

DATED 20<sup>th</sup> April 2020

**GORDIAN PHARMA LIMITED**  
(company number 12411459)

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**ARTICLES OF ASSOCIATION**  
adopted on 20<sup>th</sup> April 2020

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Company number: 12411459

**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION OF**  
**GORDIAN PHARMA LIMITED**  
(adopted by special resolution passed on *20 April* 2020)

**1. DEFINITIONS AND INTERPRETATION**

1.1 In these Articles the following definitions will apply:

**Accounting Period**

an accounting period in respect of which the Company prepares its accounts in accordance with the relevant provisions of the Act;

**Act**

the Companies Act 2006;

**acting in concert**

has the meaning set out in the City Code on Takeovers and Mergers in force for the time being;

**Adoption Date**

the date of the adoption of these Articles by the Company;

**A Ordinary Shares**

an A ordinary share of £1 in the capital of the Company having the rights and being subject to the restrictions set out in these Articles;

**A Percentage**

- (a) following the occurrence of the First Hurdle Event, 5%;
- (b) following the occurrence of the Second Hurdle Event, 7.5%;
- (c) following the occurrence of the Third Hurdle Event, 10%

**Arrears**

in relation to any Share, all accruals, deficiencies and arrears of any dividend payable in respect of such Share, whether or not earned or declared and irrespective of whether or not the Company has had, at any time, sufficient distributable profits to pay such dividend, together with all interest and other amounts payable on such amounts;

**Asset Sale**

the disposal by the Company of assets (whether together with associated liabilities or otherwise and as part of an undertaking or otherwise) which represent 75% or more (by book value) of the consolidated gross tangible assets of the Company at that time;

**Auditors**

the auditors of the Company for the time being;

**Bad Leaver**

a Member who ceases to be an employee or director of, or a consultant to, the Company in the circumstances set out in article 10.1.1(i) as a result of:

- (a) the voluntary resignation of that Member (other than for a reason set out in the definition of Good Leaver); or

(b) any other circumstances in which he is not a Good Leaver;

**Business Day**

any day (other than a Saturday, Sunday or public holiday) during which banks in London are open for normal business;

**Change of Control**

the acquisition (by any means) by a Third Party Purchaser of any interest in any Shares if, upon completion of that acquisition, that Third Party Purchaser (together with any person connected with or acting in concert with that Third Party Purchaser) would be entitled to exercise more than 50% of the total voting rights normally exercisable at any general meeting of the Company;

**Compulsory Transfer Notice**

has the meaning given in article 10.2;

**Compulsory Transfer Shares**

in relation to a Relevant Member, any Shares held by the Relevant Member at the time of the relevant Transfer Event;

together with, in any case, any further Shares received by any person referred to in paragraphs (a), (b) and (c) above at any time after the relevant Transfer Event which are derived from any such Shares, whether by conversion, consolidation or sub-division, or by way of capitalisation, rights or bonus issue or otherwise;

**Director**

a duly appointed director of the Company for the time being;

**Eligible Director**

a Director who would be entitled to vote on a matter at a meeting of the Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter) and references to eligible directors in article 8 of the Model Articles shall be construed accordingly;

**Encumbrance**

any mortgage, charge (fixed or floating), pledge, lien, option, hypothecation, restriction, right to acquire, right of pre-emption or interest (legal or equitable) including any assignment by way of security, reservation of title, guarantee, trust, right of set off or other third party right or any other encumbrance or security interest having a similar effect howsoever arising;

**Equity Shares**

the Ordinary Shares and the A Ordinary Shares;

**Expert**

the expert identified and engaged in accordance with article 23;

**Fair Value**

the price which the Expert states in writing to be their opinion of the fair value of the Shares concerned, calculated on the basis that:

- (a) the fair value is the sum which a willing buyer would agree with a willing seller on an arm's length sale to be the purchase price for the Shares concerned on a Share Sale;
- (b) no account shall be taken of the size of the holding which the relevant Shares comprise or whether those Shares represent a majority or minority interest;
- (c) no account shall be taken of the fact that the transferability of the relevant Shares is restricted under these Articles;

- (d) if the Company is then carrying on business as a going concern, it will continue to do so; and
- (e) any difficulty in applying any of the bases set out above shall be resolved by the Expert as they, in their absolute discretion, think fit;

**First Hurdle Event**

- (a) the Company securing irrevocable commitments from investors to raise a minimum of £1,000,000 by the issue of Shares to investors or loans or grants (including any such from Morvus Technology Limited) at a pre money valuation of at least £3,000,000 ; and
- (b) the filing of new intellectual property relating to the formulation, synthesis, use or delivery of its MTL-004 technology by March 2021.

**Good Leaver**

a Member who ceases to be an employee or director of, or a consultant to, the Company in the circumstances set out in article 10.1.1(i) as a result of:

- (a) the death of that Member;
- (b) disability or incapacity through ill health (other than where such ill health arises from the abuse of alcohol or drugs) where the Directors resolves that such ill health is preventing, or is likely to prevent, the Member from performing his normal duties;
- (c) the Member being made redundant by the Company;
- (d) the Member voluntarily choosing to retire from the Company with the consent of the Directors;
- (e) the termination of that Member's employment by the Company in circumstances that are determined by a decision of an Employment Tribunal or Court, which decision is final and no longer appealable, to be or amount to wrongful dismissal where the Member has commenced proceedings in respect of such claim within 3 months of the date of cessation of the Member's employment (determined in accordance with article 10.5);
- (f) the service contract of that Member being terminated by the Member in circumstances which amount to constructive dismissal or, in relation to a non-executive director or consultant only, the agreement pursuant to which that Member provides services to the Company being terminated by that Member in circumstances which amount to a repudiatory breach by that company;
- (g) the Member having been dismissed by the Company in circumstances which amount to unfair dismissal (other than on procedural grounds); or
- (h) any other reason which the Directors determine, in their absolute discretion within 10 Business Days of the Member ceasing to be employed or engaged by the Company, shall result in the Member being a Good Leaver for the purposes of these Articles;

**Issue Price**

in relation to any Share, the amount paid up or credited as paid up on such Share, including the full amount of any premium at which such Share was issued;

**Listing**

either:

- (a) the admission of all or any part of the Shares to listing on the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's market for listed securities;

- (b) the admission of all or any part of the Shares to trading on AIM, a market operated by London Stock Exchange; or
- (c) the admission of all or any part of the Equity Shares to listing and/or trading on any other Recognised Investment Exchange,

and, in any such case, such admission becoming unconditionally effective;

**Listing Shares**

the equity share capital (as defined in section 548 of the Act) of the Company (excluding any such equity share capital to be subscribed and issued on the relevant Listing other than new shares to be paid up by way of capitalisation of reserves or arising from any sub-division, consolidation or conversion of shares);

**London Stock Exchange**

London Stock Exchange plc;

**Member**

a registered holder of an issued Share from time to time, as recorded in the register of members of the Company;

**Model Articles**

the model articles for private companies limited by shares contained in schedule 1 of the Companies (Model Articles) Regulations 2008 as amended prior to, and in force as at, the Adoption Date;

**Ordinary Share**

an ordinary share of £1 in the capital of the Company having the rights and being subject to the restrictions set out in these Articles;

**Realisation**

a Share Sale an Asset Sale or a Listing;

**Realisation Date**

- (a) in respect of a Listing, the date on which dealings in the Company's shares are permitted to commence; and
- (b) in respect of a Share Sale or an Asset Sale, the date of receipt from the buyer(s) of the consideration first payable on completion of that Share Sale or Asset Sale;

**Realisation Value**

means:

- (a) in respect of a Listing, the market value of the Listing Shares determined by reference to the price per share at which such shares are to be offered for sale, placed or otherwise marketed pursuant to the arrangements relating to the Listing, all as determined by the merchant bank (or, if none, the broker) appointed by the Directors to advise in connection with the Listing;
- (b) in respect of a Share Sale, the aggregate price paid or payable for the Equity Shares together with the cash value of any other consideration (in cash or otherwise) received or receivable by the holders of the Equity Shares which, having regard to the substance of the Share Sale as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of the Equity Shares but excluding, for the avoidance of doubt, any amount to be provided by a purchaser to procure the repayment by the Company of any bank debt or other borrowings; and
- (c) in respect of an Asset Sale, the aggregate price paid or payable for the assets being sold together with the cash value of any other consideration (in cash or otherwise) received or receivable by the Company which, having regard to the substance of the

Asset Sale as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of those assets but excluding, for the avoidance of doubt, any amount to be provided by a purchaser to procure the repayment by the Company of any bank debt or other borrowings,

provided that:

- (i) to the extent that the relevant Realisation includes an element of deferred consideration (whether contingent or non-contingent) its value shall not be included in the calculation of the Realisation Value until such deferred consideration is received by the holders of the Equity Shares (or, in the case of an Asset Sale, the Company) in which case the full value of the amount actually received shall then be taken into account;

**Recognised Investment Exchange**

has the meaning given in section 285(1) Financial Services and Markets Act 2000;

**Relevant Member**

a Member in respect of whom the Directors have notified the Company that an event shall be treated as a Transfer Event in accordance with article 10.1;

**Relevant Security**

any Share, or any right to subscribe for or convert any securities into any Share;

**Sale Shares**

has the meaning given in article 9.1.2(a);

**Second Hurdle Event**

the Company raising not less than £3,500,000 by the Issue of Shares to Investors or loans or grants (including any such from Morvus Technology Limited) at a pre money valuation of at least £10,500,000;

**Shares**

any shares of any class in the capital of the Company;

**Share Sale**

the transfer of any interest in any Shares (whether by one transaction or a series of transactions), other than a transfer in accordance with article 8.1 or 8.2, which results in a Change of Control;

**Third Hurdle Event**

the successful completion of a programme to progress the MTL-004 technology to be clinic ready and either:

- (a) the Company raising not less than £5,000,000 by the issue of Shares to investors or loans or grants (including any such from Morvus Technology Limited) at a pre money valuation in excess of £30,000,000; or
- (b) a Realisation occurring in relation to the Company at a Realisation Value of not less than £30,000,000;
- (c) the Company entering into a partnering/out-licensing agreement with a third party on terms acceptable to the Board (in its discretion).

