

THE COMPANIES ACTS 1985 AND 1989

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

WENTWORTH GROUP HOLDINGS LIMITED

(incorporating amendments made on 5th June, 1990,
14th February, 1991 and 25th July 1996)

PRELIMINARY

- 1 1. The headings hereto shall not affect the construction hereof, and in these Articles unless there is something in the context inconsistent therewith:-

"A Shares" means A Shares of £104 each in the capital of the Company

"A Shareholder" means a holder of A Shares from time to time.

"A Unit" means 160 A Shares and one Series A Debenture

"The Act" means the Companies Act 1965 including any statutory modification or re-enactment thereof for the time being in force.

"These Articles" means these Articles of Association or other articles of association of the Company from time to time in force.

"B Shares" means B Shares of £104 each in the capital of the Company.

"B Shareholder" means a holder of B Shares from time to time

"B Unit" means 160 B Shares and in respect of any B Shareholder, at all times after such Shareholder has subscribed for a Series B Debenture.

"Series B Debentures" the 60 £1,000 nominal unsecured undated zero coupon Series B Debentures of Wentworth Club Limited issued pursuant to the Series B Deed Poll



"Series B Deed Poll" the deed poll constituting the Series B Debentures entered into on the date of adoption of these Articles by Wentworth Club Limited.

"Shareholder" means an A Shareholder or a B Shareholder.

"Subsidiary" means any of Lindgray (Wentworth) Limited, Sir Lindsay Parkinson & Co. Limited, Wentworth Estates Limited or Wentworth Club Limited. [? Wentworth Golf and Country Club Limited?]

The expressions "subsidiary" and "holding company" shall have the meaning ascribed thereto by Section 736 of the Act.

- 1 2 Any references in these Articles to Chelsfield plc and/or Chelsfield Participations Limited shall be deemed to include any person who acquires their obligations under the Investment Agreement in accordance with the terms thereof.
- 1.3. Expressions referring to writing shall be construed as including references to printing, lithography, photography, and other modes of representing or reproducing words in a visible form.

Words and expressions defined in the Act shall, unless the context otherwise requires, have the same meanings in these Articles.

A person being "connected" with a company means any person who is a director or shadow director of the company or an associate of such a director or shadow director or an associate of the company where associate has the meaning in Section 435 Insolvency Act 1986 and "unconnected" shall be construed accordingly

- 1 4. None of the regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 shall apply to the Company

PRIVATE COMPANY

- 2 The Company is a private company and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

SHARE CAPITAL

- 3.1. (A) The share capital of the Company at the date of adoption of these Articles is £1,664,000 divided into 6400 A Shares of £104 each and 9,600 B Shares of £104 each. The A Shares and the B Shares (together the "Shares") shall entitle the holders thereof to the respective rights and privileges and subject them to the respective restrictions and provisions contained in these Articles.
- (B) The A Shares and the B Shares for the time being in issue shall constitute separate classes of shares respectively for the purposes of these Articles and the Act and any alteration to the Memorandum of Association or the Articles of Association of the Company shall be deemed to be an alteration to the rights attached to each separate class of the shares in the capital of the Company, but,

save as otherwise provided by these Articles the A Shares and the B Shares shall rank *pari passu* in all respects.

- (C) Without prejudice to the generality of Article 4 or 14.12 the special rights attaching to the A Shares shall be deemed to be varied by, and accordingly the prior consent (in writing or of a separate meeting of the holders of the A Shares) shall be required in accordance with the provisions of Article 14.12 before the Company or any of its subsidiaries may:-
- (a) reorganise its share capital including issuing any shares of any class or any loan capital having attached thereto a right of exchange or conversion into share capital or create any options, interests in, or rights to subscribe for, any unissued share capital of any Group Company;
 - (b) increase its nominal share capital, reduce its share capital or purchase its own shares or subdivide or consolidate the shares in its capital for the time being;
 - (c) vary, modify or abrogate any of the rights attaching to any of the shares in its capital for the time being;
 - (d) modify or add to its Memorandum of Association or modify or add to or adopt new Articles of Association or change its name;
 - (e) dispose of any of its shares in any subsidiary or procure the sale by any subsidiary of its shares in another subsidiary or incorporate or acquire any other subsidiary or acquire shares in, debentures, debenture stock, securities or other obligations of any other company, or merge or amalgamate with any other company;
 - (f) acquire or sell, transfer, lease, assign or otherwise dispose of any of the freehold and leasehold property of any member of the Group or any part thereof or any asset, property or investment of any kind which is material in the context of the Group or enter into a contract or arrangement so to do and for these purposes "material" means an asset, property or investment or any group of assets, properties and investments representing more than 10% of the gross assets of the Group shown in the last audited consolidated accounts of the Company and its subsidiaries or which would have represented more than 10% of the gross assets of the Group at the date to which such accounts were drawn up had it or they been included in such accounts;
 - (g) adopt or approve or materially vary any documents in relation to which all the Shareholders have agreed (for the purposes of this Article) that any adoption, approval or material variation requires the consent of all the A Shareholders unless such adoption, approval or variation has been approved by the Board in accordance with Article 19.3,

- (h) adopt or approve any marketing strategy or materially vary the same unless such adoption or approval or variation has been approved by the Board in accordance with Article 19.3;
- (i) borrow any sum (except from the Company's bankers in accordance with any plan which has been approved in writing by, or by resolution of, the A Shareholders in the ordinary and proper course of its business on terms approved by the Board) in excess of a maximum aggregate sum outstanding in respect of all Group Companies at any time of £20,000,000;
- (j) create any fixed or floating charge, lien (other than a lien arising by operation of law) or other encumbrance over the whole or any material part of its undertaking, property or assets, for the purpose of securing indebtedness of the Company and/or any of its subsidiaries other than bank borrowing incurred in accordance with Article 3.1(C)(i) above or give any guarantee or indemnity to secure the obligations of any other person other than another Group Company;
- (k) take or agree to take any interest in or licence over land outside the Wentworth Estate or other than in accordance with any plan which has been approved in writing by, or by resolution of the A Shareholders,
- (l) make any loan or advance or give any other form of financing or credit (other than in connection with banking arrangements approved by a unanimous resolution of the Board in accordance with Article 19.3);
- (m) promote or take any steps to effect a winding-up or dissolution of the Company or any subsidiary or pass any resolution to liquidate it or to enter into a voluntary arrangement;
- (n) take any other steps which all the Shareholders have agreed for the purposes of this Article shall require the prior consent of the A Shareholders,
- (o) the entering into of any contract or transaction outside the ordinary course of business or not on arm's length terms unless such contract or transaction has previously been approved by unanimous resolution of the A Directors and the B Directors under Article 19.3

3.2. Allotment of Shares

- (A) Subject to the provisions of Article 3.1(C) the Directors shall have unconditional authority for the purposes of Section 80 of the Act to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities or other shares of the Company to such persons, at such times and generally on such terms and conditions as the Directors may determine. The authority hereby conferred shall, subject to Section 80(7) of the Act, be for a period expiring on the 16th day of August 1994 unless renewed, varied or revoked by

the Company in General Meeting, and the maximum amount of relevant securities which may be allotted pursuant to such authority shall be the authorised but as yet unissued share capital of the Company at the date of adoption of these Articles, or where the authority is renewed, at the date of that renewal

- (B) The Directors shall be entitled under the authority conferred by sub-paragraph (A) of this Article or under any renewal thereof to make at any time prior to the expiry of such authority any offer or agreement which would or might require relevant securities of the Company to be allotted after the expiry of such authority

- 3.3 The pre-emption provisions of sub-section (1) of Section 89 of the Act and the provisions of sub-sections (1) to (5) inclusive of Section 90 of the Act shall not apply to any allotment of the Company's equity securities.

3.4. Redeemable Shares

Subject to the provisions of the Act and to Article 3.1(C), the Company may issue shares which are to be redeemed or are liable to be redeemed at the option of the Company or the Holder on such terms and in such manner as may be provided by the Articles.

3.5. Commissions

In addition to all other powers of paying commissions, the Company may exercise the powers of paying commissions conferred by the Act. Subject to the provisions of the Act, any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other

3.6. Trusts not recognised

Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and (except only as by these Articles or by law otherwise provided) the Company shall not be bound by or recognise any interest in any share except an absolute right to the entirety thereof in the Holder

VARIAION OF RIGHTS

- 4 Unless otherwise provided by the rights attached to any shares, or in these Articles those rights shall be deemed to be varied by the reduction of the capital paid up on those shares and by the allotment of further shares ranking in priority thereto for payment of a dividend or in respect of capital, but shall not be deemed to be varied by the creation or issue of further shares which do not confer on the Holders thereof voting rights more favourable than those conferred by such first mentioned shares and which rank pari passu therewith or subsequent thereto.

SHARE CERTIFICATES

5.1. Certificate

Every Member upon becoming the Holder of any share shall be entitled without payment to one certificate for all the shares of each class held by him (and, upon transferring a part of his holding of shares of any class, to a certificate for the balance of such holding) or several certificates each for one or more of his shares upon payment for every certificate after the first of such reasonable sum as the Directors may determine. Every certificate shall be under the Seal and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount or respective amounts paid up thereon. The Company shall not be bound to register more than four persons as the joint holders of any share (except in the case of the executors or trustees of a deceased member) nor to issue more than one certificate for shares held jointly by several persons and delivery of a certificate for a share to one joint Holder shall be a sufficient delivery to all Holders.

5.2. Defaced, worn-out, lost or destroyed Certificates

If a share certificate is defaced, worn-out, lost or destroyed, it may be renewed without payment on such terms (if any) as to evidence and indemnity and the payment of the expenses reasonably incurred by the Company in investigating evidence and preparing the requisite form of indemnity as the Directors may determine but otherwise free of charge, and (in the case of defacement or wearing-out) on delivery up of the old certificate.

LIEN

6.1. Company's Lien on Shares

The Company shall have a first and paramount lien on every share (other than a fully paid share) for all moneys (whether presently payable or not) payable at a fixed time or called in respect of that share. The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a share shall extend to all moneys payable thereon or in respect thereof.

6.2. Enforcing lien by Sale

The Company may sell, in such manner as the Directors determine, any shares on which the Company has a lien, but no sale shall be made unless a sum in respect of which the lien exists is presently payable, and is not paid within fourteen clear days after notice has been given to the Holder of the share, or the person entitled to it in consequence of the death or bankruptcy of the Holder, demanding payment and stating that if the notice is not complied with the shares may be sold.

