and place at which it is to be taken are announced at the General Meeting at which it is demanded. In any other case at least seven clear days' notice shall be given specifying the time and place at which the poll is to be taken. The result of the poll shall be deemed to be the resolution of the General Meeting at which the poll was demanded.

129.2 The demand for a poll (other than on the election of a chairman or a resolution for adjourning that meeting) shall not prevent the continuance of that meeting for the transaction of any business other than the question on which a poll has been demanded.

129.3 On a poll votes may be given in person or by proxy. A Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

130 **Voting by proxy**

Any person (whether a Member of the Company or not) may be appointed to act as a proxy. Deposit of an instrument of proxy shall not preclude a Member from attending and voting in person at the General Meeting in respect of which the proxy is appointed or at any adjournment thereof.

131 **Form of proxy**

131.1 An instrument appointing a proxy shall be in writing (or in an electronic communication including an electronic signature) in any common form or in such other form as the Board may approve under the hand of the appointor or his

attorney duly authorised in writing. If the appointor is a corporation a proxy shall be given under its common seal or executed in the manner permitted by section 44 of the Act or under the hand of an officer or attorney duly authorised in that behalf.

131.2 In relation to any Uncertificated Shares, the Board may from time to time permit appointments of a proxy to be made by means of electronic communication in the form of a properly authenticated dematerialised instruction and/or other instruction or notification, which is sent by means of the Relevant System concerned and received by such participant in that system acting on behalf of the Company as the Board may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Board (subject always to the facilities and requirements of the Relevant System) (**Uncertificated Proxy Instruction**). The Board may in a similar manner permit supplements to, or amendments or revocations of, any such Uncertificated Proxy Instructions to be made by like means. The Board may in addition prescribe the method of determining the time at which any such properly authenticated dematerialised instructions (and/or other instructions and notifications) are to be treated as received by the Company or such participants. The Board may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a holder of a Share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that holder.

131.3 An instrument of proxy (or an electronic communication appointing a proxy) shall be deemed (subject to any contrary direction contained in the same) to confer authority to demand or join in demanding a poll and to vote on any resolution or amendment of a resolution put to the General Meeting for which it is given and unless the contrary is stated therein, be valid as well for any adjournment of the General Meeting as for the meeting to which it relates.

132 **Receipt of proxy**

132.1 The instrument appointing a proxy (other than an electronic communication) and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority certified notarially or in some other way approved by the Board may:

- (a) be deposited at the registered office of the Company or at such other place or places and in such location or locations as is or are specified in the notice convening the meeting or in any instrument of proxy sent out by the chairman in relation to the General Meeting not less than 48 hours before the time of the holding of that meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- (b) in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll; or
- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the General Meeting at which the poll was demanded to the chairman of that meeting or to any Director, the Secretary or some person authorised for the purpose by the Secretary, and an instrument of proxy not deposited or delivered in a manner so permitted shall be invalid.

132.2 An electronic communication appointing a proxy must be delivered at such address as may be notified for the purpose of receiving appointments of proxy by electronic communication in respect of the relevant General Meeting.

132.3 No instrument appointing a proxy shall be valid after the expiry of 12 months from the date named in it as the date of its execution, except at an adjourned General Meeting or on a poll demanded at a General Meeting or an adjourned General Meeting in cases where such meeting was originally held within 12 months from such date.

133 **More than one proxy may be appointed**

A Member may appoint more than one proxy to attend on the same occasion. When two or more valid but differing instruments of proxy are delivered in respect of the same Share for use at the same General Meeting and in respect of the same matter, the one which is last validly delivered (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that Share. If the Company is unable to determine which instrument was last validly delivered, none of them shall be treated as valid in respect of that Share.

134 **Board may supply proxy cards**

The Board may at the expense of the Company send, by post or otherwise, instruments of proxy (reply-paid or otherwise) to Members for use at any General Meeting(s) or at any separate meeting(s) of the holders of any class of Shares, either in blank or nominating in the alternative any one or more of the Directors or any other persons. If for the purpose of any meeting invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the expense of the Company, such invitations shall be issued to all (and not some only) of the Members entitled to be sent a notice of such meeting and to vote thereat by proxy.