**Third Party Purchaser**

any person who is not a Member for the time being or a person connected with such a Member;

**Transfer Event**

each of the events set out in article 10.1; and

### **Transfer Notice**

a notice in accordance with article 9 that a Member wishes to transfer his Shares.

- 1.2 These Articles and the provisions of the Model Articles (subject to any modifications set out in these Articles) shall constitute all the articles of association of the Company.
- 1.3 In these Articles a reference to:
  - 1.3.1 a statutory provision includes a reference to the statutory provision as replaced, modified or re-enacted from time to time before or after the Adoption Date and any subordinate legislation made under the statutory provision before or after the Adoption Date;
  - 1.3.2 a "subsidiary" shall include a reference to a "subsidiary" and a "subsidiary undertaking" (each as defined in the Act) and a reference to a "holding company" shall include a reference to a "holding company" and a "parent undertaking" (each as defined in the Act);
  - 1.3.3 a person includes a reference to an individual, body corporate, association, government, state, agency of state or any undertaking (whether or not having a legal personality and irrespective of the jurisdiction in or under the law of which it was incorporated or exists);
  - 1.3.4 writing includes any mode of reproducing words in a legible and non-transitory form other than email and fax;
  - 1.3.5 "these Articles" is to these articles of association (including the provisions of the Model Articles incorporated in them), and a reference to an article is to an article of these Articles, in each case as amended from time to time in accordance with the terms of these Articles and the Act; and
  - 1.3.6 any agreement or document is to that agreement or document as in force for the time being and as amended from time to time in accordance with the terms of that agreement or document or with the agreement of all the relevant parties.
- 1.4 The contents table and headings in these Articles are for convenience only and do not affect the interpretation or construction of these Articles.
- 1.5 Words importing the singular include the plural and vice versa and words importing a gender include every gender.
- 1.6 The words "other", "include", "including" and "in particular" do not limit the generality of any preceding words and any words which follow them shall not be construed as being limited in scope to the same class as the preceding words where a wider construction is possible.
- 1.7 Any question as to whether a person is connected with another shall be determined in accordance with section 1122 Corporation Tax Act 2010 (except that in construing section 1122 "control" has the meaning given by section 1124 or section 450 of that Act so that there is control whenever section 1124 or 450 requires) which shall apply in relation to these Articles as it applies in relation to that Act.
- 1.8 These Articles shall be binding on and shall survive for the benefit of the personal representatives and successors-in-title of each Member.

## **2. DIVIDENDS**

Any profits which the Company, on the recommendation of the Directors, determines to distribute in respect of any Accounting Period will be applied, on a non-cumulative basis, between the holders for the time being of the Ordinary Shares and the A Ordinary Shares. Any such dividend shall be paid in cash and shall be distributed amongst the holders of the relevant Shares pro rata according to the number of such Shares held by each of them respectively but in the case of the A Ordinary Shares subject to a cap equal to the A Percentage at the date of declaration of any such distribution.



### **3. RETURN OF CAPITAL**

- 3.1 On a return of capital, whether on liquidation, capital reduction or otherwise (but excluding a purchase of own shares), any surplus assets of the Company remaining after the payment of its liabilities shall be applied between the holders for the time being of the Ordinary Shares and the A Ordinary Shares firstly by paying the holders of the A Ordinary Shares, as a class, the A Percentage of any distribution and secondly by paying the excess to the holders of the Ordinary Shares to be distributed amongst the holders of such Shares pro rata according to the number of such Shares held by each of them respectively.

### **4. EXIT PROVISIONS**

- 4.1 On a Share Sale, the Realisation Value shall be applied between the holders for the time being of the Ordinary Shares and the A Ordinary Shares firstly by paying the holders of the A Ordinary Shares, as a class, the A Percentage and secondly by applying any excess to the holders of the Ordinary Shares to be distributed amongst the holders of such Shares pro rata according to the number of Shares held by each of them respectively.
- 4.2 On each occasion on which any deferred consideration disregarded in the definition of Realisation Value shall in fact be received, the provisions of article 4.1 shall be reopened and reapplied as at the date of receipt of such deferred consideration treating that receipt as an amount actually received at the Realisation Date under the definition of Realisation Value to determine the allocation of such deferred consideration and, for that purpose, the calculations used in allocating consideration already received shall be reworked provided that no value already allocated shall be reallocated and this provision shall only serve to allocate the additional consideration later received and provided further that the aggregate amount of consideration, including any deferred consideration, payable to the holders of the A Ordinary Shares shall not in any case exceed the A Percentage on the Realisation Date.
- 4.3 Immediately prior to and conditionally upon a Listing or an Asset Sale the Members shall enter into such reorganisation of the share capital of the Company so as to ensure that the Realisation Value is reallocated between the holders of the Equity Shares in the same proportions as the preceding provisions of this article 4 would provide on a Share Sale with the same Realisation Value (and, in the case of an Asset Sale, on the basis that such Realisation Value would be distributed to the holders of the Equity Shares immediately following such reorganisation in accordance with these articles) and provided always that the Realisation Value attributed to the holders of the A Ordinary Shares shall not in any case exceed the A Percentage. The details of any such share reorganisation shall be agreed between the Directors and their agreement shall be final and binding on the Company and the Members. Any dispute in respect of such share reorganisation which has not been resolved by the date which is 5 Business Days prior to the proposed date for completion of the relevant Listing or Asset Sale shall be referred to the Expert for determination in accordance with article 24. The Members undertake to do all such acts necessary (including by the exercise of any of voting rights (whether as a Director or Member)) so as to procure that any reorganisation agreed or determined as aforesaid takes place (including, as required, any sub-division, redesignation or consolidation).

### **5. VOTING**

The holders of the Ordinary Shares and the A Ordinary Shares shall be entitled to receive notice of and to attend and speak at any general meetings of the Company and such holder who is present in person or by proxy or (being a body corporate) is present by duly authorised representative or by proxy shall, on a show of hands, have one vote, and on a poll, have one vote for each Share held by him.

### **6. ISSUE OF SHARES**

- 6.1 The Directors are generally and unconditionally authorised for the purposes of section 551 of the Act and generally to exercise any power of the Company to allot Relevant Securities. The authority granted under this article 6 shall:
- 6.1.1 be limited to a maximum amount in nominal value of £5,000,000;
- 6.1.2 only apply in so far as it is not renewed, waived or revoked by ordinary resolution of the holders of Equity Shares; and

- 6.1.3 expire on the day immediately preceding the fifth anniversary of the Adoption Date, provided that the Directors may allot Relevant Securities after the expiry of such period in pursuance of an offer or agreement to do so made by the Company within such period.
- 6.2 Unless otherwise determined by special resolution of the Company, any Relevant Securities which the Directors propose to allot, grant or otherwise dispose of shall, before they are so allotted, granted or otherwise disposed of, be offered to the Members holding Ordinary Shares. Such offer shall be made by means of a notice (a **Subscription Notice**) served by the Directors on all Members holding Ordinary Shares which shall:
- 6.2.1 state the number and class of Relevant Securities offered;
- 6.2.2 state the subscription price per Relevant Security, which shall be determined by the Directors;
- 6.2.3 invite the relevant offerees to respond in writing to the Company stating the number of Relevant Securities for which they wish to subscribe; and
- 6.2.4 expire, and the offer made therein to an offeree shall be deemed to be withdrawn if not previously accepted by such offeree, on the date specified in that notice, being not less than 10 nor more than 20 Business Day after the date of the Subscription Notice.
- 6.3 After the expiry of the period referred to in the Subscription Notice or, if sooner, upon all Members holding Ordinary Shares having responded to the Subscription Notice (in either case, the **Subscription Allocation Date**), the Directors shall allocate the Relevant Securities in accordance with the applications received provided that:
- 6.3.1 no Relevant Securities shall be allocated to any Member who, at the Subscription Allocation Date, is bound to give, or has given or is deemed to have given, a Transfer Notice in respect of any Shares registered in his name (including, for the avoidance of doubt, a Compulsory Transfer Notice);
- 6.3.2 if there are applications for more than the number of Relevant Securities available, the Relevant Securities shall be allocated to the relevant applicants in proportion (as nearly as practicable but without allocating to any applicant more Relevant Securities than he applied for) to the number of Equity Shares held by each of them respectively; and
- 6.3.3 the allocation of any fractional entitlements to Relevant Securities amongst the Members shall be dealt with by the Directors in such manner as they see fit.
- 6.4 Within 5 Business Days of the Subscription Allocation Date the Directors shall give notice in writing (a **Subscription Allocation Notice**) to each Member to whom Relevant Securities have been allocated pursuant to article 6.3 (each a **Subscriber**). A Subscription Allocation Notice shall state:
- 6.4.1 the number and class of Relevant Securities allocated to that Subscriber;
- 6.4.2 the aggregate subscription price payable by the Subscriber in respect of the Relevant Securities allocated to him; and
- 6.4.3 the place, date and time (being not less than 2 nor more than 5 Business Days after the date of the Subscription Allocation Notice) at which completion of the subscription for the Relevant Securities shall take place.
- 6.5 Completion of a subscription for Relevant Securities pursuant to a Subscription Allocation Notice shall take place at the place, date and time specified in the Subscription Allocation Notice when the Subscriber will pay the relevant subscription monies to the Company in cleared funds and the Company will allot or grant the Relevant Securities to that Subscriber and deliver to that Subscriber a duly executed share certificate or certificate of grant (as the case may be) in respect of those Relevant Securities. If a Subscriber shall fail for any reason to pay the relevant subscription monies in respect of any Relevant Securities to the Company in cleared funds by the date specified in the Subscription Allocation Notice he shall:

- 6.5.1 be deemed to have declined the offer made to him in respect of those Relevant Securities which shall immediately be deemed to be released from the provisions of articles 6.4 to 6.6; and
  - 6.5.2 indemnify the Company against all costs, claims and expenses which the Company may suffer or incur as a result of such failure.
- 6.6 Any Relevant Securities which are not accepted pursuant to articles 6.2 to 6.4, and any Relevant Securities released from the provisions of those articles either by virtue of a Subscriber's default in accordance with article 6.5 or by virtue of a special resolution of the Company, may be offered by the Directors to any person and any such Relevant Securities shall, subject to the provisions of the provisions of the Act and article 7, be at the disposed of the Directors who may allot, grant or otherwise dispose of them to such persons at such times and generally on such terms and conditions as they think fit in their absolute discretion, provided that:
- 6.6.1 no Share shall be issued at a discount;
  - 6.6.2 no Relevant Securities shall be allotted, granted or otherwise disposed of on terms which are more favourable than those on which they were offered to the Members pursuant to article 6.4; and
  - 6.6.3 no Relevant Securities shall be allotted, granted or otherwise disposed of more than 3 months after the date of the relevant Subscription Notice relating to those Relevant Securities (or, in the case of Relevant Securities released from the provisions of articles 6.2 to 6.4 by virtue of a special resolution, the date of that special resolution) unless the procedure in articles 6.2 to 6.4 is repeated in relation to that Relevant Security.
- 6.7 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to the Company.
- 6.8 Where any Share is issued to an existing Member holding Equity Shares such new Equity Share shall, if so required by the Directors on and from the time of registration of the allotment of that share in the register of members of the Company, be immediately and automatically (without resolution of the Members or Directors) redesignated as a Share of the same class as the Equity Shares already held by such Member.
- 7. TRANSFER OF SHARES - GENERAL**
- 7.1 Notwithstanding any other provision of these Articles, the Directors shall not register a transfer of any interest in a Share:
- 7.1.1 if it is to a minor, undischarged bankrupt, trustee in bankruptcy or person who (in the opinion of the Directors) lacks capacity; or
  - 7.1.2 unless:
    - (a) the transfer is permitted by article 8; or
    - (b) the transfer is made in accordance with article 9, 10, 11 or 12.
- 7.2 The Directors may only refuse to register a transfer of Shares which is either permitted under article 8 or made in accordance with articles 9, 10, 11 or 12 if:
- 7.2.1 the transfer has not been lodged at the Company's registered office (or such other place as the Directors may nominate for this purpose);
  - 7.2.2 the transfer is not accompanied by the certificate for the Shares to which it relates (or an indemnity for a lost, stolen or damaged certificate in such form as is reasonably required by the Directors) and such other evidence (if any) as the Directors may reasonably require to show the right of the transferor to make the transfer;
  - 7.2.3 the transfer is in respect of more than one class of Shares;
  - 7.2.4 the transfer is in favour of more than four transferees; or

7.2.5 the transfer has not been properly stamped or certified as being not liable to stamp duty.

In all other cases, the Directors must register such a transfer of Shares. Article 26(5) of the Model Articles shall not apply to the Company.

7.3 For the purposes of ensuring that:

7.3.1 a transfer of any Share is in accordance with these Articles;

7.3.2 no circumstances have arisen whereby a Member is required to give or may be deemed to have given a Transfer Notice in respect of any Share; or

7.3.3 no circumstances have arisen whereby the provisions of article 12 are required to be or ought to have been triggered,

the Directors may from time to time require any Member to provide, or to procure that any person named as the transferee in any transfer lodged for registration or any other person whom the Directors reasonably believes to have information relevant to such purpose provides, such information and evidence as the Directors may reasonably require for such purpose. Pending such information or evidence being provided, the Directors are entitled to refuse to register any relevant transfer of Shares.

7.4 If any information or evidence provided pursuant to article 7.3 discloses to the reasonable satisfaction of the Directors that circumstances have arisen whereby a Member may be required to give or be deemed to have given a Transfer Notice, the Directors may, by notice in writing to the relevant Member, require that a Transfer Notice be given in respect of the Shares concerned.

7.5 In any case where a Member is required to give a Transfer Notice in accordance with the provisions of these Articles and such Transfer Notice is not duly given within a period of 5 Business Days of written notice from the Directors to the relevant Member requesting that such Transfer Notice be duly given, such Transfer Notice shall be deemed to have been given immediately upon the expiry of that period of 5 Business Days. Notwithstanding any other provision of these Articles, unless the Directors resolve otherwise, any Shares which are the subject of a Transfer Notice deemed to have been served in accordance with this article 7.5 (and any Shares received after the date of service, or deemed service, of any such Transfer Notice which are derived from any Share which is the subject of that Transfer Notice, whether by conversion, consolidation or sub-division, or by way of capitalisation, rights or bonus issue or otherwise) shall with effect from the date of the relevant deemed Transfer Notice (or, if later, the date on which such Shares are issued), cease to confer upon the holder of such Shares any right to receive notice of, or attend, speak or vote at, any general meeting of the Company (or at any meeting of the holders of any class of Shares) or any right to receive or vote on any written resolution of the Company (or the holders of any class of Shares) until such time as another person is entered in the register of members of the Company as the holder of those Shares.

7.6 Notwithstanding any other provision of these Articles, an obligation to transfer a Share under these Articles shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such Share free from any Encumbrance.

7.7 Where any Shares are the subject of a Transfer Notice (including a Compulsory Transfer Notice deemed to have been given in accordance with article 10.2), no transfer of any such Shares shall be permitted pursuant to article 8.

## 8. **PERMITTED TRANSFERS**

### 8.1 **Transfer with consent**

Any Shares may be transferred at any time with the prior consent of the Directors.

### 8.2 **Transfer within corporate group**

Any Member which is a body corporate may at any time transfer any Shares held by it to a company which is for the time being a subsidiary or holding company of that Member or another subsidiary of such holding company (each a **member of the same group**). Where, following a transfer or series of transfers of Shares pursuant to this article 8.2, the transferee

of any Shares ceases at any time for any reason to be a member of the same group as the original transferor of those Shares, such transferee shall forthwith transfer all the Shares held by it to the original transferor (or another member of the same group as that original transferor) for such consideration as they may agree between them and, if they do not agree such consideration or if the transfer is not effected for any other reason within 20 Business Days of the date on which the transferee ceased to be a member of the same group as the original transferor, the Directors may either authorise and instruct any Director to execute a transfer of the Shares on behalf of the relevant transferee and register the original transferor of those Shares as the holder of such Shares or require such transferee to serve a Transfer Notice in respect of all the Shares held by it, in which case the provisions of article 9 shall apply.

### 8.3 **Transfer to the Company**

Any Member may at any time, with the consent of the Board, transfer Shares to the Company in accordance with the Act and these Articles.

## 9. **PRE-EMPTION ON TRANSFER OF SHARES**

### 9.1 **Transfer Notice**

9.1.1 Except as permitted under article 8 (Permitted Transfers) or as provided for in article 11 (Drag Along) and article 12 (Tag Along), any Member (a **Seller**) who wishes to transfer any Share (or any interest in any Share) shall, before transferring or agreeing to transfer such Share (or interest), give notice in writing (a **Transfer Notice**) to the Company of his wish.

9.1.2 Subject to article 9.1.3, a Transfer Notice shall:

- (a) state the number and class of Shares (the **Sale Shares**) which the Seller wishes to transfer;
- (b) state the name of the person (if any) to whom the Seller wishes to transfer the Sale Shares;
- (c) state the price per Share (the **Proposed Price**) at which the Seller wishes to transfer the Sale Shares;
- (d) state if the Transfer Notice is conditional upon all (and not only part) of the Sale Shares being sold pursuant to this article 9 (a **Total Transfer Condition**);
- (e) relate to only one class of Share;
- (f) constitute the Company as the agent of the Seller in relation to the sale of the Sale Shares in accordance with this article 9; and
- (g) not be capable of variation or cancellation without the consent of the Directors.

9.1.3 Where a Transfer Notice is one which is deemed to have been given by virtue of any provision of these Articles (including a Compulsory Transfer Notice deemed to have been served in accordance with article 10.2):

- (a) it shall relate to all the Shares registered in the name of the Seller;
- (b) it shall not contain a Total Transfer Condition;

9.1.4 subject to article 10.3, the Transfer Price shall be such price as may be agreed between the Seller and the Directors, within 10 Business Days of the date of service (or deemed service) of the Transfer Notice or if either no price is agreed within such period or the Directors direct at any time during that period, the Fair Value determined in accordance with article 9.2.2;

- (a) it shall be irrevocable; and
- (b) subject to articles 7.5 and 10.6, the Seller may retain any Sale Shares for which Buyers (as defined in article 9.5.2) are not found.