6.3. Execution of Transfers

To give effect to a sale pursuant to Article 6.1 the Directors may authorise some person to execute an instrument of transfer of the shares sold to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the

application of the purchase money (if any), nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

6.4. Application of proceeds of Sale

The net proceeds of any sale pursuant to Article 6.1, after payment of the costs thereof, shall be applied in payment of so much of the amount for which the lien exists as is presently payable, and any residue, shall (upon surrender to the Company for cancellation of the Certificate for the shares sold and subject to a like lien for any moneys not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

CALLS ON SHARES AND FORFEITURE

7.1. Calls

Subject to the terms of allotment of any shares, the Directors may make calls upon the Members in respect of any moneys unpaid thereon (whether in respect of nominal value or premium) and each Member shall (subject to receiving at least fourteen clear days' notice specifying when and where payment is to be made) pay to the Company as required by the notice the amount called on his shares. A call may be required to be paid by instalments. A call may before receipt by the Company of a sum due thereunder, be revoked in whole or in part and payment of a call may in whole or part be postponed. A person upon whom a call is made shall remain liable for calls made upon him notwithstanding the subsequent transfer of the shares in respect whereof the call was made.

7.2. When call deemed to be made

A call shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed.

7.3. Joint Holders

The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

7.4. Interest on unpaid calls

If a call or any instalment remains unpaid in whole or in part after it has become due and payable, the person from whom the sum is due shall pay interest on the unpaid sum from the day it became due until it is paid at such rate as may be fixed by the terms of allotment of the share or in the notice of call or, if no rate is so fixed, at the appropriate rate (as defined in Section 107 of the Act) but the Directors may waive payment of the interest wholly or in part.

7.5. Instalments to be treated as calls

Any sum which by or pursuant to the terms of allotment of a share becomes due and payable on allotment or at any fixed date, whether in respect of nominal value or

premium or as an instalment of a call, shall for the purposes of these Articles be deemed to be a call, and if it is not paid when due all the provisions of these Articles as to payment of interest and expenses, lien, forfeiture, sale or otherwise shall apply as if that sum had become due and payable by virtue of a call.

7.6. Differentiation of amount of calls

The Directors may, on the allotment of shares, differentiate between the allottees or Holders as to the amount of calls to be paid and the times of payment

7.7. Notices in respect of unpaid calls

If a call remains unpaid after it has become due and payable the Directors may give notice to the person from whom it is due requiring payment of the amount unpaid, together with any interest which may have accrued.

7.8. Form of Notice

The notice shall name a day (not earlier than fourteen clear days from the date the notice is given) on or before which, and the place where, the payment required by the notice is to be made, and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited

7.9. Forfeiture of Shares if call Notice not complied with

If the notice is not complied with, any share in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors, and the forfeiture shall include all dividends or other moneys payable in respect of the forfeited shares and not paid before the forfeiture

7.10. Sale or reallocation of forfeited Shares

Subject to the provisions of the Act, a forfeited share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors determine either to the person who was before the forfeiture the Holder, or to any other person, and at any time before a sale, re-allotment or other disposition the forfeiture may be cancelled on such terms as the Directors think fit Where for the purpose of its disposal a forfeited share is to be transferred to any person the Directors may authorise some person to execute an instrument of transfer of the share to that person.

7.11. Cessation of membership on forfeiture

A person any of whose shares have been forfeited shall cease to be a Member in respect of them and shall surrender to the Company for cancellation the Certificate for the shares forfeited, but shall remain liable to the Company for all moneys which, at the date of forfeiture, were payable by him to the Company in respect of those shares, with interest at such rate as may be fixed by the terms of allotment of the share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by Section 107 of the Act), from the date of forfeiture until payment, but the Directors may waive payment 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

7.12. Statutory declaration of forfeiture

A statutory declaration by a Director or the Secretary that a share has been forfeited on a specified date, shall be conclusive evidence of the facts stated in it as against all persons claiming to be entitled to the share, and the declaration shall (subject to the execution of an instrument of transfer if necessary) constitute a good title to the share, and the person to whom the share is disposed of shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture or disposal of the share.

TRANSFER OF SHARES

8.1. Form of Transfer

The instrument of transfer of a share may be in any usual form or in any other form which the Directors may approve and shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee.

8.2. Transfer of A Units

An A Shareholder may at any time sell or otherwise dispose of all or any number of its A Units to any ^{person} ~~third party~~ (the "Transferee") but only if the A Shares comprised in such A Units are transferred contemporaneously with the Series A Debentures comprised in such A Units to the same Transferee and registration of such transfers take effect at the same time. The transferor shall be deemed to remain the owner of the A Shares comprised in the A Units until the name of the Transferee is entered on the register of Shareholders in respect thereof. The transferor shall upon any such transfer enter into an agreement with the Transferee in accordance with Article 8.3 or 8.4 unless such transfer is to ~~to~~ a person who is a Shareholder immediately

prior to such transfer, in which case:

~~any member of the Chelsfield Group other than Chelsfield Participations Limited or to any person connected with any member of the Chelsfield Group or to any member of a group of companies of which any B Shareholder at such time forms a part or any person connected with any member of any such group (if such B Shareholder together with any member of the group of companies of which such B Shareholder forms part or any person connected with any of them shall or shall as a result of such transfer hold more than 51% of the Shares), in which case, the transfer will be conditional upon such member or person entering into an undertaking in the form of Schedule 7(B) to the Investment Agreement (which will operate as set out in Article 8.8) and the A Shares comprised in the A Units the subject of the transfer together with any other A Units then held by any such persons, will automatically convert to B Shares and shall thereupon have the rights and benefits attached to B Shares under these Articles; or to~~

(b)

Chelsfield Participations Limited or any other B Shareholder from time to time in which case, the A Shares comprised in the A Units will automatically convert to B Shares and shall thereupon have the rights and benefits attached to the B Shares under these Articles; or

(a)

~~to any other A Shareholder, in which case, if the transfer is of all the transferor's A Units the provisions of Article 8 3(a) and (b) shall automatically apply upon such transfer becoming effective and, if the transfer is of fewer than all the transferor's A Units no Undertaking shall be required from the Transferee and the rights and obligations of both the transferor and Transferee as Investors under the Investment Agreement shall remain in full force and effect~~ ; and

Save as provided by these Articles, the Investment Agreement and the Series A Deed Poll neither A Shares nor Series A Debentures may be sold, transferred or otherwise alienated, whether legally or beneficially in whole or in part, otherwise than by sale of the entire legal and beneficial ownership of the A Shares and Series A Debentures comprised in the relevant A Unit together to the same transferee provided that nothing in these Articles shall prevent an A Shareholder charging any A Shares by way of security and nor, where an order has been made to wind up the Company, transferring (subject to the Act) any number of A Shares without a contemporaneous transfer of any Series A Debentures.

(b) if the transfer is of fewer than all the transferor's A units, the rights and obligations of each of the transferor and Transferee under the Investment Agreement shall remain in full force and effect in respect of the shares of the Company that they then hold.

8.3. Transfer by A Shareholder of all its A Units

If an A Shareholder transfers all of its A Units in accordance with Article 8 2 it shall transfer to the Transferee all of its rights, benefits and obligations under the Investment Agreement : such transfer to be effected by the delivery to the Company (on behalf of itself and each other party to the Investment Agreement), of a duly completed and duly executed Transfer Certificate in or substantially in the form set out in Schedule 6(A) to the Investment Agreement whereupon (without prejudice to any rights and obligations which have accrued to any party to the Investment Agreement prior thereto)

(a) Chelsfield plc, Chelsfield Participations Limited and any other B Shareholders at such time, the Company, the Subsidiaries and Numura International plc shall each be released from further obligations to such A Shareholder under the Investment Agreement and their respective rights against the A Shareholder shall be cancelled (such rights and obligations being referred to in this Article 8 3 as "discharged rights and obligations"),

(b) the Transferee, Chelsfield plc, Chelsfield Participations Limited and any other B Shareholders at such time, the Company, the Subsidiaries and Nomura International plc shall each assume obligations towards each other and/or acquire rights against each other which differ from the discharged rights and obligations only insofar as the Transferee has assumed and or acquired the same in place of such A Shareholder,

(c) the other A Shareholders shall acquire the same rights and assume the same obligations between themselves and the Transferee as they would have acquired

and assumed had such Transferee been an original party to the Investment Agreement as an A Shareholder with the rights and/or obligations acquired or assumed by it as a result of such transfer; and

- (d) the Transferee shall become an "Investor" for all purposes of the Investment Agreement

8.4. Transfer by A Shareholder of fewer than all of its A Share Units

If an A Shareholder transfers fewer than all of its A Units under Article 8.2, such transfer shall be conditional upon the Transferee acquiring the rights, benefits and obligations of an Investor under the Investment Agreement by the delivery to the Company (on behalf of itself and each other party to the Investment Agreement), of a duly completed and duly executed undertaking in or substantially in the form set out in Schedule 6(B) to the Investment Agreement whereupon:-

- (a) the provisions of the Investment Agreement shall apply to the Transferee as if it were originally a party to the Investment Agreement and named therein as an Investor to the extent that it shall be bound by and entitled to the benefit of the provisions of the Investor Agreement; and
- (b) the Transferee shall become an "Investor" for all purposes of the Investment Agreement

- 8.5. A B Shareholder may in accordance with the provisions of Articles 8.6 - 8.12 sell or otherwise dispose of all or any of its B Units but only if such B Shares comprised in such B Units are transferred contemporaneously with any Series B Debentures issued in respect of such Shares to the same transferee and registration of such transfers take effect at the same time. The transferor shall be deemed to remain the owner of the B Shares comprised in the B Units until the name of the transferee is entered on the register of Shareholders in respect thereof. Save as provided by these Articles, the Investment Agreement and the Series B Deed Poll neither B Shares nor Series B Debentures may be sold, transferred or otherwise alienated, whether legally or beneficially in whole or in part, otherwise than by sale of the entire legal and beneficial ownership of the B Shares and Series B Debentures comprised in the relevant B Unit together to the same transferee

8.6. Transfer of all B Units

8.6.1 A B Shareholder may sell or otherwise dispose of all of its B Units at any time during the Relevant Period as agreed by all the A and B Shareholders for the purposes of this Article if -

- (a) such transfer is of all of its B Units,
- (b) such transfer is to a third party offeror unconnected with Chelsfield plc or any member of the Chelsfield Group (the "Offeror") on arm's length terms;