135 **Revocation of proxy**

A vote given or poll demanded in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or mental disorder of the principal or the revocation of the instrument of proxy or of the authority under which the instrument of proxy was executed or the transfer of the Share in respect of which the instrument of proxy is given, unless notice in writing of such death, mental disorder, revocation or transfer shall have been received by the Company at the registered office of the Company, or at such other place or places as has or have been appointed for the deposit of instruments of proxy, at least 48 hours before the commencement of the General Meeting or adjourned General Meeting or the taking of the poll at which the instrument of proxy is used.

136 **Corporations acting by representatives**

A corporation (whether or not a company within the meaning of the Act), which is a Member, may by resolution of its Directors or other governing body authorise such person or persons as it thinks fit to act as its representative or, as the case may be, representatives at any General Meeting or at any separate meeting of the holders of any class of Shares. Any person so authorised shall be entitled to exercise the same powers on behalf of the corporation (in respect of that part of the corporation's holdings to which the authority relates) as the corporation could exercise if it were an individual Member. The corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person

so authorised is present at it and all references to attendance and voting in person shall be construed accordingly. A Director, the Secretary or some person authorised for the purpose by the Secretary may require the representative to produce a certified copy of the resolution so authorising him before permitting him to exercise his powers.

137 **Amendments to resolutions**

137.1 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.

137.2 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.

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

Restrictions on Members' rights

138 **No right to vote where sums overdue on Shares**

138.1 No Member may vote at a General Meeting (or any separate meeting of the holders of any class of Shares), either in person or by proxy, or to exercise any other right or privilege as a Member in respect of a Share held by him unless:

- (a) all calls or other sums presently due and payable by him in respect of that Share whether alone or jointly with any other person together with interest and expenses (if any) have been paid to the Company; or
- (b) the Board determines otherwise.

139 **Failure to disclose interest in Shares**

139.1 Where notice is served by the Company under section 793 of the Act (a **section 793 notice**) on a Member, or another person appearing to be interested in Shares held by that Member, and the Member or other person has failed in relation to any Shares (the **section 793 Shares**, which expression includes any Shares allotted or issued after the date of the section 793 notice in respect of those Shares) to give the Company the information required within the prescribed period from the date of the section 793 notice, the following sanctions apply, unless the Board otherwise decides:

- (a) the Member is not entitled in respect of the section 793 Shares to be present or to vote (either in person or by proxy) at a General Meeting or at a separate meeting of the holders of a class of Shares or on a poll; and
- (b) where the section 793 Shares represent at least 0.25 per cent. in nominal value of the issued Shares of their class:
 - (i) a dividend (or any part of dividend) or other amount payable in respect of the section 793 Shares shall be withheld by the Company, which has no obligation to pay interest on it; and
 - (ii) no transfer, of any section 793 Shares in a certificated form shall be registered unless the transfer is an excepted transfer or:
 - (A) the Member is not himself in default in supplying the information required; and
 - (B) the Member proves to the satisfaction of the Board that no person in default in supplying the information required is interested in any of the Shares the subject of the transfer.

139.2 For the purpose of enforcing the sanctions in Article 139, the Board may give notice to the Member requiring the Member to change section 793 Shares held in uncertificated form to certificated form by the time stated in the notice. The notice may also state that the Member may not change any section 793 Shares held in certificated form to uncertificated form. If the Member does not comply with the notice, the Board may authorise such person as it sees fit to change section 793 Shares held in uncertificated form to certificated form in the name and on behalf of the Member.

139.3 The sanctions under Article 139.1 cease to apply seven days after the earlier of:

- (a) receipt by the Company of notice of an excepted transfer, but only in relation to the Shares transferred; and
- (b) receipt by the Company, in a form satisfactory to the Board, of all the information required by the section 793 notice.

139.4 Where, on the basis of information obtained from a Member in respect of any Share held by him, the Company issues a section 793 notice to another person, it shall at the same time send a copy of the section 793 notice to the Member, but the accidental omission to do so, or the non-receipt by the Member of the copy, does not invalidate or otherwise affect the application of Articles 139.1 and 139.2.