## 9.2 Transfer Price

- 9.2.1 The Sale Shares will be offered for sale in accordance with this article 9 at the following price (the **Transfer Price**):
- (a) subject to the consent of the Directors, the Proposed Price; or
  - (b) such other price as may be agreed between the Seller and the Directors within 10 Business Days of the date of service (or deemed service) of the Transfer Notice; or
  - (c) if no price is agreed pursuant to article (b) within the period specified in that article, or if the Directors direct at any time during that period, whichever is the lower of (i) the Proposed Price and (ii) the Fair Value.
- 9.2.2 If the Seller and the Directors are unable to agree on the Transfer Price in accordance with article 9.2.1(b) or if the Directors direct in accordance with article 9.2.1(c) (or article 9.1.4 in the case of a Transfer Notice which is deemed to have been given by virtue of any provision of these Articles), the Directors shall instruct the Expert to determine and certify the Fair Value of the Sale Shares in accordance with article 23.
- 9.2.3 Where either:
- (a) the Seller revokes the Transfer Notice in accordance with article 9.2.4; or
  - (b) in the case of a Transfer Notice which is deemed to have been given by virtue of any provision of these Articles, the Fair Value is less than the price proposed by the Directors to the Seller not less than 5 Business Days prior to receipt of the Expert's report on the Fair Value by the Company,
- then the Expert's fees shall be borne wholly by the Seller.
- 9.2.4 Where the Fair Value is less than the Proposed Price the Seller may revoke the Transfer Notice by notice in writing served on the Company within 5 Business Days of the date on which the notification of the Fair Value was first served on the Seller by the Company or the Expert.
- 9.2.5 A Transfer Notice may not be revoked under article 9.2.4 if that Transfer Notice is stated to be irrevocable or is deemed to be irrevocable by virtue of any provision of these Articles.

## 9.3 Board Invitees

In these Articles, the expression **Board Invitee** shall mean any of:

- 9.3.1 the Company (subject to compliance by the Company with the provisions of the Act); and/or
- 9.3.2 any person(s) (being a current or future employee or officer of the Company) nominated by the Directors,

as selected by the Directors in the period of 5 Business Days after the date on which the Transfer Price is agreed or determined in accordance with these Articles.

## 9.4 Offer Notice

- 9.4.1 Subject to article 9.4.2, the Directors shall serve a notice (an **Offer Notice**) on all Members holding Shares within 10 Business Days of the Transfer Price being agreed or determined in accordance with these Articles.
- 9.4.1 Subject to article 9.4.2, the Directors shall serve a notice (an **Offer Notice**) on all Members holding Shares and any Board Invitees (as the case may be) to whom the Sale Shares are to be offered in accordance with these Articles as soon as reasonably practicable after (and in any event within 10 Business Days of) whichever is the first to occur of:
- (a) the period prescribed in article 9.3 for the selection of Board Invitees having expired; or

- (b) the identity of all Board Invitees having been determined; or
- (c) the Directors determining, that none of the Sale Shares are to be offered to a Board Invitee,

or, if later, on the Transfer Price being agreed or determined in accordance with these Articles.

9.4.2 An Offer Notice shall not be sent, and no Sale Shares shall be treated as offered to, the Seller or to any Member who, at the date of the Offer Notice, is bound to give, or has given or is deemed to have given a Transfer Notice in respect of any Shares registered in his name.

9.4.3 An Offer Notice shall:

- (a) state the Transfer Price;
- (b) contain the other relevant information set out in the Transfer Notice;
- (c) invite the relevant offerees to respond in writing to the Company stating the number of Sale Shares which they wish to purchase; and
- (d) expire, and the offer made in that Offer Notice shall be deemed to be withdrawn, on a date which is not less than 10 nor more than 20 Business Days after the date of the Offer Notice.

## 9.5 Allocation of Sale Shares

9.5.1 After the expiry of the period specified in the Offer Notice or, if sooner, upon all Members to whom an Offer Notice was sent having responded to that Offer Notice (in either case the **Allocation Date**), the Directors shall allocate the Sale Shares in accordance with the applications received provided that:

- (a) if there are applications for more than the number of Sale Shares available, the Sale Shares shall be allocated to the relevant applicants in proportion (as nearly as practicable but without allocating to any applicant more Sale Shares than he applied for) to the number of Shares held by each of them respectively;
- (b) the allocation of any fractional entitlements to Sale Shares amongst the Members shall be dealt with by the Directors in such manner as they see fit; and
- (c) no Sale Shares shall be allocated to any Member who, at the Allocation Date, is bound to give, or has given or is deemed to have given, a Transfer Notice (including a Compulsory Transfer Notice) in respect of any Shares registered in his name.

9.5.2 Within 5 Business Days of the Allocation Date the Directors shall give notice in writing (an **Allocation Notice**) to the Seller and each Member or Board Invitee to whom Sale Shares have been allocated pursuant to article 9.5.1 (each a **Buyer**). An Allocation Notice shall state:

- (a) the number and class of Sale Shares allocated to that Buyer;
- (b) the name and address of the Buyer;
- (c) the aggregate purchase price payable by the Buyer in respect of the Sale Shares allocated to him; and
- (d) the place, date and time (being not less than 2 nor more than 5 Business Days after the date of the Allocation Notice) at which completion of the sale and purchase of the relevant Sale Shares shall take place.

9.5.3 Completion of a sale and purchase of Sale Shares pursuant to an Allocation Notice shall take place at the place, date and time specified in the Allocation Notice when the Seller will, upon payment of the Transfer Price in respect of the Sale Shares allocated to a Buyer, transfer those Sale Shares, and deliver the relevant share certificate(s) in respect of such Sale Shares, to that Buyer.

9.5.4 Subject to article 9.5.5, the service of an Allocation Notice shall constitute the acceptance by a Buyer of the offer to purchase the number of Sale Shares specified in that Allocation Notice on the terms offered to that Buyer.

9.5.5 If after following the procedure set out in this article 9 the total number of Shares applied for and allocated to the Buyers remains less than the total number of Sale Shares, then:

(a) if the Transfer Notice contained a Total Transfer Condition, then notwithstanding any other provision of this article 9 no Sale Shares shall be deemed to have been allocated to any Buyer and the Seller and the Buyers shall not be bound to sell or purchase any Sale Shares in accordance with this article 9; and

(b) the Company shall notify the Seller that it has failed to find Buyers for all or some (as the case may be) of the Sale Shares.

#### 9.6 **Default by the Seller**

9.6.1 If a Seller shall fail for any reason (including death) to transfer any Sale Shares to a Buyer when required by this article 9, the Directors may authorise any Director to execute each necessary transfer of Sale Shares on the Seller's behalf and to deliver that transfer to the relevant Buyer.

9.6.2 The Company may receive the purchase money from a Buyer on behalf of the Seller and shall then, subject to due stamping, enter the name of that Buyer in the register of members of the Company as the holder of the Sale Shares so transferred to him. The receipt of the Company for the purchase money shall constitute a good discharge to the Buyer (who shall not be bound to see to the application of it) and after the Buyer has been registered in purported exercise of the power conferred by this article 9.6 the validity of the proceedings shall not be questioned by any person.

9.6.3 The Company shall hold the relevant purchase money on trust for the Seller (but without interest) and the Company shall not pay such money to the Seller until he has delivered to the Company the share certificate(s) in respect of the relevant Shares (or a suitable indemnity in a form reasonably satisfactory to the Directors).

#### 9.7 **Transfers following exhaustion of pre-emption rights**

If any Sale Shares are not allocated to a Buyer under any of the previous provisions of this article 9 the Seller may, at any time within 3 calendar months of the date of service of the notice referred to in article 9.5.5(b), sell any of those unallocated Sale Shares to the person named in the Transfer Notice (or, if none was so named, any other person) at not less than the Transfer Price (without any deduction, rebate or allowance to the proposed purchaser) provided that:

9.7.1 if the Transfer Notice contained a Total Transfer Condition, the Seller shall not be entitled to sell only some of the Sale Shares without the prior written consent of the Directors; and

9.7.2 the Directors may require to be satisfied that the relevant Sale Shares are being transferred under a bona fide sale for the consideration stated in the transfer without deduction, rebate or allowance to the proposed purchaser and, if not so satisfied, may refuse to register the transfer (without prejudice to any power of the Directors to refuse to register a transfer in accordance with article 7); and

9.7.3 the Directors shall not register the transfer if as a result of such transfer the proposed purchaser would be required to make an offer in accordance with article 12 until such time as that offer has been made and, if accepted, completed.



10. **COMPULSORY TRANSFERS**

10.1 In this article 10 each of the following shall be a **Transfer Event** in relation to a Member holding Shares:

10.1.1 in the case of an individual Member:

- (a) the death of that Member;
- (b) a petition being presented for the bankruptcy of that Member, or an application being made for an adjudication that the Member be made bankrupt or an order being made by the court or the adjudicator for the bankruptcy of that Member;
- (c) an order being made by the court or the adjudicator for the bankruptcy of that Member, or a petition being presented or an application being made for an adjudication for such bankruptcy which petition or application is not withdrawn or dismissed within 10 Business Days of being presented or made;
- (d) the Member circulating a proposal in relation to, or taking any other steps with a view to, making an arrangement or composition in satisfaction of his creditors generally;
- (e) the Member being unable to pay his debts as they fall due (within the meaning of section 268 Insolvency Act 1986);
- (f) any step being taken for the appointment of a receiver, manager or administrative receiver over all or any material part of the Member's assets, or any other steps being taken to enforce any Encumbrance over all or any material part of the Member's assets or any Shares held by that Member;
- (g) any proceedings or orders equivalent or analogous to any of those described in articles 10.1.1(b) to 10.1.1(f) above occurring in respect of the Member under the law of any jurisdiction outside England and Wales;
- (h) that Member suffering from mental disorder and being admitted to hospital or, by reason of his mental health, being subject to any court order which wholly or partly prevents that Member from personally exercising any powers or rights which that Member would otherwise have;
- (i) that Member, being an employee or director of, or a consultant to, the Company, ceasing to be such an employee, director or consultant (including where such cessation occurs as a result of a Group Company ceasing to be a Group Company) where the Member does not remain, or immediately become, an employee or director of, or a consultant to, another Group Company; or
- (j) that Member breaching any provision of these Articles which breach, if capable of remedy, has not been remedied to the reasonable satisfaction of the Directors within 10 Business Days of a notice from the Directors to the Member requesting such remedy; and

