

Company Number 3742928

THE COMPANIES ACT 1985-1989
PRIVATE COMPANY LIMITED BY SHARES
MEMORANDUM AND ARTICLES OF ASSOCIATION
OF
UBH INTERNATIONAL LIMITED

INCORPORATED 29 March 1999
As amended by Special Resolutions
dated 21 May 1999, 21 July 1999,
28 April 2000, 23 February 2001,
2 September 2002, 29 September 2004,
20 July 2006, 24 April 2009 ,28 May 2010
15 June 2012 and 2 June 2017



THE COMPANIES ACT 1985 TO 1989

PRIVATE COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION OF

UBH INTERNATIONAL LIMITED

**As amended by Special Resolutions dated 21 May 1999, 21 July 1999,
2 September 2002 and 29 September 2004**

1. The Company's name is UBH INTERNATIONAL LIMITED
2. The Company's registered office is to be situated in England and Wales.
3. The Company's objects are:
 - A (a) To carry on the business of a general commercial trading company and as an holding company and to acquire (by purchase subscription or otherwise) and hold by way of investment any shares, stocks, bonds, obligations or securities issued or guaranteed by any company constituted or carrying on business in any part of the world or by an government, sovereign ruler, commissioners, public body or authority, supreme, municipal, local or otherwise, to exercise and enforce all rights and powers conferred by or incidental to the ownership thereof, and generally to carry on the business of an investment holding company in all its aspects.
 - (a)(i) To carry on a successful, professionally managed business in direct or indirect employee ownership with a partnership culture.
 - (b) To act as the holding company and to co-ordinate the administration of and to provide advisory, administrative, management and other services in connection with the activities of any companies which are for the time being subsidiaries of the Company.
 - (c) To sell, exchange, transfer or dispose of from time to time the undertaking or any part of the undertaking of the Company and any shares, stocks, bonds, obligations or securities held by the Company for the time being and to incorporate or acquire subsidiaries of the Company for the time being.
 - (d) To carry on business as general merchants and traders, cash and credit traders, manufacturers' agents and representatives, insurance brokers and consultants, estate and advertising agents, mortgage brokers, financial

agents, advisers, managers and administrators, hire purchase and general financiers, brokers and agents, commission agents, importers and exporters, manufacturers, retailers, wholesalers, buyers, sellers, distributors, and shippers of and dealers in all products, goods, wares, merchandise and produce of every description; to participate in, undertake, perform and carry on all kinds of commercial industrial, trading and financial operations and enterprises; to carry on all of the businesses of marketing and business consultants, advertising agents, and contractors, general storekeepers, warehousemen, discount traders, mail order specialists, shipping and forwarding agents, either on the Company's own account or otherwise, printers or publishers, haulage and transport contractors, garage proprietors, operators, hirers, and dealers in vehicles, craft, plant machinery and equipment of all kinds

- (B) (a) To carry on any other trade or business whatsoever which can in the opinion of the Company be advantageously carried on by the Company incidental to or conducive to or ancillary to any of the objects of the Company or is calculated directly to benefit the Company or enhance the value of or render profitable any of the Company's property or rights or is required by any client or customer or persons (legal or natural) dealing with the Company
- (b) To purchase, take on lease or in exchange, hire or otherwise acquire and hold for any estate or interest any lands, buildings, easements, rights, privileges, concessions, patent rights, licences, secret processes, property of any kind necessary or convenient for the purpose of or in connection with the Company's objects or any branch or department thereof.
- (c) To erect, construct, lay down, enlarge, alter and maintain any shops, stores, factories, buildings, works, ways, plant and machinery necessary or convenient for the company's objects and to contribute to or subsidise the erection, construction and maintenance of any of the above.
- (d) To borrow or raise or secure the payment of any money for the purposes of the Company and in connection with the borrowing or raising of money by the Company to become a member of any Building Society and to give financial assistance for the purpose of the acquisition of all or part of the issued share capital of the Company or any subsidiary.
- (e) To mortgage and charge the undertaking and all or any of the real or personal property and assets, present and future, and to issue at par or at a premium or discount, and for such consideration and with and subject to such rights, powers and privileges and conditions as may be thought fit, debentures or debenture stock, either permanent or repayable, or further to secure any securities of the Company by a trust deed or other assurance.
- (f) To issue and deposit any securities which the Company has the power to issue by way of mortgage to secure any sum and also to give security for or otherwise guarantee the performance of any contracts or obligations of the

Company or subsidiary of the Company or any undertaking in which the Company is interested, whether directly or indirectly.