139.5 For the purpose of this Article 139:

- (a) a person other than the Member holding a Share shall be treated as appearing to be interested in that Share if the Member has informed the Company that the person is or may be interested or if the Company (after taking account of any information obtained from the Member or, pursuant to a section 793 notice, from anyone else) knows or has reasonable cause to believe that the person is or may be so interested;
- (b) **interested** shall be construed in accordance with sections 820 to 828 of the Act;
- (c) a reference to a person having failed to give the Company the information required by a section 793 notice, or being in default in supplying such information, includes (i) reference to his having failed or refused to give all or

any part of it and (ii) reference to his having given information which he knows to be false in a material particular or having recklessly given information which is false in a material particular;

- (d) the **prescribed period** means 14 days;
- (e) an **excepted transfer** means in relation to any Shares held by a Member:
 - (i) a transfer pursuant to acceptance of a takeover offer for the Company (within the meaning of section 974 of the Act) or;
 - (ii) a transfer in consequence of a sale made through the Stock Exchange or a recognised investment exchange (as defined in the Financial Services and Markets Act 2000) or another stock exchange outside the United Kingdom on which Shares in the capital of the Company are normally traded; or
 - (iii) a transfer which is shown to the satisfaction of the Board to be made in consequence of a sale of the whole of the beneficial interest in the Shares to a person who is unconnected with the Member and with any other person appearing to be interested in the Shares.

139.6 The provisions of this Article are in addition and without prejudice to the provisions of the Statutes.

Application of rules to class meetings

140 Class meetings

The provisions of these Articles relating to General Meetings apply, with any necessary modifications, to meetings of the holders of any class of Shares.

PART 5 Miscellaneous provisions

141 Registered office

The Company's registered office is to be situated in England and Wales.

Company communications

142 Reserves

The Board may before recommending any dividends (whether preferential or otherwise) carry to reserve out of the profits of the Company such sums as it thinks fit. All sums standing to the reserve may be applied from time to time at the discretion of the Board for any other purpose to which the profits of the Company may properly be applied and pending such application may, at the like discretion, either be employed in the business of the Company or be invested in such investments as the Board thinks fit. The Board may allocate the reserve to such investments as the Board thinks fit. The Board may divide the reserve into such special funds as it thinks fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as it thinks fit. Any sum which the Board may carry to reserve out of the unrealised profits of the Company shall not be mixed with any reserve to which profits available for distribution have been carried. The Board may also, without placing the same to reserve, carry forward any profits which it may think prudent not to distribute.

143 **Authentication of documents**

Any Director or the Secretary or any person appointed by the Board for the purpose shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed at any General Meeting or at any separate meeting of the holders of any class of Share or by the Board or any committee of the Board, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies of extracts. Where any books, records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Board for the purposes of authentication. A document purporting to be a copy of a resolution, or an extract from the minutes of a meeting, of the Company or of the Board or of any committee of the Board which is certified as aforesaid shall be conclusive evidence that such resolution has been duly passed or, as the case may be, that any minute so extracted is a true and accurate record of proceedings at a duly constituted meeting.

144 **Record dates**

Subject to the Act, notwithstanding any other provision of these Articles, but without prejudice to the rights attached to any Shares, the Company or the Board may fix any date as the record date for any dividend, distribution allotment or issue. Such record date may be on or at any time before or after any date on which such dividend, distribution allotment or issue is declared, paid or made.

Accounts

145 **Accounting records**

The Board shall keep the accounting records in accordance with the Act.

146 **Inspection of records**

The accounting records of the Company shall at all times be open to inspection by the Directors or the Secretary. No other person (including a Member) shall have any right to inspect any accounting record or other document of the Company unless he is authorised to do so by Statute, by order of a court of competent jurisdiction, by the Board or by ordinary resolution of the Company.

147 **Accounts to be sent to Members**

Except as provided in Article 146 a printed copy of the Directors' and Auditors' reports accompanied by printed copies of the balance sheet and every document required by the Statutes to be annexed to the balance sheet and of the profit and loss account or income and expenditure account (subject to the provisions of section 408 of the Act) shall, not less than 21 clear days before the annual General Meeting before which they are to be laid, be delivered or sent by post to every Member and holder of debentures of the Company and to the Auditors. However, this Article shall not require a copy of those documents to be sent to any person who under the provisions of these Articles is not entitled to receive notices from the Company or of whose address the Company is unaware or to any holder of debentures of whose address the Company is unaware or to more than one of the joint holders of any Shares or debentures. If all or any of the Shares in or debentures of the Company are listed or dealt in on the Stock Exchange, there

shall at the same time be forwarded to the Stock Exchange such number of copies of each of these documents as the regulations of the Stock Exchange may require.