- (c) each A Shareholder receives an offer from the Offeror for all of its A Units which must be equivalent to or higher than the offer which the B Shareholder has received for its B Units and where no Series B Debentures are comprised in any such B Units must take into account the right which the Offeror will have to apply for a Series B Debenture or Debentures;
- (d) such offer is capable of acceptance for a period of not less than 21 days after service of the notice containing the offer (the "Offer Period"),
- (e) A Shareholders holding 51% or more of the A Shares then in issue accept such offer in full provided that an A Shareholder may not elect to accept only the offer in respect of its A Shares or only the offer in respect of its Series A Debentures,
- (f) within 21 days of the end of the Offer Period the Offeror delivers an undertaking in the manner and in or substantially in the form set out in Schedule 7(A) to the Investment Agreement; and
- (g) the transfer to the Offeror is completed within 21 days of the end of the Offer Period on the terms of the original offer and simultaneously on completion of the transfer of the relevant A and B Units and Series A and Series B Debentures, the B Shareholder and each of the A Shareholders who has accepted the offer receives payment in full for their respective A or B Units

8.6.2 Effect of Undertaking entered into by transferee from B Shareholder

Upon the entry into of an undertaking by the Offeror pursuant to Article 8.6 1(e) (without prejudice to any rights and obligations which have accrued to any party to the Investment Agreement prior thereto and without prejudice to any claims or actions against Chelsfield plc and/or Chelsfield Participations Limited which may be made or brought after such time in respect of acts or omissions of or breaches of warranty by Chelsfield plc or Chelsfield Participations Limited prior thereto).-

- (i) Chelsfield plc, Chelsfield Participations Limited and each A Shareholder who has accepted the offer shall be released from further obligations to each of the other parties to the Investment Agreement and their respective rights against such parties shall be cancelled (such rights and obligations being referred to in this Article 8.6 as "discharged rights and obligations");
- (ii) the Offeror and, where applicable, its ultimate holding company and all the parties to the Investment Agreement (other than Chelsfield plc, Chelsfield Participations Limited and each A Shareholder who has accepted such offer) shall assume obligations towards each other and/or acquire rights against each other which differ from the discharged rights and obligations only insofar as the Offeror and,

where applicable, its ultimate holding company has or have assumed and or acquired the same in place of Chelsfield plc and Chelsfield Participations Limited; and

- (iii) each reference in the Investment Agreement to Chelsfield Participations Limited shall be deemed to be a reference to the Offeror and each reference in the Investment Agreement to Chelsfield plc shall be deemed to be a reference to the Offeror or, where applicable, to the Offeror's ultimate holding company.

8.7. Sales by B Shareholder without ceding control

- (A) A B shareholder may, at any time after the Relevant Time as agreed by all the A and B Shareholders for the purposes of these Articles and prior to the attainment of the financial target referred to in Article 8.11, sell or otherwise dispose of any number of its B Units provided that, following such transfer or transfers, it retains not less than 51% of the issued share capital of the Company, provided that such B Units shall first be offered to the A Shareholders in accordance with Article 8.7(B).
- (B) If a B Shareholder wishes to transfer (such transfer to be on arm's length terms) any B Units pursuant to Article 8.7(A) or Article 8.9 or 8.11 it shall give notice in writing (the "Transfer Notice") to the Company of that fact specifying:-
 - (i) the number of B Units which it wishes to transfer;
 - (ii) the name of the third party or parties (who shall be unconnected with Chelsfield plc or any member of the Chelsfield Group) to which it proposes to transfer such B Units together, in the case of a transfer to more than one party, with the number of B Units which it wishes to transfer to each;
 - (iii) the price or, if separately specified, the prices at which it wishes to transfer the B Shares and Series B Debentures comprising such B Units (the "Transfer Prices"); and
 - (iv) whether or not its wish to transfer is conditional on all and not part only of the B Units specified being taken up by the Investors so that if not all are so taken up then none shall be transferred to the A Shareholders and the provisions of Article 8.7(G) shall apply.
- (C) The Transfer Notice shall constitute the Company the agent of the B Shareholder for the transfer of the B Units specified (the "Transfer Units") at the Transfer Prices. A Transfer Notice once given shall not be capable of withdrawal without the consent of the Company.
- (D) The Company shall forthwith upon receipt of a Transfer Notice give notice in writing to each A Shareholder informing it that the Transfer Units are available and the Transfer Prices therefor and shall invite each A Shareholder to notify

it in writing within 14 days from the date of the said notice whether it is willing to purchase any and, if so:-

- (i) the number of Transfer Units which it wishes to purchase; and
- (ii) the maximum number of Transfer Units which it is willing to purchase (in the event that the total number of Transfer Units requested in accordance with sub-paragraph (i) by all the A Shareholders together is less than the total number of Transfer Units)

provided that an A Shareholder may not elect to purchase only the B Shares or only the Series B Debentures comprised in the Transfer Units.

(E) After the expiry of the offer to be made pursuant to paragraph (D) or as soon as all the Transfer Units shall have been accepted in the manner provided in paragraph (D) the Directors shall allocate the Transfer Units in the following manner:-

- (i) if the total number of Transfer Units applied for in accordance with paragraph (D)(i) is equal to the total number of Transfer Units being offered for sale, the Company shall allocate the number applied for in accordance with the applications; or
- (ii) if the total number of Transfer Units applied for in accordance with paragraph (D)(i) and (ii) is less than the total number of Transfer Units, the Directors shall allocate to the relevant A Shareholders the total number of Transfer Units so applied for provided that where the Transferor has stated in the Transfer Notice that its wish to transfer is conditional on all and not part of the Transfer Units being taken up by A Shareholders the provisions of paragraph (G) shall apply,
- (iii) if the total number of Transfer Units applied for in accordance with paragraph (D)(i) is less than the total number of Transfer Units but, taken together with the number of additional Transfer Units which A Shareholders have specified they are willing to take, is equal to or more than the total number of Transfer Units, the Directors shall allocate to A Shareholders the total number of Transfer Units applied for in accordance with paragraph (D)(i) and shall allocate to any A Shareholder which has specified that it is willing to take additional Transfer Units, such number of Transfer Units up to the maximum number of additional Transfer Units specified by such A Shareholder in accordance with paragraph (D)(ii) and where appropriate such applications shall be proportionately scaled down as the Directors may determine;
- (iv) if the total number of Transfer Units applied for in accordance with paragraph (D)(i) is more than the number of Transfer Units, the Transfer Units shall be allocated to the A Shareholders in order of priority of receipt of their notices served under paragraph (D). In the event of more than one notice being returned at the same time the

applications of those A Shareholders shall be put in a ballot which shall be drawn in the presence of the A Directors and the Secretary at the Registered Office of the Company or shall be conducted in such other manner as the A Directors, failing whom, the Board of the Company, shall determine and the Transfer Units shall be allocated to those A Shareholders successful in the ballot; a certificate of the Secretary of the Company as to the result of any ballot shall be final and conclusive for all purposes,

- (iv) the Company shall forthwith upon any allocation made under this paragraph (E) give notice of each such allocation (an "Allocation Notice") to the B Shareholder and each of the A Shareholders to whom Transfer Units have been allocated and shall specify in the Allocation Notice the place and time (being not later than 7 days after the date of the Allocation Notice) at which the sale of the Transfer Units shall be completed.
- (F) Upon such allocations being made the B Shareholder shall be bound, on payment of the Transfer Prices for the relevant Transfer Units, to transfer the Transfer Units comprised in the Allocation Notice to the relevant A Shareholder named therein at the time and place specified therein. If the B Shareholder makes default in so doing the Company shall forthwith be deemed to be the duly appointed attorney of the B Shareholder with full power to execute, complete and deliver in the name and on behalf of the B Shareholder a transfer or transfers of the Transfer Units to the relevant A Shareholder and the Company may receive and give a good discharge for the purchase money on behalf of the B Shareholder and (subject to the transfer or transfers being duly stamped) enter the name of the A Shareholder on the register of B Shareholders of the Company in respect of the relevant B Shares and procure the entry on the register of Series B Debentureholders of the transferee in respect of the relevant Series B Debentures) The Company shall forthwith pay the money into a separate bank account in the Company's name and shall hold such money on trust for the B Shareholder until it delivers up its certificate or certificates for the relevant B Shares and relevant Series B Debentures when it shall be paid the purchase money.
- (G) If all the Transfer Units are not sold under the preceding provisions of this Article, the B Shareholder may, at any time within 3 months after receiving confirmation from the Company that the pre-emption provisions herein contained have been exhausted, transfer any Transfer Units not sold to any person or persons at any prices not less than the Transfer Prices provided that:
 - (i) if the B Shareholder stipulated in the Transfer Notice that unless all the B Units were transferred pursuant to this Article none should be transferred, the B Shareholder shall not be entitled (save with the sanction of a resolution of the A Shareholders in accordance with Article 14) to transfer some only of the Transfer Units comprised in the Transfer Notice to such person or persons; and

- (ii) on completion of such transfer each transferee delivers an undertaking in or substantially in, the form set out in Schedule 7(B) to the Investment Agreement to Chelsfield plc any B Shareholders other than the transferee, the Company (on behalf of itself and each Subsidiary) and each of the A Shareholders.

The A Directors may require to be satisfied in such manner as they may reasonably require that the Transfer Units are being transferred for a consideration not less than the Transfer Prices, as to which a copy of the instruments of transfer bearing the stated consideration paid shall be conclusive evidence, and that such undertaking(s) has or have been entered into and if not so satisfied may refuse to register the instrument or instruments of transfer and in such circumstances a resolution of the Board must be passed in accordance with Article 19.3.