- (g) To receive money on deposit or loan upon such terms as the Company may approve and to guarantee the obligations and contracts of clients and customers including members of the Company.
- (h) To draw, make, accept, endorse, negotiate, discount and execute promissory notes, bills of exchange, cheques and other negotiable instruments.
- (i) To invest and deal with the monies of the Company not immediately required for the purposes of its objects in or upon such investments or securities and in such manner as may from time to time be determined by the Company.
- (j) To accept payment for any property or rights sold or otherwise disposed of or dealt with by the Company either in cash, by instalments or otherwise, or in fully or partly paid up shares of any company or corporation, with or without deferred or preferred or special rights or restrictions in respect of dividend, repayment of capital, voting or otherwise, or in mortgage debentures or debenture stock, mortgages or other securities of any company or corporation, or partly in one mode and partly in another, and generally on such terms as the Company may determine, and to hold, dispose of or otherwise deal with any shares, stock or securities so acquired.
- (k) To enter into any partnership or joint-purse arrangement for sharing profits, union or interests or co-operation, or amalgamate with any company, firm or person carrying on or proposing to carry on any objects within the objects of the Company, and to acquire and hold, sell, deal with or dispose of or otherwise deal with any shares, stock, securities or property of and to subsidise or otherwise assist any such body.
- (l) To establish promote or concur in establishing or promoting any company, firm, co-operative or other organisation the promotion of which shall in any manner be calculated to advance directly or indirectly the objects or interests of the Company, and to acquire and hold or dispose of shares, stock, securities or property issued by or any other obligations of such organisation.
- (m) To make any charitable or benevolent donation or covenant or gift for the public good either in cash or assets which the Company may deem expedient.
- (o) To make, publish, supply, sell or deal in books, periodicals, audio film and video recordings, and other publications in any medium or any other educational or training materials

- (p) To obtain, acquire and purchase all necessary permits, licences or trade marks and other intellectual property rights required for the purpose of enabling the Company to carry on its objects upon such terms and conditions as it may think fit.
- (q) To sell improve, manage, develop, turn to account, exchange, let on rent, royalty, share of profits or otherwise, grant easements, licences and other rights in or over, and in any other manner deal with or dispose of the undertaking and any or all of the property and assets for the time being of the Company for such consideration as the Company may think fit.
- (r) To provide financial assistance to and to issue shares to trustees to hold for the benefit of employees or ex-employees of the Company or any subsidiary of the Company (whether for pensions, employee share schemes or otherwise) and to provide financial assistance including guarantees to third parties and to aid generally in the establishment of any trusts for the benefit of such employees generally or which will assist the long term participative management of the Company or any of its subsidiaries.

And it is hereby declared that the objects specified in each paragraph of this clause shall, except where otherwise expressed in such paragraph, be independent main objects and shall in no way be limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company.

- 4. The liability of the members is limited.
- 5. The Company's Share Capital is £10,000,000 divided into 10,000,000 shares of £1.00 each.

We, the Subscribers of this Memorandum of Association, wish to be formed into a Company pursuant to this Memorandum and we agree to take the number of shares shown opposite our respective names.