10.1.2 in the case of a corporate Member:

- (a) an order being made or a resolution being passed for the winding up of that Member or for the appointment of a provisional liquidator to that Member (other than a voluntary liquidation for the purposes of a bona fide scheme of solvent amalgamation or reconstruction);
- (b) a petition being presented for the winding up of that Member, which petition is not withdrawn or dismissed within 10 Business Days of being presented;
- (c) an administration order being made in respect of that Member, or a notice of intention to appoint an administrator, or a notice of appointment

of an administrator or an application for an administration order being issued at court in respect of that Member;

- (d) any step being taken for the appointment of a receiver, manager or administrative receiver over all or any material part of the assets or undertaking of that Member, or any other steps being taken to enforce any Encumbrance over all or any material part of the assets or undertaking of that Member or any Shares held by that Member;
- (e) any proceedings or orders equivalent or analogous to any of those described above in articles (a) to (d) occurring in respect of that Member under the law of any jurisdiction outside England and Wales;
- (f) that Member ceasing to be within the control (as defined in section 1124 Corporation Tax Act 2010) of the person(s) who controlled it on the Adoption Date or, if later, the date on which it became a Member (whichever is the later), provided that this article (f) shall not apply if the Member continues to be controlled (as above) by the person(s) who had ultimate control of that Member at that date; or
- (g) that Member breaching any provision of these Articles which breach, if capable of remedy, has not been remedied to the reasonable satisfaction of the Directors within 10 Business Days of a notice from the Directors to the Member requesting such remedy,

and in any such case, whether under article 10.1.1 or 10.1.2, the Directors notifying the Company within six months of the occurrence of such event (or, if later, within six months of the date on which the Directors first become aware of the occurrence of such event) that such event is a Transfer Event in relation to that Member for the purposes of this article 10.

10.2 Upon the Directors notifying the Company that an event is a Transfer Event in respect of a Member in accordance with article 10.1, the Relevant Member and any other person holding Compulsory Transfer Shares, shall be deemed to have served a Transfer Notice (a **Compulsory Transfer Notice**) in respect of all the Compulsory Transfer Shares held from time to time by each of them respectively. A Compulsory Transfer Notice shall supersede any current Transfer Notice in respect of any Compulsory Transfer Shares.

10.3 The Compulsory Transfer Shares shall be offered for sale in accordance with the provisions of article 9 as if the Compulsory Transfer Shares were Sale Shares except that where the relevant Transfer Event falls within the provisions of article 10.1.1(i), the Transfer Price in respect of the Compulsory Transfer Shares shall be:

10.3.1 where the Relevant Member is a Bad Leaver, whichever is the lower of:

- (a) their Fair Value; and
- (b) their Issue Price,

provided that the Directors may at any time by notice to the Company specify that in respect of any particular Relevant Member the Transfer Price for all Compulsory Transfer Shares shall, on that occasion, be the Issue Price (in which case there shall be no need in respect of that Relevant Member on that occasion to establish the Fair Value) and the Transfer Price shall be determined by the notice served pursuant to this article 10.3.1 on the date upon which such notice is received at the registered office of the Company; or

10.3.2 where the Relevant Member is a Good Leaver, their Fair Value.

10.4 Any dispute as to whether the provisions of article 10.3.1 or 10.3.2 apply in relation to any Compulsory Transfer Notice shall not affect the validity of a Compulsory Transfer Notice nor shall it delay the procedure to be followed under article 9 in respect of such notice. If, however, the Issue Price is less than the Fair Value any Buyer acquiring Compulsory Transfer Shares pursuant to a Compulsory Transfer Notice while such dispute is continuing shall pay to the Seller whichever is the lower of their Fair Value and their Issue Price and shall, in addition, pay to the Company an amount equal to the difference between their Fair Value and their Issue Price. The Company shall hold such amount as trustee in a separate

- interest-bearing account and shall, upon final resolution of the relevant dispute, pay such amount (together with interest in such amount but less any applicable bank charges) to:
- 10.4.1 the Seller, in respect of any Compulsory Transfer Shares which are determined to be sold for their Fair Value; or
  - 10.4.2 the Buyer, in respect of any Compulsory Transfer Shares which are determined to be sold for their Issue Price.
- 10.5 For the purposes of article 10.1.1(i) the date of cessation of a Member's employment, directorship or engagement shall be (or be deemed to be) whichever is the first to occur of:
- 10.5.1 the date of a notice given by the Company to the Member terminating (or purporting to terminate) that Member's employment, directorship or engagement with the Company (or, if later, the date specified in any such notice as being the termination date), regardless of whether any such notice constitutes unfair or wrongful dismissal;
  - 10.5.2 the date of a notice given by a Member to the Company terminating (or purporting to terminate) that Member's employment, directorship or engagement with the Company (or, if later, the date specified in any such notice as being the termination date), regardless of whether any such notice may lawfully be given by the Member;
  - 10.5.3 the date on which a repudiatory breach of any contract of employment or engagement by either the Member or the Company is accepted by the other party to that contract;
  - 10.5.4 the date of any event which results in the termination of the contract of employment or engagement under the doctrine of frustration; or
  - 10.5.5 in any circumstances other than those specified in articles 10.5.1 to 10.5.4, the date on which the Member actually ceases to be employed or engaged by the Company.
- 10.6 Notwithstanding any other provision of these Articles, unless the Directors resolve otherwise, any Compulsory Transfer Shares shall, with effect from the date of the relevant Compulsory Transfer Notice (or, if later, the date on which such Shares are issued), cease to confer upon the holder of those Shares any right to receive notice of, or attend, speak or vote at, any general meeting of the Company (or at any meeting of the holders of any class of Shares) or any right to receive or vote on any written resolution of the Company (or the holders of any class of Shares) until such time as another person is entered in the register of members of the Company as the holder of those Compulsory Transfer Shares (or other Shares).
- 10.7 Articles 27(2)(a) and 28 of the Model Articles shall not apply to the Company.
11. **DRAG ALONG**
- 11.1 If the holders of not less than 51% of the Shares (together the **Selling Members**) wish to transfer all their Shares to a proposed purchaser (the **Proposed Purchaser**), they shall have the option (a **Drag Along Option**) to require all or any of the other Members (the **Remaining Members**) to transfer all their Shares with full title guarantee to the Proposed Purchaser (or as the Proposed Purchaser shall direct) in accordance with this article 11.
- 11.2 The Selling Members shall exercise the Drag Along Option by giving notice to that effect (a **Drag Along Notice**) to each of the Remaining Members at any time before the registration of the transfer of the Selling Members' Shares. A Drag Along Notice shall specify:
- 11.2.1 that the Remaining Members are required to transfer all their Shares (the **Remaining Shares**) pursuant to this article 11;
  - 11.2.2 the identity of the Proposed Purchaser;
  - 11.2.3 the consideration for which, or the price at which, the Remaining Shares are to be transferred, determined in accordance with article 11.4 (the **Drag Along Consideration**); and

- 11.2.4 the proposed date of transfer (if known).
- 11.3 A Drag Along Notice:
- 11.3.1 may be revoked by the Selling Members at any time prior to the completion of the sale and purchase of the Remaining Shares; and
- 11.3.2 shall lapse if for any reason the sale of the Selling Members' Shares to the Proposed Purchaser is not completed within 40 Business Days of the date of service of the Drag Along Notice (such lapse being without prejudice to the right of the Selling Members to serve any further Drag Along Notice following such lapse).
- 11.4 Subject to article 11.6, the Drag Along Consideration shall be the same consideration per Remaining Share (in the same form and due at the same time(s)) as that offered, given, paid or payable by, or due from, the Proposed Purchaser in respect of each Share held by all Members other than the Remaining Members [together with the relevant proportion of any other consideration (in cash or otherwise) received or receivable by all Members other than the Remaining Members which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of the Shares held by those Members. The consideration referred to in this article 11.4 shall, together in aggregate, be the Realisation Value for the purposes of calculating the allocation of that Realisation Value amongst the Members in accordance with article 4.
- 11.5 If the Drag Along Consideration cannot be agreed between the Proposed Purchaser and the holders of not less than 75% of the Remaining Shares within 10 Business Days of the date of the Drag Along Notice, such matter shall be referred for determination to the Expert (in accordance with article 23) and, pending their determination, the sale or transfer of the Selling Members' Shares shall have no effect and shall not be registered.
- 11.6 Prior to completion of the sale and purchase of the Remaining Shares, the Directors may resolve that any Remaining Member who, at the date of the Drag Along Notice, is bound to give or has given or is deemed to have given, a Transfer Notice in respect of any Shares registered in his name (including, for the avoidance of doubt, a Compulsory Transfer Notice) is paid the cash equivalent of any non-cash consideration due to the Selling Members from the Proposed Purchaser in lieu of such non-cash consideration. Such cash consideration in lieu may be paid to a Remaining Member either on completion or at the same time as the relevant non-cash consideration is received by the Selling Members at the absolute discretion of the Directors. The decision of the Directors as to the amount of any cash consideration in lieu of any non-cash consideration shall be final and binding on the Company and all the Members.
- 11.7 Upon the service of a Drag Along Notice each Remaining Member is required, as a legally binding commitment, not to divulge or communicate to any third party either the fact that the Selling Members wish to transfer their Shares to the Proposed Purchaser (or any other person) or any other information concerning the sale and purchase of any of the Selling Members' Shares or the Remaining Shares pursuant to this article 11.
- 11.8 Completion of the sale and purchase of the Remaining Shares shall take place on the same date as completion of the sale and purchase of the Selling Members' Shares (or such later date, being not more than 20 Business Days after the date of such completion, as the Directors may direct in writing).
- 11.9 Upon the service of a Drag Along Notice each Remaining Member shall be deemed to have irrevocably appointed each of the Selling Members (severally) as the agent of the Remaining Member to execute, in the name of and on behalf of that Remaining Member, any stock transfer form and covenant for full title guarantee in respect of the Remaining Shares registered in the name of that Remaining Member and to do such other things as the agent may consider necessary or desirable to transfer and complete the sale of the Remaining Shares pursuant to this article 11.
- 11.10 Each Remaining Member shall bear their share of all costs and expenses, including all adviser fees, (together with any applicable VAT on those costs and expenses) relating to the transfer of Shares by Members to the Proposed Purchaser in the same proportions as the consideration (of whatever form) received by that Remaining Member bears to the