8.8. On each occasion on which a B Shareholder sells fewer than all of its B Units pursuant to the provisions of Article 8.7 or 8.11, upon the entry into of the undertaking required under Article 8.7(G)(ii):-

- (i) the provisions of the Investment Agreement shall apply to the transferee as if it were originally a party thereto and named therein as a B Shareholder to the intent that it shall be bound by and entitled to the benefit of the provisions of the Investment Agreement, and
- (ii) the transferee shall become a B Shareholder for all purposes of the Investment Agreement

8.9. Transfer by B Shareholders of all B Units after the end of the Relevant Period

If a B Shareholder wishes to transfer B Units representing 51% or more of the issued share capital of the Company at any time after the end of the Relevant Period it may do so provided that such transfer is of all the B Units held by it at such time and if the A Shareholders are first offered the B Units in accordance with the provisions of Article 8.7(B) which shall apply to such transfer mutatis mutandis. If all of the B Units offered for sale are not purchased by the A Shareholders so that the provisions of Article 8.7(G) would otherwise apply, the following provisions shall apply to the exclusion of Article 8.7(G) so that no transfer under this Article shall be made unless:-

- (a) such transfer is to a third party offeror (the "Offeror") on arm's length terms, and
- (b) cash A Shareholder receives an offer from the Offeror for all of its A Units which must be equivalent to or higher than the offer which the B Shareholder has received from the Offeror for its B Units and where no Series B Debentures are comprised in such B Units must take into account the right which the Offeror will have to apply for a Series B Debenture or Debenture, and

- (c) such offer is capable of acceptance for a period of not less than 21 days after service of notice containing the offer (the "Offer Period") provided that an A Shareholder may not elect to accept only the offer in respect of its A Shares or only the offer in respect of its Series A Debentures; and
 - (d) within 21 days of the end of the Offer Period, the Offeror delivers an undertaking in the manner and in or substantially in the form set out in Schedule 7(A) to the Investment Agreement; and
 - (e) the transfer to the Offeror is completed within 21 days of the end of the Offer Period on the terms of the original offer and simultaneously on completion of the transfer of the relevant A and B Units the B Shareholder and each of the A Shareholders who has accepted the offer receives payment in full for their respective A or B Units.
- 8.10. Upon the entry into of an undertaking by the Offeror pursuant to Article 8.9(d) the provisions of Article 8.6.2 shall apply mutatis mutandis and any such transfer to the Offeror shall also be without prejudice to any obligations of Chelsfield plc and Chelsfield Participations Limited in Schedule 5 to the Investment Agreement which remain unfulfilled at the date of entry into such undertaking
- 8.11. (A) Subject to the provisions of Article 8.11(B) and subject to Article 8.9 which shall apply on any transfer of 51% or more of the issued share capital of the Company any B Shareholder may at any time after the Relevant Time (as determined for the purposes of Article 8.7) and the attainment of the financial target agreed by the Shareholders for the purposes of this Article 8.11(A) sell or otherwise dispose of any number of its B Units, but only if the A Shareholders are first offered such B Units in accordance with the provisions of Article 8.7(B) which shall apply to such transfer mutatis mutandis
- (B) If, as a result of one transfer or a series of transfers under Article 8.11(A) from any other B Shareholder or B Shareholders, any person (either alone or together with any other member of the group of companies of which it forms part or with any person connected with such person or any such member (each a "Purchaser")) would acquire 51% or more of the issued share capital of the Company the following shall apply. The selling B Shareholder shall procure:-
- (a) that such transfer, or the last in the series of such transfers, shall not take place unless an offer is made to all the A Shareholders in accordance with the provisions of Article 8.9(b) to (e); and
 - (b) that were such transfer is the last of a series of transfers to the same transferees the offer made to the A Shareholders under Article 8.9(b) for their A Units is at not less than the highest price paid by the transferee or any Purchaser for any of the B Units acquired by any of them (and where at the time the offer is made no Series B Debentures are comprised in such B Units takes into account the right of the B Shareholder to subscribe for Series B Debenture).

If the provisions of this Article are not complied with the A Directors may refuse to register the relevant transfer and in such circumstances a resolution of the Board to register the transfer must be passed in accordance with Article 19 3

8.12. Transfers to companies in the same group

Notwithstanding the provisions of Articles 8.5 to 8.11 Chelsfield Participations Limited may at any time sell or otherwise dispose of any of its B Units to any wholly-owned subsidiary within the Chelsfield Group (a "qualifying subsidiary") and any qualifying subsidiary holding such B Units may in turn sell or otherwise transfer such B Units to any other qualifying subsidiary at any time provided that:-

- (a) if and when a company holding such B Units as a result of such a transfer ceases to be a qualifying subsidiary such B Units shall immediately prior to such cessation be transferred back to another qualifying subsidiary; and
- (b) where the transfer is of all of the B Units held by the transferor such transferee shall enter into an undertaking in or substantially in the form set out in Schedule 8(A) to the Investment Agreement whereupon:-
 - (i) the transferor shall be released from further obligations to each of the other parties thereto and its rights against such parties shall be cancelled (such rights and obligations being referred to in this Article 8.12 as "discharged rights and obligations");
 - (ii) the transferee and all the other parties to the Investment Agreement shall assume or reassume obligations towards each other and/or acquire or reacquire rights against each other which differ from the discharged rights and obligations only insofar as such transferee has assumed or acquired or reassumed or reacquired the same in place of the transferor;
 - (iii) each reference in the Investment Agreement to Chelsfield Participations Limited shall, which any such subsidiary has assumed the rights, benefits and obligations of Chelsfield Participations Limited thereunder, be deemed to be a reference to such subsidiary; and
- (c) where the transfer is of some only of the B Units held by the transferor, the transferee shall enter into an undertaking substantially in the form set out in Schedule 8(B) of the Investment Agreement whereupon:-
 - (i) the provisions of the Investment Agreement shall apply to the transferee as if it was originally a party hereto and jointly and severally liable with Chelsfield Participations Limited for all its obligations hereunder to the intent that it shall be bound by and entitled to the benefit of the provisions of the Investment Agreement, and

- (ii) the transferee shall be one party with Chelsfield Participations Limited for all purposes of the Investment Agreement.

8.13. Refusal to register transfer

The Directors shall not register any transfer which does not comply with the provisions of Articles 8.1 to 8.12. The Directors may, in accordance with a unanimous resolution of the A Directors and the B Directors in their absolute discretion and without giving any reason, refuse to register a transfer whether or not it is a fully paid share, but if they do so, they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

8.14. The Directors may also decline to recognise any instrument of transfer unless it:-

- (a) is duly stamped, is lodged at the Office or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates, a certified copy of a duly stamped transfer of the requisite number of Series A Debentures in the case of a sale of A Shares or, of the requisite number of Series B Debentures in the case of a sale of B Shares, and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer:-
- (b) is in respect of only one class of share; and
- (c) is in favour of not more than four transferees

8.15. No fee shall be charged for the registration of any transfer, or other document relating to or affecting the title to any share.

8.16. The Company shall be entitled to retain any instrument of transfer which is registered but any instrument of transfer which the Directors refuse to register shall be returned to the person lodging it when notice of the refusal is given.

TRANSMISSION OF SHARES

9.1 Representatives of interest of deceased Member

If a Member dies the survivor or survivors where the deceased was a joint Holder, and the legal personal representatives of the deceased where he was a sole or only survivor of joint Holders, shall be the only persons recognised by the Company as having any title to his interest; but nothing herein contained shall release the estate of a deceased Holder (whether sole or joint) from any liability in respect of any share which has been jointly held by him.

9.2 Evidence in case of death or bankruptcy

A person becoming entitled to a share in consequence of the death or bankruptcy of a Member may, upon such evidence being produced as the Directors may properly require, elect either to become the Holder of the share or to transfer such share to

some person nominated by him. If he elects to become the Holder, he shall give notice to the Company that he so elects. If he elects to transfer the share he may not make such transfer unless all the provisions of the Articles relating to the transfer of shares have first been complied with as if the proposed transfer were a proposed transfer by the Member and the death or bankruptcy of the Member had not occurred.

9.3 Voting rights

A person becoming entitled to a share by reason of the death or bankruptcy of a Member shall have the same rights to which he would be entitled if he were the Holder of the share, except that he shall not, before being registered as the Holder of the share, be entitled in respect of it to receive notice of or attend or vote at any meeting of the Company or at any separate meeting of the Holders of any class of shares in the Company.

CONVERSION OF SHARES INTO STOCK

10.1 Paid up Shares convertible into Stock

The Company may, subject to the provisions of Article 3.1(C) by Ordinary Resolution convert any paid-up shares into stock, and reconvert any stock into paid-up shares of any denomination.

10.2 Transfer of Stock

A holder of stock may transfer it as if the shares from which the stock arose had not been converted, or as near thereto as circumstances admit; and the Directors may fix the minimum amount of stock transferable at any amount not exceeding the nominal amount of any share from which any part of the stock arose.

10.3 Rights of stockholders

A holder of stock shall have the same rights as if he held the shares from which the stock arose, but no rights (except participation in the assets and profits of the Company) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that right.

10.4 Definition

The Articles applicable to paid-up shares shall apply to stock, and the words "share" and "shareholder" therein shall include "stock" and "stockholder".

ALTERATION OF CAPITAL

11.1 Alterations of Capital

The Company may, subject to the provisions of the Act and to the provisions of Article 3.1(C), by Ordinary Resolution:-

- (a) increase the share capital by new shares of such amount and with such rights attached thereto as the resolution prescribes,
- (b) consolidate and divide all or any of its shares into shares of larger amount than its existing shares;
- (c) sub-divide its shares, or any of them, into shares of smaller amount and the resolution may determine that, as between the shares resulting from the sub-division, any of them may have any preference or advantage as compared with the others; and
- (d) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled

11.2 Fractional entitlements

Whenever as a result of a consolidation of shares any Members would become entitled to fractions of a share, the Directors may, on behalf of those Members, sell the shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provision of the Act, the Company) and distribute the proceeds of sale in due proportion among those Members and, the Directors may authorise some person to execute an instrument of transfer of the shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

11.3 Reduction and cancellations in Share Capital

Subject to the provisions of the Act and to Article 3.1(C), the Company may by Special Resolution reduce its share capital, any capital redemption reserve and any share premium account in any way. The Company may also subject to the provisions of Article 3.1(C) by Ordinary Resolution cancel any shares not taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

11.4 Purchase of own Shares

Subject to the provisions of the Act and to Article 3.1(C), the Company may purchase its own shares (including any redeemable shares) and make a payment in respect of the redemption or purchase of any of its own shares otherwise than out of its distributable profits or out of the proceeds of a fresh issue of shares.

GENERAL MEETINGS

- 12.1 Annual General Meetings shall be held at such times and places as may be determined by the Directors.

12.2 Extraordinary General Meeting

All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings.

- 12.3 The Directors may call General Meetings. If there are not within the United Kingdom sufficient Directors to form a quorum, any Director or any Member or Members holding either alone or together 2% of the issued share capital of the Company may call a General Meeting

NOTICE OF GENERAL MEETINGS

13.1 Notice of Meetings

An Annual General Meeting and an Extraordinary General Meeting called for the passing of a Special Resolution shall be called by twenty-one clear days' notice at the least, and all other Extraordinary General Meetings shall be called by at least fourteen clear days' notice. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given but a General Meeting may be called by shorter notice than that specified in this Article if it is so agreed -

- (a) in the case of the Annual General Meeting, by all the Members entitled to attend and vote thereat, and
- (b) in the case of any other Meeting by a majority in number of the Members having a right to attend and vote, being a majority together holding not less than 95 per cent in nominal value of the shares giving that right

The notice shall specify the time and place of the Meeting and the general nature of the business to be transacted and, in the case of an Annual General Meeting, shall specify the Meeting as such.