NAME AND ADDRESSES
OF SUBSCRIBERS

NUMBER OF SHARES TAKEN
BY EACH SUBSCRIBER

GRAHAM STEPHENS
16 Churchill Way
Cardiff
CF1 4DX

One

SIAN JONES
16 Churchill Way
Cardiff
CF1 4DX

One

Dated this First day of March 1999

Witness to the above Signatures:

STEVEN BLACKMORE
16 Churchill Way
Cardiff
CF1 4DX

THE COMPANIES ACT 1985 to 1989
PRIVATE COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION OF
UBH INTERNATIONAL LIMITED

(As amended by special resolutions passed on 21 May 1999, 21 July 1999, 28 April 2000,
23 February 2001, 2 September 2002, 29 September 2004, 20 July 2006, 24 April 2009, 28
May 2010, 15 June 2012 and 2 June 2017)

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PRELIMINARY

1. Subject as hereinafter provided the regulations contained in Table A of the Companies (Tables A-F) Regulations 1985 (which regulations are hereinafter called Table A) shall apply to the Company but in case of any variation or inconsistency between these Articles and Table A these Articles shall prevail.

INTERPRETATION

2. (1) In regulation 1 of Table A the words "and in any articles adopting the same" shall be inserted between the words "regulations" and "the Act" and the words "or in any articles adopting the same" shall be inserted between the words "regulations" and "bear". Regulations 73-77 inclusive shall not apply to the Company and the words "subject as aforesaid" shall be deleted from regulations 78 and 80.

- (2) In these Articles where the context so admits:

"Act" means the Companies Act 1985

"Added Value" means the gross profit as shown in the audited consolidated profit and loss account of the Company for the relevant financial year, before deducting emoluments of every description including, without limitation, salaries, director's fees, bonuses, commissions, profit shares under any incentive scheme, pension contributions payable by the Company or any Subsidiary of the Company and benefits in kind quantified for income tax purposes but after deducting the costs of all goods and services purchased by the Company from outside suppliers and depreciation;

"Baxi Contribution Share"	means the redeemable preferred ordinary share of £1 in the share capital of the Company having the rights and being subject to the restrictions set out in Article 4
"Company"	means UBH International Limited and where the context so admits any Subsidiary of the Company
"Dealing Day"	means in each financial year a day to be determined by the Directors
"Dealing Day Rules"	means Dealing Day rules agreed between the Company and the Employee Share Trusts.
"Employee"	means a person for the time being in the bona fide employment (whether full or part-time) of the Company or any Subsidiary of the Company including any officer of the Company or any such Subsidiary holding a salaried employment or office under the Company or any such Subsidiary.
"Employee Director"	means a director of the Company elected or appointed pursuant to Article 20.
"Employee Share Trust"	means an employees' share scheme within the meaning of Section 743 of the Act constituted by a trust established by the Company (but not including any Inland Revenue approved profit sharing scheme) and (where appropriate) means the trustees thereof.
"Fully Qualifying Employee"	means a Qualifying Employee who has purchased Ordinary Shares of the relevant value as set out in the Rules
"ICTA"	means the Income and Corporation Taxes Act 1988.
"Listing"	means a successful application being made to any recognised investment exchange for all or any of the Ordinary Shares of the Company to be admitted to that exchange
"Manager Director"	means a director of the Company appointed pursuant to Article 21.
"Market Value"	means the market value (determined in accordance with Sections 272 and 273 Taxation of Chargeable

Gains Act 1992) of an Ordinary Share of the Company certified by the Company's Professional Advisers in their latest certificate or revised certificate issued under Articles 10(1) and 10(2).

- "Ordinary Shares" means the Ordinary Shares of £1.00 each in the Company having the rights described in Article 4 below.
- "Participating Dividend" means the dividend payable on the Baxi Contribution Shares pursuant to Article 4(1)(a) including any arrears thereof.
- "Professional Advisers" means the auditors or other professional advisers of the Company, in either case approved by the Employee Directors for the purposes of determining Market Value.
- "Qualifying Employee" means an Employee entitled to become a member of the Company under the Rules.
- "Rules" means the rules formulated under Article 5
- "Sale" means the date of completion of a sale or transfer of shares in the Company which would if such were registered result in any person (or persons who in relation to each other are acting in concert (and persons acting in concert shall comprise persons who, pursuant to an agreement or understanding (whether formal or informal) actively co operate through the acquisition by any of them of shares in the Company)) acquiring more than 50% of the Shares (and for the purpose of these articles, the persons who are holders of Ordinary Shares at the date of adoption of these articles shall not be deemed to be acting in concert together);
- "Shares" means Ordinary Shares, the Baxi Contribution Share and non-voting Ordinary Shares
- "Share Scheme" means any all employee share ownership plan created by the Company which satisfies Schedule 8 of the Finance Act 2000 and any other all employee scheme established by the Company (whether or not approved by the Inland Revenue) providing for shares to be appropriated to or acquired by Employees which gives them a continuing stake in the Company.