148 **Summary financial statements**

The Company may, in accordance with sections 426 and 427 of the Act and any regulations made under it, send a summary financial statement to any Member instead of or in addition to the documents referred to in Article 147. Where it does so, the statement shall be delivered or sent by post to the Member not less than 21 clear days before the annual General Meeting before which those documents are to be laid.

149 **Auditors**

149.1 Auditors shall be appointed and their duties regulated in accordance with the provisions of the Act.

149.2 Subject to the provisions of the Act, all acts done by any person acting as an Auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his appointment not qualified for appointment or subsequently became disqualified.

150 **Communications**

150.1 Subject to the Statutes and these Articles, the Company may give any notice or send or supply any other document or information that is required or authorised to be sent:

- (a) by the Statutes or these Articles; or
- (b) by any other rule or regulation to which the Company may be subject (and if so permitted by such rule or regulation),

in hard copy form, in electronic form or by making it available on a website (and the provisions of the Statutes and these Articles which apply to sending or supplying documents or information required or authorised to be sent or supplied in accordance with Article 150.1 shall also apply, with any necessary changes, to any document or information sent or supplied by the Company pursuant to Article 150.1(b).

150.2 Subject to the Statutes and these Articles, the Company may give any notice or send or supply any other document or information to a Member either:

- (a) in hard copy form by:
 - (i) handing it to him; or
 - (ii) sending or supplying it by hand, or sending it by post in a prepaid envelope, in each case to the Member at his registered address or other address to which any provision of the Statutes authorises it to be sent or supplied;
- (b) in electronic form:
 - (i) by electronic means, to an address specified for the purpose by the Member (generally or specifically) or deemed by the Statutes to have been so specified; or

- (ii) by hand or by post, in accordance with Article 150.2(a)(i) or Article 150.2(a)(ii); or
- (iii) by making it available on a website,

or partly by one such means and partly by another.

The Company may only give any notice or send or supply any other document or information to a Member in electronic form or by making it available on a website if that Member has agreed (generally or specifically) that the notice or other document or information may be sent or supplied to him in that form or manner or is taken to have so agreed under the provisions of the Act (and has not, to the extent permitted by the Statutes, revoked that agreement).

- 150.3 Save as otherwise provided in these Articles, in the case of joint holders of a Share, service or delivery of any notice or other document or information on or to any one of the joint holders shall for all purposes be deemed as sufficient service on or delivery to all the joint holders and where for the purposes of the company communications provisions of the Statutes or these Articles anything is to be agreed or specified by a holder, the agreement or deemed agreement or specification by any one of the joint holders shall be deemed to be sufficient agreement or specification by all of the joint holders.
- 150.4 Subject to the Statutes, the Company shall be entitled not to give any notice or send or supply any other document or information to a Member whose registered address is not within the United Kingdom unless the Member gives the Company a postal address within the United Kingdom at which notices, documents and information may be sent or supplied to him.
- 150.5 Notices given or other documents and information sent or supplied by the Company are deemed to be delivered as follows:
- (a) where the notice or other document or information is sent by post (whether in hard copy or electronic form) to an address in the United Kingdom and the Company is able to show that it was properly addressed, prepaid and posted it is deemed to have been received by the intended recipient 48 hours after it was posted;
 - (b) where the notice or other document or information is sent or supplied by electronic means and the Company is able to show that it was properly addressed, it is deemed to have been received by the intended recipient 48 hours after it was sent or supplied; and
 - (c) where notice or other document or information is sent or supplied by means of a website, it is deemed to have been received by the intended recipient when the material was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

In calculating a period of hours for the purposes of this Article, no account shall be taken of any part of a day that is not a working day and references to a day shall not include a day that is not a working day.

- 150.6 Proof that a notice or other document or information:
- (a) sent by post (whether in hard copy or electronic form) was properly addressed, prepaid and posted; or

(b) sent by electronic means was sent or supplied in accordance with guidance issued by the Institute of Chartered Secretaries and Administrators,

shall be conclusive evidence that the notice was duly given or that the other document or information was duly sent or supplied.

150.7 To the extent permitted by the Act, notices and other documents or information need not be sent by the Company to any Member unless:

(a) an address has been notified to the Company by the Member as one at which documents and information may be sent to him; and

(b) the Company has no reason to believe that documents sent to him at that address will not reach him.