Subject to the provisions of the Articles and to any restrictions imposed on any share, the notice shall be given to all the Members, to all the persons entitled to a share in consequence of the death or bankruptcy of a Member and auditors.

13.2 Omission to send Notice

The accidental omission to give notice of a Meeting to, or the non-receipt of notice of a Meeting by, any person entitled to receive notice shall not invalidate the proceedings at that Meeting

PROCEEDINGS AT GENERAL MEETINGS

14.1 Quorum

No business shall be transacted at any Meeting unless a quorum is present when the Meeting proceeds to transact that business. Two persons entitled to vote upon the business to be transacted one being an A Shareholder or a proxy or a duly authorised

representative of an A Shareholder and one being a B Shareholder or a proxy or a duly authorised representative of a B Shareholder shall be a quorum.

14.2 Proceeding if quorum not present

If such a quorum is not present within half an hour from the time appointed for the Meeting or if during a Meeting a quorum ceases to be present, the Meeting, shall stand adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the Directors may determine. If at the adjourned Meeting a quorum is not present within fifteen minutes from the time appointed for the Meeting, the Meeting shall be dissolved.

14.3 Chairman

The Chairman, if any, of the Board of Directors or in his absence, some other Director nominated by the Directors shall preside as Chairman of the Meeting, but if neither the Chairman nor such other Director be present within fifteen minutes after the time appointed for holding the Meeting or if neither of them is willing to act, the Directors present shall elect one of their number to be Chairman and, if there is only one Director present and willing to act, he shall be Chairman.

- 14.4 If no Director is willing to act as Chairman or if no Director is present within fifteen minutes after the time appointed for holding the Meeting, the Members present and entitled to vote shall choose one of their number to be Chairman.

14.5 Directors power to attend

A Director shall, notwithstanding that he is not a Member, be entitled to attend and speak at any General Meeting of the Company.

14.6 Power to adjourn

The Chairman may, with the consent of any Meeting at which a quorum is present (and shall if so directed by the Meeting) adjourn the Meeting from time to time and from place to place, but no business shall be transacted at any adjourned Meeting other than business which might properly have been transacted at the Meeting had the adjournment not taken place. It shall not be necessary to give any notice of an adjourned Meeting.

14.7 Resolution and polls

A resolution put to the vote of the Meeting shall be decided on a show of hands unless before or on the declaration of the result of the show of hands a poll is duly demanded by the Chairman or by any Member present in person or by proxy and entitled to vote.

Unless a poll is duly demanded a declaration by the Chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the Minutes of the

Meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

The demand for a poll may, before the poll is taken, be withdrawn with the consent of the Chairman and a demand so withdrawn shall not be taken to have invalidated the result of a show of hands declared before the demand was made

14.8 Procedure for poll

A poll shall be taken in such manner as the Chairman directs and he may appoint scrutineers (who need not be Members) and fix a place and time for declaring the result of the poll. The result of the poll shall be deemed to be the resolution of the Meeting at which the poll was demanded.

14.9 Time for taking poll

A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken either forthwith or at such later time and at such place as the Chairman may direct not being more than thirty days from the conclusion of the Meeting. The demand for a poll shall not prevent the continuance of a Meeting for the transaction of any business other than the question on which the poll was demanded. If a poll is demanded before the declaration of the result of a show of hands and the demand is duly withdrawn, the Meeting shall continue as if the demand had not been made.

14.10 Notice of poll

No notice need be given of a poll not taken forthwith if the time and place at which it is taken are announced at the Meeting at which it is demanded. In any other case, seven clear days notice at the least shall be given specifying the place, the day and the time at which the poll is to be taken.

14.11 Written resolutions

A resolution in writing executed, or agreed to over the telephone by or on behalf of each Member who would have been entitled to vote upon it if it had been proposed at a General or a Class Meeting at which he was present shall be as effectual as if it had been passed at a General, or, as the case may be, a Class Meeting duly convened and held in accordance with the provisions of this Article 14. Such resolution in writing may consist of several documents in the like form each signed by or on behalf of one or more of the Members or, in the case of a Member or Members which agreed to a resolution over the telephone, a Memorandum or Memoranda naming each Member who agreed such resolution over the telephone, prepared and signed where the Member is a B Shareholder by any B Director and where the Member is an A Shareholder by any A Director. Any such Memorandum or Memoranda when entered in the books containing the minutes of the proceedings of the Members shall be prima facie evidence of the agreement to the relevant resolution of the members referred to therein. If such a resolution in writing is described as a Special Resolution or as an Extraordinary Resolution, it shall have effect accordingly.

14.12 Variation of Class Rights

The rights and privileges attached to any class of shares may be varied (a) in such manner (if any) as may be provided by such rights, or (b) in the absence of any such provision either with the consent in writing of the holders of at least three-fourths of the nominal amount of the issued shares of that class or with the sanction of an Extraordinary Resolution passed at a separate meeting of the holders of the issued shares of that class but not otherwise. The creation or issue of shares ranking pari passu with or subsequent to the shares of any class shall not (unless otherwise expressly provided by these Articles or the rights attached to such last mentioned shares as a class) be deemed a variation of the rights of such shares.

14.13 Proceedings at Class Meetings

Any meeting for the purpose of the last preceding Article or for any other class meeting contemplated by these Articles shall be convened and conducted as nearly as possible in the same way as an Extraordinary General Meeting of the Company, provided that no Member, not being a Director, shall be entitled to notice thereof or to attend thereat unless he be a holder of shares of the class the rights and privileges attached to which are intended to be varied or abrogated by the resolution and further provided that the provisions of Articles 14 14 - 14.20 shall apply to such Meeting and in the event of any inconsistency between such Articles and the provisions governing Extraordinary General Meetings the provisions of Articles 14 14 - 14.20 shall prevail in respect of meetings of any class of shareholders.

14.14 Convening Class Meetings

Any A Director or any two A Shareholders together or any B Director or any two B Shareholders together may call a general meeting of the relevant class of Shareholders or the Board in the case of either class at any time (including in the case of the A Directors to consider any policy resolution as defined in Article 16 2 or any other matter which is to be considered by the Board of the Company or any Subsidiary and which does not pursuant to the provisions of these Articles require the consent of the A Shareholders) and the A Directors as are appropriate, the B Directors shall upon receipt of a request in writing of not less than two A or, as the case may be two B Shareholders convene a meeting of the A or B Shareholders as appropriate.

14.15 Notice of Class Meetings

A class meeting shall be called by not less than fourteen clear days' notice. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held but a class meeting may be called by shorter notice than specified in this Article if it is agreed by Shareholders of the relevant class holding not less than 90% in nominal value of the shares of the relevant class. A shareholder described in the register by an address not within the United Kingdom who shall from time to time give to the Company an address within the United Kingdom at which such notice may be served on this shall be entitled to have notice served on it at such address. Save as aforesaid no shareholder other than a shareholder described in the register by an address within the United Kingdom shall be entitled to receive any such notice of a class meeting.

14.16 Quorum

No business shall be transacted at any class meeting unless a quorum is present when the meeting proceeds to transact that business. Two persons entitled to vote on the business to be transacted each being a shareholder of the relevant class or a proxy or a duly authorised representative of a shareholder of the relevant class shall be a quorum except for meetings called in connection with a matter referred to in Article 3 1, when A Shareholders present in person or by proxy and together holding 50 per cent of the A Shares then held by A Shareholders shall be a quorum.

If such a quorum is not present within half an hour from the time appointed for the Meeting or if during a Meeting a quorum ceases to be present, the Meeting, shall stand adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the Directors may determine. If at the adjourned Meeting a quorum is not present within fifteen minutes from the time appointed for the Meeting, the Meeting shall be dissolved.

14.17 Chairman

One of the A Directors or one of the B Directors shall preside as Chairman at a class meeting of the relevant class, but if the Chairman is not present within 15 minutes after the time appointed for holding the meeting, the shareholders represented shall elect one of their members to be Chairman, and, if there is only one shareholder present, (whether in person, by proxy or by its duly authorised representative) and willing to act, he shall be Chairman.

14.18 Resolutions

Any resolutions put to the vote of the meeting shall be decided on a show of hands provided that in the case of a meeting of the A Shareholders (other than on a resolution to appoint or remove A Directors under Article 16.2 or to approve the appointment or removal of an additional Director under Article 16 4 where the appropriate percentage shall be 51%) 75% of the A Shareholders present vote in favour of such resolution unless before or on the declaration of the resolution of the show of hands a poll is duly demanded by the Chairman or by any Shareholder present and on such a poll, in the case of a meeting of the A Shareholders (other than on a resolution for the purposes of Article 16 2 or Article 16 4 where the appropriate percentage shall be 51%) a resolution shall only be passed if 75% of the votes cast in such poll are in favour of the resolution.

14 19 In the case of equality of votes, whether on a show of hands or on a poll, the Chairman shall not be entitled to a casting vote

14 20 Minutes of all resolutions and proceedings at any class meeting shall be made and duly entered in books to be from time to time provided for that purpose by the Company and any such minutes, if purporting to be signed by the Chairman of the meeting at which such resolutions were passed or proceedings transacted or by the Chairman of the next succeeding meeting of the same class of shareholders shall be conclusive evidence of the matters therein contained and until the contrary is proved every such meeting in respect of the proceedings of which minutes have been made shall be

deemed to have been duly held and convened and all resolution passed or proceedings held thereat duly passed and held.

VOTES OF MEMBERS

15.1 (A) Votes of Members

Subject to any rights or restrictions attached to any shares, and to the provisions of these Articles on a show of hands every Member who (being an individual) is present in person or proxy or (being a corporation) is present by a duly authorised representative, not being himself a Member entitled to vote, shall have one vote, and on a poll every Member shall have one vote for every 160 shares of which he is the Holder except that immediately upon a Change of Control (as defined in Article 15 1(B) and unless persons connected with Chelsfield plc shall cease to be the holders so of at least 51% of the issued share capital of the Company in accordance with and pursuant to the terms of these Articles and the Investment Agreement, each A Share in issue shall up to the end of the Relevant Period as determined by all the Shareholders and if A Shareholders holding a majority in nominal value of the A Shares shall by resolution passed at a meeting of A Shareholders or by written resolution of a majority of the A Shareholders so decide have such number of votes (which need not be a whole number) on a poll at a general meeting of the Company as would result in a majority of the A Shares having the right to cast 51 per cent. (as nearly as may be) of the votes cast on that poll

(B) For the purposes of (A) above "Change of Control" means the occurrence of any one of the following events at any time up to the end of the Relevant Period as determined by all the Shareholders:-

- (i) Mr. Elliott Bernerd and trusts for members of his family ceasing to hold directly or indirectly 30% or more of the issued share capital (or equivalent in the appropriate jurisdiction) of the ultimate holding company of Chelsfield plc; or
- (ii) Mr. Elliott Bernerd ceasing other than by reason of death or incapacity caused by serious accident or illness to be a substantially full time executive of Chelsfield plc.