"Shareholding limit"	means 5% of the Shares in issue.
"Subsidiary"	has the meaning ascribed to it by Section 736 Companies Act 1985.
"Transfer Event"	means a shareholder (other than an Employee Share Trust or a Share Scheme): <ul style="list-style-type: none"> (a) ceasing to be an Employee or a director of the Company or any of its Subsidiaries (in circumstances where he does not immediately become or continue to be an officer or Employee of the Company or its subsidiaries) due to his retirement at normal retirement age (normal retirement age to be determined by reference to his terms of employment with the Company and any relevant custom and practice within the Company); or (b) ceasing to be an Employee or a director of the Company or any of its Subsidiaries (in circumstances where he does not immediately become or continue to be an officer or Employee of the Company or its Subsidiaries) due to his leaving voluntarily or being dismissed for a reason other than one set out in (a) above; or (c) dying, or (d) being declared bankrupt or making any composition or arrangement with his creditors; (e) acquiring a holding of Ordinary Shares in excess of the Shareholding Limit or having appropriated to him under a profit sharing scheme such number of Ordinary Shares which if held by him would cause his total holding of Ordinary Shares to exceed the Shareholding Limit in which case a Transfer Event will apply to such number of Ordinary Shares already held by him as reduce his holding including shares appropriated to him under a profit sharing scheme to below the Shareholding Limit.

- (3) References to the masculine gender include the feminine and vice versa.

SHARES

3. (1) The share capital of the Company is ten million pounds (£10,000,000) divided into nine million nine hundred and seventy four thousand and ninety nine Ordinary Shares of one pound (£1.00) each, one Baxi Contribution Share of one pound (£1.00) and twenty five thousand non-voting Ordinary Shares of one pound (£1.00). The Ordinary Shares, the Baxi Contribution Share and the non-voting Ordinary Shares shall be separate classes of shares and, save as otherwise provided herein, shall rank pari passu in all respects.
- (2) Subject to the provisions of the Act the Company may purchase its own shares.
- (3) The Company shall not be required to state distinguishing numbers on the Share Certificates issued by the Company and Regulation 6 of Table A shall be amended accordingly.

RIGHTS ATTACHING TO SHARES

4. The rights attaching to the Ordinary Shares, the Baxi Contribution Share and the non-voting Ordinary Shares are as follows:

(1) **Income**

The profits of the Company that are available for distribution shall be applied as follows:

- (a) First, the holder of the Baxi Contribution Share shall be entitled to receive, in priority to any rights of the holders of any other class of shares in the Company, a preferential participating dividend of 5% of the Added Value for that financial year. The Company shall notify the holder of the Baxi Contribution Share of the amount of the Participating Dividend not later than 7 months after the end of each accounting reference period of the Company or 7 days after the signature of the auditors report by the Company's auditors, whichever is the earliest. Within ten clear days of receiving such notification from the Company, the holder of the Baxi Contribution Share shall notify the Company in writing ("a Dividend Notice") either that it waives the right to receive some or all of the specified Participating Dividend or instructing the Company to pay the Participating Dividend within seven clear days of the date on which the Company receives the Dividend Notice. If the holder of the Baxi Contribution Share fails to give a Dividend Notice to the Company, such holder shall be deemed to have waived the specified Participating Dividend.
- (b) If the Participating Dividend (if payable) has been paid in full, the

profits which the Company may determine to distribute in respect of any financial year shall be distributed to the holders of the Shares, provided that if the holder of the Baxi Contribution Share has already received a Participating Dividend for the relevant financial year in accordance with article 4(1)(a), such holder shall be deemed, without the need to give any further notice to the Company, to have waived any right to receive any dividend in the relevant financial year in respect of any Shares which they hold.