150.8 Subject to these Articles, anything sent or supplied to the Company may be sent or supplied in any way in which the Act provides for documents or information which are authorised or required by any provision of the Act to be sent or supplied to the Company.

150.9 References in these Articles to notices or other documents or information being sent or supplied by or to the Company include references to notices or other documents or information being sent or supplied by or to the Directors acting on behalf of the Company.

150.10 A Member present, either in person or by proxy, at any meeting of the Company or of the holders of any class of Shares shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

150.11 Every person who becomes entitled to a Share shall be bound by any notice in respect of that Share which, before his name is entered in the Register, has been duly given to a person from whom he derives his title.

150.12 A notice may be given or other document or information sent or supplied by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Member by sending or supplying it, in any manner authorised by these Articles for the giving of notices or the sending or supply of other documents or information to a Member, addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt or by any like description at the address, if any, within the United Kingdom supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice or other document or information may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

Directors' indemnity, funding and insurance

151 Indemnity and funding

151.1 Subject to Article 151.2, but without prejudice to any indemnity to which a relevant officer may otherwise be entitled, the Directors may exercise the power of the Company to:

(a) indemnify any relevant officer out of the assets of the Company against:

(i) any liability incurred by that relevant officer in connection with any negligence, default, breach of duty or breach of trust in relation to the Company or an associated company;

- (ii) any liability incurred by that relevant officer in connection with the activities of the Company or an associated company in its capacity as a trustee of an occupational pension scheme (as defined in section 235(6) of the Act); and
 - (iii) any other liability incurred by that relevant officer as an officer of the Company or an associated company;
- (b) provide any relevant officer with funds to meet expenditure incurred or to be incurred by such relevant officer:
- (i) in defending any criminal or civil proceedings or in defending himself in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority in connection with any alleged negligence, default, breach of duty or breach of trust in relation to the Company or an associated company; or
 - (ii) in connection with any application for relief (within the meaning of section 205(5) of the Act),
- or to do anything to enable a relevant officer to avoid incurring such expenditure.

151.2 The Company may provide loans, quasi-loans or credit transactions to any Director or persons connected with a Director to the extent permitted by and on the terms of sections 197, 198, 200, 201 and 205 of the Act.

151.3 This Article does not authorise any indemnity, provision of funds or other matter which would be prohibited or rendered void by any provision of the Statutes or by any other provision of law.

152 **Provision for employees**

The power conferred upon the Directors by section 247 of the Act to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiary undertaking, in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the Company or any subsidiary undertaking shall only be exercised by the Company with the prior sanction of a special resolution. If at any time the capital of the Company is divided into different classes of Shares, the exercise of such power shall be deemed to be a variation of the rights attached to each class of Shares in issue and shall accordingly require either:

- (a) the prior consent in writing of the holders of three-fourths of the nominal value of the issued Shares; or
- (b) the prior sanction of a special resolution passed at a separate general meeting of the holders of the Shares of each class, in accordance with the provisions of Article 140.

Winding up

153 **Division of assets**

If the Company is wound up the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by law, divide among the Members in specie the whole or any part of the assets of the Company and may, for that purpose, value any assets and determine how the division shall be

carried out as between the Members or different classes of Members. Any such division may be otherwise than in accordance with the existing rights of the Members, but if any division is resolved otherwise than in accordance with such rights, the Members shall have the same right of dissent and consequential rights as if such resolution were passed pursuant to section 110 of the Insolvency Act 1986. The liquidator may, with the like sanction, vest the whole or any part of the whole of the assets in trustees on such trusts for the benefit of the Members as he with the like sanction shall determine, but no Member shall be compelled to accept any assets on which there is a liability.

154 Transfer or sale under section 110 Insolvency Act 1986

A resolution sanctioning a transfer or sale to another company duly passed pursuant to section 110 of the Insolvency Act 1986 may in the like manner authorise the distribution of any Shares or other consideration receivable by the liquidator among the Members otherwise than in accordance with their existing rights, and any such determination shall be binding on all the Members, subject to the right of dissent and consequential rights conferred by the said section.

EXHIBIT 12

Exhibit B

Compensation

In consideration of the Services provided under the Agreement, Insurer shall pay Provider (1) a take-up fee of \$60,000 upon execution of this Agreement, and (2) \$250,000 annually, payable in quarterly installments (or a pro rata share for partial quarters) at the beginning of each quarter that this Agreement is in effect.