aggregate consideration (of whatever form) received by all Members transferring Shares to the Proposed Purchaser. Each agent appointed under article 11.9 shall be entitled to direct that any deductions are made from the Drag Along Consideration due to any Remaining Member to satisfy the obligations of that Remaining Member under this article 11.10.

- 11.11 The provisions of this article 11 shall prevail over any contrary provisions of these Articles and, for the avoidance of doubt, the rights of pre-emption and other restrictions on transfer of Shares contained in these Articles shall not apply to the transfer of any Shares to a Proposed Purchaser named in a Drag Along Notice (or as that Proposed Purchaser may direct). Any Transfer Notice or Compulsory Transfer Notice served in respect of a Share which has not been allocated to a Buyer in accordance with article 9 shall automatically be revoked by the service of a Drag Along Notice.
- 11.12 Where, at any time after the service of a Drag Along Notice but before completion of the sale and purchase of the Remaining Shares by the Proposed Purchaser, any person (a **New Member**) becomes a registered holder of any Share pursuant to the exercise of any option, warrant or other right to subscribe for or acquire Shares, a Drag Along Notice, on the same terms as the then current Drag Along Notice, shall immediately be deemed to have been served upon that New Member. Upon the deemed service of a Drag Along Notice pursuant to this article 11.12 the New Member shall become bound to sell and transfer to the Proposed Purchaser (or as the Proposed Purchaser may direct) any Share acquired by him as a result of the exercise of any such option, warrant or other right to subscribe for or acquire Shares. The provisions of this article 11 shall apply mutatis mutandis to the sale of any such Shares by such New Member provided that completion of the sale and purchase of those Shares shall take place on whichever is the later of:
- 11.12.1 the date on which a Drag Along Notice is deemed to have been served on the New Member pursuant to this article 11.12; and
- 11.12.2 the date of completion of the sale and purchase of the Remaining Shares pursuant to the original Drag Along Notice.

## 12. TAG ALONG

- 12.1 Subject to article 11 and save in the case of a transfer of Shares which is permitted in accordance with the provisions of article 8, but otherwise notwithstanding any other provision of these Articles, no sale or other disposition of any Shares (the **Committed Shares**) which would result in a Change of Control shall be made or registered unless before the transfer is lodged for registration:
- 12.1.1 the relevant Third Party Purchaser has made a bona fide offer (a **Tag Along Offer**) by notice in writing (a **Tag Along Notice**) to acquire, in accordance with this article 12, from all the Members other than the Third Party Purchaser (or persons connected with or acting in concert with him) all the Shares which are not Committed Shares (the **Uncommitted Shares**) for the consideration, or at the price, (the **Tag Along Consideration**) calculated in accordance with articles 12.3 and 12.4.
- 12.2 A Tag Along Notice shall:
- 12.2.1 state the Tag Along Consideration (subject to article 12.4);
- 12.2.2 state the identity of the relevant Third Party Purchaser;
- 12.2.3 invite the relevant offerees to respond in writing to the Third Party Purchaser stating that they wish to accept the Tag Along Offer; and
- 12.2.4 subject to article 12.4.1, expire, and the offer made in that notice to an offeree shall be deemed to be withdrawn if not previously accepted by such offeree, on the date (being not less than 5 nor more than 20 Business Days after the date of the Tag Along Notice) specified in that notice.
- 12.3 For the purposes of this article 12, the Tag Along Consideration shall be the same consideration per Uncommitted Share (in the same form and due at the same time(s)) as that offered, given, paid or payable by, or due from, the Third Party Purchaser in respect of each Committed Share together with the relevant proportion of any other consideration (in

cash or otherwise) received or receivable by the holders of the Committed Shares which, having regard to the substance of the transaction as a whole, can reasonably be regarded as an addition to the price paid or consideration given in respect of the Committed Shares.

12.4 If the Tag Along Consideration cannot be agreed between the Third Party Purchaser and the holders of not less than 75% of the Uncommitted Shares within 10 Business Days of the date of the Tag Along Notice, such matter shall be referred for determination to the Expert (in accordance with article 23) and, pending their determination:

12.4.1 the period specified in the Tag Along Notice for acceptance of the Tag Along Offer shall not start to run until such time as the Expert's determination of the Tag Along Consideration is served on the Third Party Purchaser and the Members holding Uncommitted Shares; and

12.4.2 the sale or transfer of the Committed Shares shall have no effect and shall not be registered.

12.5 Upon agreement or determination of the Tag Along Consideration, such Tag Along Consideration together with the consideration or price due in respect of the Committed Shares shall together in aggregate be the Realisation Value for the purposes of calculating the allocation of that Realisation Value amongst the Members in accordance with article 4.

### 13. GENERAL MEETINGS

13.1 No business shall be transacted at any general meeting unless the requisite quorum is present at the commencement of the business and also when such business is voted upon. Two Members present either in person, by proxy or by a duly appointed corporate representative shall be a quorum.

13.2 Article 41 of the Model Articles shall be amended by the addition of the following as a new paragraph 41(7) in that article: "If within half an hour of the time appointed for the holding of an adjourned meeting a quorum is not present, the Member(s) present (either in person, by proxy or by a duly appointed corporate representative) shall constitute a quorum".

13.3 A poll may be demanded at any general meeting by:

13.3.1 the chairman; or

13.3.2 any Member present (in person, by proxy or by a duly appointed corporate representative) and entitled to vote on the relevant resolution.

Article 44(2) of the Model Articles shall not apply to the Company.

13.4 Article 44(3) of the Model Articles shall be amended by the insertion of the following as a new paragraph at the end of that article: "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made".

13.5 Article 45(1) of the Model Articles shall be amended as follows:

13.5.1 by the deletion of the words in Article 45(1)(d) and the insertion in their place of the following: "is delivered to the Company in accordance with the articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"; and

13.5.2 by the insertion of the following as a new paragraph at the end of Article 45(1): "and a proxy notice which is not delivered in such manner shall be invalid unless the Directors, in their discretion accept the proxy notice at any time before the meeting".

13.6 The Company shall not be required to give notice of a general meeting to a Member:

13.6.1 whose registered address is outside the United Kingdom unless he has provided an address for service within the United Kingdom; or

13.6.2 for whom the Company no longer has a valid United Kingdom address.

14. **APPOINTMENT AND REMOVAL OF DIRECTORS**

14.1 Unless and until determined otherwise by ordinary resolution of the Company, the number of Directors (other than alternate directors) shall not be less than one and is not subject to any maximum. Article 17(1) of the Model Articles shall be amended by the insertion of the following as a new paragraph at the end of that article: "provided that the appointment does not cause the number of directors to exceed any number fixed by or in accordance with these Articles as the maximum number of directors."

14.2 The office of a Director (other than a Director appointed pursuant to article 14.3) shall automatically be vacated, and the Director in question shall be deemed to have resigned, upon:

14.2.1 in the case of an executive Director only, that Director ceasing for any reason whatsoever to be employed by the Company;

14.2.2 that Director failing to take part in any directors' decisions for a period of more than 6 consecutive months and the Directors resolving that his appointment as a Director should terminate (and the director in question shall not be an "Eligible Director" for the purposes of such resolution of the Directors); or

14.2.3 all the other Directors requesting his resignation by notice in writing. Such notice (which may consist of several documents in similar form each signed by or on behalf of one or more Directors) must be left at or sent by post to the registered office of the Company (or another address nominated by the Directors for this purpose) and the resignation shall take effect when the notice is received by the Company or, if later, on such date (if any) as may be specified in the notice.

Article 18 of the Model Articles shall be extended accordingly.

14.3 The Members who from time to time hold more than 50% of the issued Shares and Morvus Technology Limited (CRN: 05115093) may each, from time to time and on more than one occasion appoint any person who is willing to act to be a Director and, from time to time and on more than one occasion, remove the Director from office. Any appointment or removal pursuant to this article 14.3 shall be made by notice in writing to the Company signed by or on behalf of the relevant Member(s). Such notice (which may consist of several documents in similar form each signed by or on behalf of one or more Members) must be left at or sent by post to the registered office of the Company and the appointment or removal (as the case may be) shall take effect when the notice is received by the Company, or if later, on such date (if any) as may be specified in the notice.

14.4 In any case where, as a result of death or bankruptcy, the Company has no Members and no Directors, the transmittee(s) of the last Member to have died or to have a bankruptcy order made against him (as the case may be) has the right, by notice in writing, to appoint a natural person who is willing to act and is permitted to do so, to be a Director. Article 27(3) of the Model Articles shall be modified accordingly.