15.2 Joint Holders

In the case of joint Holders the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint Holders; and seniority shall be determined by the order in which the names of the Holders stand in the Register of Members.

15.3 Where Members not to vote

A Member in respect of whom an order has been made by any court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder may vote, whether on a show of hands or on a poll, by his receiver,

curator bonis or other person authorised in that behalf appointed by that court, and any such receiver, curator bonis or other person may, on a poll, vote by proxy. Evidence to the satisfaction of the Directors of the authority of the person claiming to exercise the right to vote shall be deposited at the office, or at such other place as is specified in accordance with these Articles for the deposit of instruments of proxy, not less than 48 hours before the time appointed for holding the Meeting or Adjourned Meeting at which the right to vote is to be exercised and in default the right to vote shall not be exercisable.

- 15.4 No Member shall, unless the Directors otherwise determine, be entitled to vote at any General Meeting, either in person or by proxy, in respect of any share held by him unless all moneys presently payable by him in respect of that share have been paid.

15.5 Objections to qualification to vote

No objection shall be raised to the qualification of any voter except at the Meeting or adjourned Meeting at which the vote objected to is tendered, and every vote not disallowed at the Meeting shall be valid. Any objection made in due time shall be referred to the Chairman whose decision shall be final and conclusive.

15.6 Voting on a poll

On a poll votes may be given either personally or by proxy, and a Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses the same way. The instrument appointing a proxy shall be in writing in any usual form or in any other form which the Directors may approve and shall be executed by the appointor or by his agent authorised in writing, or, if the appointor is a corporation, shall be either under its seal, or executed by an officer or agent so authorised. A Member may appoint more than one proxy to attend on the same occasion. Deposit of an instrument of proxy shall not preclude a Member from attending and voting at the Meeting or at any adjournment thereof.

15.7 Instrument of proxy

The instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notari ally or in some other way approved by the Directors may -

- (a) be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the Meeting or in any instrument of proxy sent out by the Company in relation to the Meeting not less than 48 hours before the time for holding the Meeting or Adjourned Meeting at which the person named in the instrument proposes to vote; and
- (b) in the case of a poll taken more than 48 hours after it is demanded, be deposited as aforesaid after the poll has been demanded and not less than 24 hours before the time appointed for the taking of the poll, or

- (c) where the poll is not taken forthwith but is taken not more than 48 hours after it was demanded, be delivered at the Meeting at which the poll was demanded to the Chairman or to the Secretary or to any Director,

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

15.8 When votes valid through authority revoked

A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous determination of the authority of the person voting or demanding a poll unless notice of the determination was received by the Company at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of the Meeting or Adjourned Meeting at which the vote is given or the poll demanded or (in the case of a poll taken otherwise than on the same day as the Meeting or Adjourned Meeting) the time appointed for taking the poll.

DIRECTORS

16.1 Number of Directors

Unless otherwise determined by Ordinary Resolution of the Company the number of Directors (other than Alternate Directors) shall not exceed ten

16.2 Appointment of Directors

For so long as the share capital of the Company is divided into different classes of shares the A Shareholders for the time being may, pursuant to a resolution passed in accordance with the applicable provisions of Article 14, by written notice to the Company and the B Shareholders appoint four persons to be Directors (the A Directors) and pursuant to such a resolution by written notice to the Company and the B Shareholders remove any A Director so appointed and appoint a further A Director or Directors to fill such vacancy or vacancies or any other vacancies which may otherwise arise.

- 16.3 Any Shareholder or Shareholders for the time being together holding 51% or more of the issued share capital of the Company may by written notice to the Company pursuant (in the case of an appointment by the B Shareholders at any time when there is more than one B Shareholder) to a resolution passed in accordance with the applicable provisions of Article 14 appoint five persons to be Directors (the B Directors) and, pursuant to such a resolution when applicable by written notice to the Company and each A Shareholder remove any B Director so appointed and appoint a further B Director or Directors to fill such vacancy or vacancies or any other vacancies which may otherwise arise

- 16.4 The Shareholders may by Ordinary Resolution, subject to obtaining the prior approval of A Shareholders in accordance with Article 14.18, appoint a Director of the Company who is neither an A Director or a B Director and in the same way remove any Director so appointed and appoint a further Director to fill such vacancy, provided

that if any such Director holding office at the date of adoption of these Articles resigns or vacates office other than pursuant to an Ordinary Resolution under this Article the Board may by unanimous resolution of all the A and B Directors in accordance with Article 19 3 appoint a Director to fill such casual vacancy.

- 16.5 Any notice served under 16 2 or 16.3 shall be signed by or on behalf of the person or persons sending it. In the case of a corporation such notice may be signed on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representatives and in the case of the A Shareholders or if applicable, the B Shareholders, may be signed by any person authorised to sign such notice by the relevant resolution. Any such appointment or removal shall be effective from the time of such notice being served.

16.6 Policy Resolutions

Any A Director at a Board Meeting may declare that a resolution taken or proposed to be taken or proposed to be passed at a board meeting is a "policy resolution" In such event such resolution shall be deemed not to be passed and stand referred to a further Board Meeting to be held not less than seven nor more than twenty-one days thereafter at which a decision shall be taken thereon and in the interim period any A Director may refer such resolution to the A Shareholders for comments or for a resolution of the A Shareholders thereon under Article 14

ALTERNATE DIRECTORS

17.1 Appointment

Any Director (other than an alternate Director) may appoint any other Director, or any other person approved by resolution of the Directors and willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him.

17.2 Notice of Meeting

An 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, to attend and vote at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence but shall not be entitled to receive any remuneration from the Company for his services as an alternate Director. But it shall not be necessary to give notice of such a meeting to an alternate Director who is absent from the United Kingdom

17.3 Cessation of appointment

An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director; but, if a Director retires but is reappointed or deemed to have been reappointed at the meeting at which he retires, any appointment of an alternate Director made by him which was in force immediately prior to his retirement shall continue after his reappointment

17.4 Manner of appointment and removal

Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.

17.5 Alternate responsible for own acts

Save as otherwise provided in the Articles, an alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and he shall not be deemed to be the agent of the Director appointing him.

BORROWING POWERS

18. Directors' power

Subject to the provisions of these Articles and to any directions given by Special Resolution, the Directors may exercise all the powers of the Company to borrow or raise money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and subject to Section 80 of the Act to issue debentures, debenture stock and other securities as security for any debt, liability or obligation of the Company or of any third party.

POWERS OF DIRECTORS

19.1 Director's power to manage business

Subject to the provisions of the Act, the Memorandum and these Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given. The powers given by this Article shall not be limited by any special power given to the Directors by the Articles.

19.2 Appointment of agents

The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

19.3 Acts requiring unanimous Board approval

The following documents, actions and matters will not be capable of being approved on behalf of the Company or any subsidiary or carried out by the Board of the Company or any committee thereof or any subsidiary and shall not be within the authority of any Director and accordingly the Company shall not have power to execute, approve, carry out or implement such documents, actions or matters unless the said document, action or matter shall have been approved by unanimous resolution of all the A Directors and all the B Directors present at the meeting held to approve

the document, action or matter so long as at least one A Director and one B Director are present at such meeting and if no such meeting shall be held, by unanimous resolution of all the A Directors and the B Directors.-

- (A) all such documents, actions or matters as are agreed by all the shareholders for the time being of the Company for the purposes of this Article;
- (B) the acquisition or sale, transfer, leasing, assignment or other disposal (whether by one contract or a series of contracts) of any assets, property or investments of any kind by any Group Company or the entering into of a contract or arrangement so to do where the total consideration exceeds £20,000 (or such higher figure as the A Directors and B Directors may unanimously approve in accordance with Article 19.3) which does not require the approval of the A Shareholders under Article 3.1(C),
- (C) the employment, or the dismissal, of any executive of any Group Company whose annual salary and benefits exceed £100,000 or such higher figure as the A Directors and B Directors may unanimously approve in accordance with this Article 19.3 or any material changes in, or variations to the terms and conditions of any agreement agreed by Shareholders to be covered by this Article and the identity, the initial and any material change in or variation to the, terms of appointment of or the dismissal of, the Chief Executive from time to time of Wentworth Club Limited,
- (D) any material changes in the accounting policies or practices of any Group Company or the Group as a whole or any material changes in the basis of taxation of any Group Company or the Group as a whole, any alteration to the accounting reference date of any Group Company from 31st December or any change to any Group Company's auditors,
- (E) the entry into and terms of, and any subsequent termination of or variation to, any contract or transaction with any one or more of Chelsfield plc, Chelsfield Participations Limited, any other B Shareholder or any subsidiary or holding company, or subsidiary of such holding company of any of them or any person connected with any such company,
- (F) the borrowing of any money or creation of any other indebtedness otherwise than in the ordinary course of business or as required in accordance with any plan approved in writing by, or by resolution of, the A Shareholders or any other borrowing of a principal amount in excess of £1,500,000 or such higher figure as the A Directors and B Directors may unanimously approve in accordance with this Article 19.3 which does not require the approval of the A Shareholders under Article 3.1(C);
- (G) any changes to the Rules, Regulations or Bye-laws of the Wentworth Club by the Board of Wentworth Club Limited which might materially affect the rights of the holders of the Series A Debentures or any changes in the terms of the Series A or Series B Debentures or otherwise to the Series A or Series B Deeds Poll; and

- (H) any provisions to be made (prior to determining the profits to be distributed to the Shareholders in each financial year as provided in these Articles or the Investment Agreement) including any to fund (i) any contingent future liabilities of any Group Company and (ii) any working capital requirements of any Group Company provided that none of the A and B Directors may veto any provisions to fund the payments of the whole of the principal and all accrued interest (or anticipated interest charges) on any monies borrowed for purposes agreed by the Shareholders for the purposes of this Article;
- (I) changing the nature of the business of any Group Company or the manner in which such business is conducted and in particular permit any Group Company (other than Wentworth Club Limited) to be an operating company or to carry on any activity other than the holding of shares in other Group Companies, or in the case of Lindgray (Wentworth) Limited, holding the Properties as defined by the Investment Agreement; and
- (J) entering into any partnership, joint venture or profit sharing agreement with any person.