15. **ALTERNATE DIRECTORS**

15.1 Any Director (in this article 15, an **appointor**) may appoint as an alternate any other Director, or any other person approved by resolution of the Directors, to:

15.1.1 exercise that director's powers; and

15.1.2 carry out that director's responsibilities,

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

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

15.3 The notice must:

15.3.1 identify the proposed alternate; and

- 15.3.2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice.
- 15.4 An alternate Director may act as alternate director to more than one Director and has the same rights in relation to any decision of the Directors as the alternate's appointor.
- 15.5 Save as provided otherwise in these Articles, alternate Directors:
- 15.5.1 are deemed for all purposes to be Directors;
- 15.5.2 are liable for their own acts and omissions;
- 15.5.3 are subject to the same restrictions as their appointors; and
- 15.5.4 are not deemed to be agents of or for their appointors
- and, in particular, each alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member.
- 15.6 A person who is an alternate Director but not a Director:
- 15.6.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating);
- 15.6.2 may participate in a unanimous decision of the Directors (but only if his appointor is an Eligible Director in relation to that decision and does not himself participate); and
- 15.6.3 shall not be counted as more than one Director for the purposes of articles 15.6.1 and 15.6.2.
- 15.7 A Director who is also an alternate Director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the Directors (provided that his appointor is an Eligible Director in relation to that decision), but shall not count as more than one Director for the purposes of determining whether a quorum is present.
- 15.8 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 of the alternate's appointor as the appointor may direct by notice in writing to the Company. An alternate Director shall be entitled to be reimbursed by the Company such expenses as might properly be reimbursed to him if he were a Director.
- 15.9 The appointment of an alternate Director terminates:
- 15.9.1 when the alternate's appointor revokes the appointment by notice in writing to the Company specifying when it is to terminate;
- 15.9.2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director;
- 15.9.3 on the death of the alternate's appointor;
- 15.9.4 when the appointment of the alternate's appointor as a Director terminates; or
- 15.9.5 when written notice from the alternate, resigning his office, is received by the Company.
16. **PROCEEDINGS OF DIRECTORS**
- 16.1 Save where the Company has a sole Director, two Eligible Directors, present either in person or by a duly appointed alternate, shall be a quorum. For the purpose of any meeting held to authorise a director's conflict of interest under article 18 if there is only one Eligible Director in office other than the conflicted Director(s), the quorum for such meeting shall be one Eligible Director. Article 11(2) of the Model Articles shall not apply to the Company.
- 16.2 If the number of votes for and against a proposal at a Directors' meeting are equal the chairman or other Director appointed by Morvus Technology Limited (CRN: 05115093) appointed pursuant to article 14.3 chairing the meeting shall have a casting vote provided



the chairman or such other Director as aforesaid shall not have a casting vote if he is not an Eligible Director for the purposes of the relevant director's decision. Article 13 of the Model Articles shall not apply to the Company.

**17. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

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

17.1.1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested;

17.1.2 shall be an Eligible Director for the purposes of any proposed decision of the Directors (or a committee of Directors) in respect of such contract or proposed contract in which he is interested;

17.1.3 shall be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision of the Directors, in respect of such contract or proposed contract in which he is interested;

17.1.4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;

17.1.5 may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and

17.1.6 shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

17.2 Articles 14(1) to 14(4) of the Model Articles shall not apply to the Company.

**18. DIRECTORS' CONFLICTS OF INTEREST**

18.1 The Directors may, in accordance with the requirements set out in this article 18, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under section 175 of the Act to avoid situations which conflict or possibly may conflict with the interests of the Company (a **Conflict**).

18.2 Any authorisation under this article will be effective only if:

18.2.1 the matter in question shall have been proposed by any Director for consideration at a meeting of Directors in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;

18.2.2 any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question; and

18.2.3 the matter was agreed to without the Director in question or would have been agreed to if his vote had not been counted.

18.3 Any authorisation of a Conflict under this article 18 shall be in recorded in writing (but the authorisation shall be effective whether or not the terms are so recorded) and may, whether at the time of giving the authorisation or subsequently:

18.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;

- 18.3.2 be subject to such terms and for such duration, or impose such limits or conditions as the Directors may determine; and
- 18.3.3 be terminated or varied by the Directors at any time.
- This will not affect anything done by the Director prior to such termination or variation in accordance with the terms of the authorisation.
- 18.4 In authorising a Conflict the Directors may decide (whether at the time of giving the authorisation or subsequently) that if a Director has obtained any information through his involvement in the Conflict otherwise than as a Director of the Company and in respect of which he owes a duty of confidentiality to another person, the Director is under no obligation to:
- 18.4.1 disclose such information to the Directors or to any Director or other officer or employee of the Company; or
- 18.4.2 use or apply any such information in performing his duties as a Director, where to do so would amount to a breach of that confidence.
- 18.5 Where the Directors authorise a Conflict they may (whether at the time of giving the authorisation or subsequently) provide that the Director:
- 18.5.1 is excluded from discussions (whether at meetings of Directors or otherwise) related to the Conflict;
- 18.5.2 is not given any documents or other information relating to the Conflict; and
- 18.5.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of Directors in relation to any resolution relating to the Conflict.
- 18.6 Where the Directors authorise a Conflict:
- 18.6.1 the relevant Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict; and
- 18.6.2 the Director will not infringe any duty he owes to the Company by virtue of sections 171 to 177 of the Act provided he acts in accordance with such terms, limits and conditions (if any) as the Directors impose in respect of its authorisation.
- 18.7 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.
19. **SECRETARY**
- The Directors may appoint any person who is willing to act as the Secretary of the Company for such term, on such remuneration and on such conditions as they may think fit and may from time to time remove or replace such person.
20. **SERVICE OF DOCUMENTS**
- 20.1 Any notice, document or other information given in accordance with these Articles shall be deemed served on or delivered to the intended recipient:
- 20.1.1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted;
- 20.1.2 if properly addressed and sent by reputable international overnight courier to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, 5 Business Days after posting provided that delivery in at least 5 Business Days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider;

- 20.1.3 if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- 20.1.4 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- 20.1.5 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website.

For the purposes of this article 20.1, no account shall be taken of any part of a day that is not a working day.

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

## 21. **INDEMNITY**

- 21.1 Subject to article 21.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- 21.1.1 each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them

including any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company (or any associated company); and

- 21.1.2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 21.1.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

- 21.2 This article 21 does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law.

- 21.3 In this article 21 and in article 22:

- 21.3.1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and

- 21.3.2 a **relevant officer** means any director or other officer or former director or other officer of the Company or any associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act) or Employee Trust, but excluding in each case any person engaged by the Company (or any associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor).

- 21.4 Article 52 of the Model Articles shall not apply to the Company.

## 22. **INSURANCE**

- 22.1 The Directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any loss or liability which has been or may be incurred by that relevant officer in connection with his duties or powers in relation to the Company, any associated company or any pension fund or employees' share scheme of the Company or associated company.

- 22.2 Article 53 of the Model Articles shall not apply to the Company.

23. **EXPERT**

- 23.1 Where these Articles provide for any matter or dispute to be determined by the Expert, such matter or dispute shall be referred, at the request of any Member or Director, to the Auditors provided that in the circumstances referred to in article 23.2 such matter or dispute shall be referred to an independent chartered accountant nominated in writing for this purpose by the Directors.
- 23.2 The circumstances referred to in article 23.1 are:
- 23.2.1 where the Auditors are unable or unwilling to act in connection with the relevant reference; or
- 23.2.2 where, within 10 Business Days of a Member or Director requesting that a matter or dispute be referred for determination under this article 23, the Directors direct in writing that instead of being referred to the Auditors the relevant matter or dispute shall be referred to the independent chartered accountant nominated by the Directors in their direction for this purpose.
- 23.3 The Expert shall be engaged on terms agreed between the relevant Expert and the Directors. For the purposes of agreeing the terms of the Expert's engagement pursuant to this article 23.3, the Directors shall act as agent for the Company and each relevant Member.
- 23.4 The Company and any relevant Members shall supply the Expert with any information which he may reasonably request in connection with his determination. The Company and any relevant Members shall be entitled to make written submissions to the Expert provided that a copy of any such written submissions is also simultaneously delivered to the other relevant parties. The Expert shall give due weight to any such written submission which is received by the Expert within such time limit as he may determine and have notified to the relevant parties.
- 23.5 The decision of the Expert (who shall be deemed to act as an expert and not as an arbitrator) shall, save in the event of fraud or manifest error, be final and binding on the Company and the Members.
- 23.6 The cost of any reference to the Expert shall be borne as directed in the relevant article or, where no such direction is given, by the party or parties named by the Expert (taking into account the conduct of the parties and the merits of their respective arguments in relation to any matters in dispute) or, where no such party is named by the Expert, equally by the parties concerned.