19.4 Matters requiring majority Board approval

For so long as there are A Directors and B Directors offers the following documents, actions and matters will not be capable of being approved on behalf of the Company or any subsidiary or carried out by the Board of the Company or any subsidiary and shall not be within the authority of any Director and accordingly neither the Company, any subsidiary nor any Director shall have power to execute, approve, carry out or implement such documents, actions or matters unless the said document, action or matter shall have been approved by the Board of the Company or of the subsidiary executing such document or implementing such action or matter:-

- (A) all such documents, actions or matters as are agreed to by all the Shareholders for the time being of the Company for the purposes of this Article;
- (B) the acquisition or sale, transfer, leasing, assignment or other disposal (whether by one contract or a series of contracts) of any assets, property or investments of any kind by any Group company or the entering into of a contract or arrangement so to do where the total consideration exceeds £50,000 but which does not fall within the scope of Article 19.3(B) or (F);
- (C) the terms of appointment of any advisers to, or contractors for, any development approved in writing by, or by a resolution of, the A Shareholders including without limitation, any architects, quantity surveyors, mechanical and electrical and service consultants, space planners, builders or interior designers, as more particularly set out in Schedule 5 to the Investment Agreement and any subsequent termination of any such thereof appointment or variation to the terms thereof;
- (D) changes in, or variations to the terms of any agreement which all the Shareholders agree should be covered by this Article and the identity, the initial and variations or changes to terms of appointment of any executives (other than

the Chief Executive of Wentworth Club Limited) to be appointed by any Group Company other than any changes or variations which fall within the scope of Article 19.3(C),

- (E) any changes in the accounting policies or practices of any Group company or the Group as a whole or any changes in the basis of taxation of any Group Company or the Group as a whole,
- (F) the borrowing of any money or creation of any other indebtedness otherwise than in the ordinary course of business or as required in accordance with any plan approved for by the A Shareholders or any other borrowing of a principal amount in excess of £500,000 which does not require the approval of the A Shareholders under Article 3.1(C) or fall within the scope of Article 19 3(F), and
- (G) any changes to the Rules, Regulations, or Bye-laws of Wentworth Club by the Board of Wentworth Club Limited which do not fall within the scope of Article 19 3(G)

DELEGATION OF DIRECTORS' POWERS

- 20 The Directors may delegate any of their powers to any committee consisting of one or more Directors. They may also delegate to any Managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Directors may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered. Subject to any such conditions, the proceedings of a committee with two or more Members shall be governed by the Articles regulating the proceedings of Directors so far as they are capable of applying.

APPOINTMENT AND RETIREMENT OF DIRECTORS

21. No person shall be or become incapable of being appointed a Director by reason only of his having attained the age of seventy or any other age nor shall any special notice be required in connection with the appointment or the approval of the appointment of such person, and no Director shall vacate his office at any time by reason only of the fact that he has attained the age of seventy or any other age.

REMUNERATION OF DIRECTORS

- 22 The Directors shall be entitled to such remuneration as the Company may by Ordinary Resolution determine and, unless the Resolution provides otherwise, the remuneration shall be deemed to accrue from day to day.

DIRECTORS' EXPENSES

- 23 The Directors shall be entitled to be paid all travelling, hotel and other expenses properly incurred by them in or about the performance of their duties as Directors including their attendance at meetings of Directors or committees of Directors or

General Meetings or separate meetings of the Holders of any class of shares or of debentures of the Company.

DIRECTORS' APPOINTMENTS AND INTERESTS

24. Managing Director

Subject to the provisions of the Act, the Directors may appoint one or more of their number to the office of Managing Director or to any other executive office under the Company, and may enter into an agreement or arrangement with any Director for his employment by the Company or for the provision by him of any services outside the scope of the ordinary duties of a Director and may revoke any such appointment. Any such appointment or agreement may be made upon such terms as the Directors determine and they may remunerate any such Director for his services as they think fit. Any such appointment to an executive office shall determine if the holder ceases to be a Director but without prejudice to any claim to damages for breach of the contract of service between the Director and the Company.

25.1 Director's interests in contracts

Subject to the provisions of the Act, and provided that he has disclosed to the Directors the nature and extent of any material interest of his, a Director notwithstanding his office:-

- (a) may be a party to, or otherwise interested in, any contract, arrangement, transaction or proposal with the Company or in which the Company is otherwise interested;
- (b) may be a Director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested; and
- (c) shall not, by reason of his office or of any following relationship established thereby, be liable to account to the Company for any benefit which he derives from any such office or employment or from any such contract, arrangement, transaction or proposal or from any interest in any such body corporate and no such contract, arrangement, transaction or proposal shall be liable to be avoided on the ground of any such interest or benefit.

25.2 Notices for the purpose of Article 25.1

For the purposes of Article 25.1:-

- (a) a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and

- (b) an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

DIRECTORS' GRATUITIES AND PENSIONS

- 26 1 The Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any Director who has held but no longer holds any executive office or employment with the Company or with any body corporate which is or has been a subsidiary of the Company or a predecessor in business of the Company or of any such subsidiary, and for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit

DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 26 2 The office of a Director shall be vacated if:-

- (a) he ceases to be a Director by virtue of any provision of these Articles, the Act, or he becomes prohibited by law from being a Director; or
- (b) he becomes bankrupt or makes any arrangement or composition with his creditors generally, or
- (c) he is, or may be, suffering from mental disorder and either:-
 - (i) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960, or
 - (ii) an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- (d) he resigns his office by notice to the Company, or
- (e) he shall for more than six months have been absent without permission of the Directors from meetings of Directors held during that period and his Alternate Director (if any) shall not during such period have attended any such Meetings in his stead, and the Directors resolve that his office be vacated.

PROCEEDINGS OF DIRECTORS

27.1 Meetings of Directors

Subject to the provisions of the Articles, the Directors may regulate their proceedings as they think fit. A Director may, and the Secretary on the requisition of a Director

shall, at any time call a Meeting of the Directors. It shall not be necessary to give notice of a Meeting to any Director who is absent from the United Kingdom. Questions arising at a Meeting shall be decided by a majority of votes, subject to the provisions of Article 19.3. In case of an equality of votes, the Chairman shall not have a second or casting vote. A Director who is also an Alternate Director shall be entitled, in the absence of his appointor, to a separate vote on behalf of his appointor in addition to his own vote.

Subject as provided below, each A Director shall have one vote except where there are fewer than four A Directors or fewer than four A Directors are present at a meeting in which event such A Directors shall together have four votes and each B Director shall have one vote except where there are fewer than five B Directors or fewer than five B Directors are present at a meeting in which event such B Directors shall together have five votes. If at any meeting where fewer than all the A and/or fewer than all the B Directors are present the A Directors present or, as the case may be, the B Directors present do not vote unanimously for or against any resolution each Director of such class shall have one vote only.

27.2 Quorum

The quorum for the transaction of the business of the Directors shall be two of which one shall be an A Director and one of which shall be a B Director. A person who holds office only as an alternate Director shall, if his appointor is not present, be counted in the quorum. If at any proposed meeting of the Directors a quorum is not present within 30 minutes of the time appointed for the meeting, the meeting shall be adjourned to such reasonable time and date (being a business day and not being more than 10 business days nor less than 2 business days after the date of the adjourned meeting) as shall be notified to each Director by the Secretary of the Company. The quorum for any such adjourned meeting shall be any two Directors provided that the quorum for any such meeting to approve or carry out any document, action or matter requiring unanimous approval of the A Directors and B Directors pursuant to Article 19.3 shall always be two Directors one of whom shall be an A Director and one of whom shall be a B Director.

27.3 Continuing or Sole Director

The continuing Directors or a sole continuing Director may act notwithstanding any vacancies in their number, but, if the number of Directors is less than the number fixed as the quorum the continuing Directors or Director may act only for the purpose of notifying the A or the B Shareholders, as appropriate of the need to appoint further A and/or B Directors.

27.4 Chairman

The Directors may appoint one of their number to be the Chairman of the board of Directors and may at any time remove him from that office. Unless he is unwilling to do so, the Director so appointed shall preside at every meeting of Directors at which he is present. But if there is no Director holding that office, or if the Director holding it is unwilling to preside or is not present within five minutes after the time appointed

for the Meeting, the Directors present may appoint one of their number to be Chairman of the Meeting

27.5 Acts valid even if defect in appointment of Articles

All acts done by a Meeting of Directors or of a Committee of Directors or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director, or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director and had been entitled to vote.

27.6 Written resolutions

A Resolution in writing executed, or agreed to over the telephone by all the Directors entitled to receive notice of a Meeting of the Directors or of a Committee of the Directors, shall be as valid and effectual as if it has been passed at a Meeting of the Directors or (as the case may be) a Committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors or, in the case of a Director or Directors who agreed to the resolution over the telephone, a memorandum or memoranda naming each Director who agreed such resolution over the telephone, prepared and signed by any Director. Any such memorandum or memoranda when entered in the books containing the minutes of the proceedings of the Directors shall be prima facie evidence of the agreement to the relevant resolution of the Directors referred to therein. A resolution signed by an alternate Director need not also be signed by his appointor and, if it is signed by a Director who has appointed an alternate Director it need not be signed by the alternate Director in that capacity. For the purposes of this Article signature made by telex or facsimile shall be treated as a valid signature.