24. **PARTLY PAID SHARES**

- 24.1 Article 21 of the Model Articles shall not apply to the Company and the Directors may, subject to these Articles issue Shares which are partly or nil paid.
- 24.2 Notwithstanding any other provision of these Articles, unless a majority of the Directors resolves otherwise no voting rights attached to a Share may be exercised at any general meeting, at any adjournment of it or on any poll called at or in relation to it, unless all amounts payable to the Company in respect of that Share have been paid and, for the purposes of any written resolution, the holder of any such Share shall not be entitled to vote on any written resolution.
- 24.3 The following words shall be inserted at the end of Article 26(1) of the Model Articles: "and, unless the Share is fully paid, by the transferee".
- 24.4 The words in article 24(2)(c) of the Model Articles shall be deleted and replaced by the following: "the amount paid up on the shares".
- 24.5 Article 30(4) of the Model Articles shall be deleted and replaced by the following:
- "30(4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, any dividend must be:
- (a) paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it;

- (b) declared and paid according to the amounts paid up on the shares on which the dividend is paid; and
  - (c) apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid."
- 24.6 Article 36(4) of the Model Articles shall be deleted and replaced by the following:  
 "36(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 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."
- 25. COMPANY'S LIEN OVER SHARES**
- 25.1 The Company has a lien (the **Company's lien**) over every Share, whether or not fully paid, which is registered in the name of any person indebted or under any liability to the Company, whether he is the sole registered holder of the Share or one of several joint holders, for all monies payable by him (either alone or jointly with any other person) to the Company, whether payable immediately or at some time in the future.
- 25.2 The Company's lien over a Share:
- 25.2.1 takes priority over any third party's interest in that Share; and
  - 25.2.2 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.
- 25.3 The Directors may at any time decide that a Share which is or would otherwise be subject to the Company's lien shall not be subject to it, either wholly or in part.
- 25.4 Subject to the provisions of this article 25, if:
- 25.4.1 a notice enforcing the Company's lien (a **Lien Enforcement Notice**) has been given in respect of a Share; and
  - 25.4.2 the person to whom the Lien Enforcement Notice was given has failed to comply with it,
- the Company may sell that Share in such manner as the Directors decide.
- 25.5 A Lien Enforcement Notice:
- 25.5.1 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;
  - 25.5.2 must specify the Share concerned;
  - 25.5.3 must require payment of the sum within 14 days of the notice;
  - 25.5.4 must be addressed either to the holder of the Share or to a transferee of that holder; and
  - 25.5.5 must state the Company's intention to sell the Share if the notice is not complied with.
- 25.6 Where Shares are sold under this article following service of a Lien Enforcement Notice:
- 25.6.1 the Directors may authorise any person to execute an instrument of transfer of the Shares to the purchaser or to a person nominated by the purchaser; and
  - 25.6.2 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.

- 25.7 The net proceeds of the sale of any Share following service of a Lien Enforcement Notice (after payment of the costs of sale and any other costs of enforcing the Company's lien) must be applied:
- 25.7.1 firstly, 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
  - 25.7.2 secondly, to the person entitled to the Shares at the date of the sale, but only after the certificate for the Shares sold has been surrendered to the Company for cancellation, or an indemnity in a form reasonably satisfactory to the Directors has been given for any lost certificates, and subject to a lien equivalent to the Company's lien for any money payable (whether payable immediately or at some time in the future) as existed upon the Shares before the sale in respect of all Shares registered in the name of such person (whether as the sole registered holder or as one of several joint holders) after the date of the Lien Enforcement Notice.
- 25.8 A statutory declaration by a Director that the declarant is a Director and that a Share has been sold to satisfy the Company's lien on a specified date:
- 25.8.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
  - 25.8.2 subject to compliance with any other formalities of transfer required by the Articles or by law, constitutes a good title to the Share.
- 25.9 If a Share is subject to the Company's lien and the Directors are entitled to issue a Lien Enforcement Notice in respect of it, then the Directors may, instead of issuing a Lien Enforcement Notice, deduct from any dividend or other sum payable in respect of the Share any sum of money which is payable to the Company in respect of that Share to the extent that they are entitled to require payment under a Lien Enforcement Notice. Any money deducted pursuant to this article 25.9 must be used to pay any of the sums payable in respect of that Share. The Company must notify the distribution recipient in writing of:
- 25.9.1 the fact and amount of any such deduction;
  - 25.9.2 any non-payment of a dividend or other sum payable in respect of a Share resulting from such deductions; and
  - 25.9.3 how the money deducted has been applied.
26. **CALLS ON SHARES**
- 26.1 Subject to the Articles, and the terms on which Shares are allotted and the consent of the Directors 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 to the Company at the date when the Directors decide to send the Call Notice.
- 26.2 A Call Notice:
- 26.2.1 may not require a Member to pay a Call which exceeds the total amount of his indebtedness or liability to the Company;
  - 26.2.2 must state when and how any Call to which it relates is to be paid; and
  - 26.2.3 may permit or require the Call to be made in instalments.
- 26.3 A Member must comply with the requirements of a Call Notice, but no Member is obliged to pay any Call before 14 clear days have passed since the Call Notice was sent.
- 26.4 Before the Company has received any Call due under a Call Notice the Directors may:
- 26.4.1 revoke the Call Notice wholly or in part; or
  - 26.4.2 specify a later time for payment than that specified in the Call Notice,
- by a further notice in writing to the Member in respect of whose Shares the Call is made.
- 26.5 Liability to pay a Call is not extinguished or transferred by transferring the Shares in respect of which it is required to be paid.

- 26.6 The joint holders of a Share are jointly and severally liable to pay all Calls in respect of that Share.
- 26.7 Subject to the terms on which Shares are allotted, the Directors may, when issuing Shares, provide that Call Notices sent to the holders of those Shares may require them:
- 26.7.1 to pay Calls which are not the same; or
- 26.7.2 to pay Calls at different times.
- 26.8 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:
- 26.8.1 on allotment;
- 26.8.2 on the occurrence of a particular event; or
- 26.8.3 on a date fixed by or in accordance with the terms of issue.
- 26.9 If the due date for payment of any sum specified in article 26.8 above 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.
- 26.10 If a person is liable to pay a Call and fails to do so by the call payment date (as defined in article 26.11):
- 26.10.1 the Directors may issue a notice of intended forfeiture to that person; and
- 26.10.2 until the Call is paid, that person must pay the Company interest on the Call from the call payment date at the relevant rate (as defined in article 26.11).
- 26.11 For the purposes of this article 26:
- 26.11.1 the **call payment date** is the time when the Call Notice states that a Call is payable, unless the Directors give a notice specifying a later date, in which case the "call payment date" is that later date; and
- 26.11.2 the **relevant rate** is
- (a) the rate fixed by the terms on which the Share in respect of which the Call is due was allotted;
- (b) such other rate as was fixed in the Call Notice which required payment of the Call, or has otherwise been determined by the Directors; or
- (c) if no rate is fixed in either of these ways, 5% per annum, provided that 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.
- 26.12 The Directors may waive any obligation to pay interest on a Call wholly or in part.
- 26.13 If a Call is not paid as required by a Call Notice, the Directors may serve a notice (a **Notice of Intended Forfeiture**). A Notice of Intended Forfeiture:
- 26.13.1 may be sent in respect of any Share in respect of which a Call has not been paid as required by a Call Notice;
- 26.13.2 must be sent to the holder of that Share (or all the joint holders of that Share) or to a transmittee of that holder;
- 26.13.3 must require payment of the Call and any accrued interest and all expenses that may have been incurred by the Company by reason of such non-payment by a date which is not less than 14 clear days after the date of the notice;
- 26.13.4 must state how the payment is to be made; and
- 26.13.5 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.

- 26.14 If a Notice of Intended Forfeiture is not complied with before the date by which payment of the Call is required in the Notice of Intended Forfeiture, the Directors may decide that any Share in respect of which it was given is forfeited, and the forfeiture is to include all dividends or other moneys payable in respect of the forfeited Shares and not paid before the forfeiture.
- 26.15 Subject to these Articles, the forfeiture of a Share extinguishes:
- 26.15.1 all interests in that Share, and all claims and demands against the Company in respect of it; and
  - 26.15.2 all other rights and liabilities incidental to the Share as between the person whose Share it was prior to the forfeiture and the Company.
- 26.16 Any Share which is forfeited in accordance with these Articles:
- 26.16.1 is deemed to have been forfeited when the Directors decide that it is forfeited;
  - 26.16.2 is deemed to be the property of the Company; and
  - 26.16.3 may, subject to these Articles, be sold, re-allotted or otherwise disposed of as the Directors think fit.
- 26.17 If a person's Shares have been forfeited:
- 26.17.1 the Company must send that person notice that forfeiture has occurred and record it in the register of members;
  - 26.17.2 that person ceases to be a Member in respect of those Shares;
  - 26.17.3 that person must surrender the certificate for the Shares forfeited to the Company for cancellation;
  - 26.17.4 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
  - 26.17.5 the Directors may waive payment of such sums wholly or in part or enforce payment without any allowance for the value of the Shares at the time of forfeiture or for any consideration received on their disposal.
- 26.18 At any time before the Company disposes of a forfeited Share, the Directors may decide to cancel the forfeiture on payment of all calls, and interest and expenses due in respect of it and on such other terms as they think fit.
- 26.19 If a forfeited Share is to be disposed of by being transferred, the Company may receive the consideration for the transfer and the Directors may authorise any person to execute the instrument of transfer.
- 26.20 A statutory declaration by a Director that the declarant is a Director and that a Share has been forfeited on a specified date:
- 26.20.1 is conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the Share; and
  - 26.20.2 subject to compliance with any other formalities of transfer required by these Articles or by law, constitutes a good title to the Share.
- 26.21 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.
- 26.22 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:
- 26.22.1 was, or would have become, payable; and
  - 26.22.2 had not, when that Share was forfeited, been paid by that person in respect of that Share,



but no interest is payable to such a person in respect of such proceeds and the Company is not required to account for any money earned on them.

26.23 A Member may surrender any Share:

26.23.1 in respect of which the Directors may issue a Notice of Intended Forfeiture;

26.23.2 which the Directors may forfeit; or

26.23.3 which has been forfeited,

and the Directors may accept the surrender of any such Share. The effect of surrender on a Share is the same as the effect of forfeiture on that Share. A Share which has been surrendered may be dealt with in the same way as a Share which has been forfeited.