27.7 Conflict of interest

Save as otherwise provided by the Articles, a Director shall not vote at any Meeting of Directors or of any Committee of Directors on any Resolution concerning a matter in which he has, directly or indirectly, any interest or duty which is material and which conflicts or may conflict with the interests of the Company unless his interest or duty arises only because the case falls within one or more of the following paragraphs -

- (a) the Resolution relates to the giving to him of a guarantee, security or indemnity in respect of money lent or an obligation incurred by him at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the Resolution relates to the giving to a third party of any guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director has assumed responsibility, in whole or part and whether alone or jointly with others, under a guarantee or indemnity or by the giving of security;

- (c) his interest arises by virtue of his subscribing or agreeing to subscribe for any shares, debentures or other securities of the Company or any of its subsidiaries or by virtue of his being, or intending to become, a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries or by subscription, purchase or exchange,
- (d) the Resolution relates in any way to any contract, arrangement, transaction or other proposal concerning the adoption, modification or operation of a superannuation fund or retirement benefits scheme under which he may benefit *and which relates to both employees and Directors of the Company* and has been approved by or is subject to and conditional upon approval by the Inland Revenue for taxation purposes and does not accord to any Director as such any privilege or advantage not accorded to employees to which such scheme or fund relates

For the purposes of this Article, an interest of a person who is, for any purpose of the Act (excluding any statutory modification thereof not in force when this regulation becomes binding on the Company), connected with a Director shall be treated as an interest of the Director and, in relation to an alternate Director, an interest of his appointor shall be treated as an interest of the alternate Director without prejudice to any interest which the alternate Director has otherwise

27.8 Director not entitled to vote not to be counted in quorum

A Director shall not be counted in the quorum present at a Meeting in relation to a Resolution on which he is not entitled to vote

27.9 Relaxation of prohibitions on voting

The Company may by Ordinary Resolution suspend or relax to any extent, either generally or in respect of any particular matter, any provision of the Articles prohibiting a Director from voting at a Meeting of Directors or of a Committee of Directors

- 27.10 Where proposals are under consideration concerning the appointment of two or more Directors to offices or employments with the Company or any body corporate in which the Company is interested, the proposals may be divided and considered in relation to each Director separately and (provided he is not for another reason precluded from voting) each of the Directors concerned shall be entitled to vote, and be counted in the quorum, in respect of each Resolution except that concerning his own appointment.

27.11 Decision of Chairman on questions of voting

If any question arises at a Meeting of Directors or of a Committee of Directors as to the right of a Director to vote, the question may, before the conclusion of the Meeting, be referred to the Chairman of the Meeting and his ruling in relation to any Director other than himself shall be final and conclusive

SECRETARY

28. Subject to the provisions of the Act, the Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit, and any secretary so appointed may be removed by them

MINUTES

29. The Directors shall cause Minutes to be made in books kept for the purpose:-
- (a) of all appointments of officers made by the Directors,
 - (b) of the names of the Directors present at each Meeting of the Directors and of any Committee of the Directors and of whether such Directors be A or B Directors;
 - (c) of all proceedings of Meetings of the Company, of the holders of any class of shares in the Company, and of the Directors and of Committees of Directors.

THE SEAL

30. The Seal shall only be used by the authority of the Directors or of a Committee of Directors authorised by the Directors. The Directors may determine who shall sign any instrument to which the Seal is affixed, and unless otherwise so determined every such instrument shall be signed by a Director and by the Secretary or by a second Director

DIVIDENDS

31.1 Declaration of Dividends

Subject to the provisions of these Articles and the Act, the Company may by ordinary resolution declare dividends in accordance with the respective rights of the Members, but no dividend shall exceed the amount recommended by the Directors

31.2 Interim Dividends

Subject to the provisions of these Articles and the Act, the Directors may pay interim dividends if it appears to them that they are justified by the profits of the Company available for distribution

If the share capital is divided into different classes, the Directors may pay interim dividends on those shares which confer deferred or non-preferred rights with regard to dividend as well as on shares which confer preferential rights with regard to dividend, but no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. The Directors may also pay at intervals settled by them, any dividend payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment. Provided the Directors act in good faith, they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the

lawful payment of an interim dividend on any shares having deferred or non-preferred rights

31.3 Dividends paid according to amounts paid up on shares

Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid. Subject as aforesaid, all dividends shall be apportioned and paid proportionately to the amount paid up on the shares during any portion or portions at the period in respect of which the dividend is paid; but, if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly

31.4 Monies payable by Member may be deducted from dividend

The Directors may deduct from any dividend or other monies payable to any Member on or in respect of a Share any monies presently payable by him to the Company in respect of that share

31.5 Dividends may be satisfied by distribution of assets

Any General Meeting declaring a dividend may, upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of assets. Where any difficulty arises in regard to such distribution, the Directors may settle the same, and in particular may issue fractional certificates and fix the value so fixed for distribution of any assets and may determine that cash shall be paid to any Member upon the footing of the value so fixed in order to adjust the rights of Members and may vest any assets in trustees

31.6 Method of payment

Any dividend or other monies payable on or in respect of a share may be paid by cheque sent by post to the registered address of the person entitled or, if two or more persons are the Holders of the share or are jointly entitled to it by reason of the death or bankruptcy of the Holder, to the registered address of that one of those persons who is first named in the Register of Members or to such person and to such address as the person or persons entitled may in writing direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to such other person as the person or persons entitled may in writing direct, and payment of the cheque shall be a good discharge to the Company. Any joint Holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other monies payable on or in respect of the share.

31.7 Dividends not to bear interest

No dividend or other monies payable on or in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.

31.8 Unclaimed Dividends

Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and shall revert to the Company.

ACCOUNTS

- 32 The accounting records of the Company shall be open to the inspection of any officer of the Company. No Member shall (as such) have any right of inspecting any accounting records or other book of documents of the Company except as conferred by statute or authorised by the Directors or by Ordinary Resolution of the Company or as otherwise agreed by the Shareholders.

CAPITALISATION OF PROFITS

- 33.1 The Directors may subject to Article 3.1(C) with the authority of an Ordinary Resolution of the Company:-

- (a) subject as hereinafter provided, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not the same are available for distribution) or any sum standing to the credit of the Company's share premium account or capital redemption reserve;
- (b) appropriate the sum resolved to be capitalised to the Members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf, either in or towards paying up the amounts, if any, for the time being unpaid on any shares held by them respectively, or in paying up in full unissued shares or debentures of the Company of a nominal amount equal to such sum, and allot the shares or debentures credited as fully paid, to those Members, or as they may direct, in those proportions or partly in one way and partly in the other: but the share premium account, the capital redemption reserve and any profits which are not available for distribution may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to Members credited as fully paid and provided that in the case where any sum is applied in paying amounts for the time being unpaid on any shares of the Company or in paying up in full debentures of the Company the amount of the net assets of the Company at that time is not less than the aggregate of the called up share capital of the Company and its undistributable reserves and would not be reduced below that aggregate by the payment thereof as shown in the latest audited accounts of the Company or such other accounts as may be relevant;
- (c) resolve that any shares so allotted to any Member in respect of a holding by him of any partly paid shares shall, so long as such shares remain partly paid rank for dividend only to the extent that such partly paid shares rank for dividend,

- (d) make such provision by the issue of fractional certificates or by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this Article in fractions;
- (e) authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they may be entitled upon such capitalisation (any agreement made under such authority being binding on all such Members); and
- (f) generally do all acts and things required to give effect to the resolution.

NOTICES

34.1 Notices in writing

Any notice to be given to or by any person pursuant to these Articles shall be in writing, except that a notice calling a meeting of the Directors need not be in writing.

34.2 Method of Service

The Company may give any such notice to a Member either by delivering it personally or by sending it by pre-paid recorded delivery post (airmail if overseas) or by telex or facsimile transmission to the Member at or to his registered address, or to the telex or facsimile number at such registered address. In the case of joint holders of a share, all notices shall be given to the joint Holder whose name stands first in the Register of Members in respect of the joint holding and notice so given shall be sufficient notice to all the joint Holders.

34.3 Notice deemed to have been received

Any Member present, either in person or by proxy, at any Meeting of the Company shall be deemed to have received notice of the Meeting, and, where requisite, of the purposes for which it was called.

34.4 Notices bind transferees

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

34.5 Time of Service

Any notice sent to any Member by the Company by post, shall be deemed to have been given on the day following that on which the envelope containing it is posted, and in proving the giving of notice it shall be sufficient to prove that the envelope containing the notice was properly addressed and posted.

* proposed transfer of such shares to a Seamed Institution or its nominee and no Seamed Institution or its nominee shall be required to offer the shares which are or are to be the subject of any transfer aforesaid to the shareholders for the time being of the Company or any of them (nor comply with any procedure to effect such offer set out in these Articles), and no such shareholder signing under the Articles or otherwise howsoever to require such shares to be transferred to them whether for consideration or not.

34.6 Notice in case of death

Any notice delivered or sent by post to the registered address of any Member in pursuance of these Articles shall, notwithstanding that such Member be then dead, bankrupt, mentally disordered or (being a corporation) in liquidation, and whether or not the Company has notice of the death, bankruptcy, mental disorder or liquidation, be deemed to have been given in respect of any share registered in the name of the Member as sole or joint Holder and such notice shall be deemed a sufficient notice to all persons interested (whether jointly with or as claiming through or under him) in the share

WINDING UP

35. If the Company is wound up, the liquidator may, with the sanction of an Extraordinary Resolution of the Company and any other sanction required by the Act, divide amongst the Members in specie the whole or any part of the assets of the Company and may, for that purpose set such value as he deems fair upon any assets and may determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the Members as he, with the like sanction, determines, but no Member shall be compelled to accept any assets upon which there is a liability

PROVISION FOR EMPLOYEES

36. The Company shall exercise the power conferred upon it by Section 719 of the Act only with the prior sanction of a Special Resolution. If at any time the capital of the Company is divided into different classes of shares, the exercise of such power as aforesaid shall be deemed to be a variation of the rights attached to each class of shares and shall accordingly require the prior consent in writing of the holders of three-fourths in nominal value of the issued shares of each class or the prior sanction of an Extraordinary Resolution passed at a Separate Meeting of the Holders of the shares of each class duly convened and held

INDEMNITIES

37. Subject to the provisions of the Act but without prejudice to any indemnity which a Director may otherwise be entitled every Director or other officer or Auditor of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings relating to his conduct as an officer of the Company, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 727 of the Act in which relief is granted to him by the Court. He shall further be indemnified out of the assets of the Company against all costs, charges, expenses, losses, and liabilities which he may sustain or incur in or about the execution of his office or otherwise in relation thereto

38. Notwithstanding anything contained in these Articles, the Company, its directors or its members shall promptly register any transfer of shares and may not suspend registration thereof where such transfer:

- (a) is to the bank or institution to which such shares have been charged by way of security, whether as agent and security trustee for or group of banks or institutions or otherwise, or to any nominee or any assignee of such a bank or institution (a "Seamed Institution"), or
- (b) is delivered to the Company for registration by a Seamed Institution or its nominee in order to perfect its security over the shares, or
- (c) is encumbered by a Seamed Institution or its nominee pursuant to the power of sale or other power under such security,

and furthermore notwithstanding anything to the contrary contained in these Articles no transfer of any shares in the Company or *