- (c) Dividends shall accrue on a daily basis and shall be distributed amongst the shareholders of the relevant class pro rata according to the amounts paid up or credited as paid up on the Shares held by them respectively.
- (d) Unless the Company is prohibited from paying dividends by the Act the Participating Dividend shall (notwithstanding regulations 102-108 inclusive or any other provision of these articles and, in particular, notwithstanding that there has not been a recommendation of the Directors or resolution of the Company in general meeting) be paid immediately on the due date and if not then paid shall be a debt due by the Company and payable in priority to any other dividend.
- (e) If the Company fails to pay any dividend on the date specified by these articles, interest thereon shall accrue from that date until payment at the rate of 2% per annum above the base rate of The Bank of Scotland plc from time to time.
- (f) Where the Company is precluded by the Act from paying in full any dividend on the date specified by these articles the Company shall pay on that date the maximum sum (if any) which can then lawfully be paid by the Company on account of such dividend and, as soon as the Company is no longer precluded from doing so, the Company shall continue to pay the maximum amount which it may lawfully pay on account of such dividend and any accrued interest until the whole of the dividend (together with any accrued interest) has been paid in full.
- (g) The Company shall procure that each of its Subsidiaries which has profits available for distribution shall from time to time declare and pay to the Company such dividends as are necessary to permit lawful and prompt payment by the Company of any Participating Dividend.

(2) **Redemption of the Baxi Contribution Share**

Subject to the provisions of the Act, the Baxi Contribution Share shall be redeemed immediately on a Sale or a Listing. On such date the Company shall pay to the holder of the Baxi Contribution Share any arrears of the Participating Dividend together with the sum of £1.00 and upon receipt of that amount the right to a Participating Dividend shall cease and the holder of the Baxi Contribution Share shall surrender to the Company the certificate for the Baxi

Contribution Share.

(3) **Capital**

On a return of assets on liquidation or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied as follows:

- (a) first, in paying to the holder of the Baxi Contribution Share any arrears of the Participating Dividend together with the sum of £1.00 and upon receipt of that amount such holder shall surrender to the Company the certificate for the Baxi Contribution Share; and
- (b) second, any surplus shall be distributed amongst the holders of the Shares pro rata to the amounts paid up on each share.

(4) **Voting**

- (a) Subject to any rights and restrictions attached to any Shares, on a show of hands and on a poll every member who is present in person, by representative or by proxy shall have one vote and every member who is so present who is also a Fully Qualifying Employee shall have two votes.
- (b) If at the date of the notice convening the General Meeting, the Participating Dividend or any part of it is in arrears, the holder of the Baxi Contribution Share who is present in person, by representative or by proxy shall have such number of votes on a show of hands or on a poll which, when aggregated with the number of votes attaching to any other shares held by that member, equals the total number of votes cast by holders of the Ordinary Shares.
- (c) The holder of the non-voting Ordinary Shares shall have no rights to vote at any General Meeting of the Company whether on a show of hands or on a poll or ballot, but shall be entitled to vote at any separate meeting called in respect of the non-voting Ordinary Shares as a class.
- (d) Regulation 54 shall not apply.

- 4(A) Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, only with the consent in writing of the holders of not less than 75% 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 shares of that class but not otherwise. To every such separate meeting all the provisions of these Articles relating to general meetings of the Company shall, mutatis mutandis apply, except that the necessary quorum shall be one or more persons alone or together holding at least or representing by proxy or by the authorised representative of a corporate member one third of the nominal amount of the

issued shares of that class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those members who are present shall be a quorum). Without prejudice to the generality of this article, the special rights attached to the Baxi Contribution Share shall be deemed to be varied by:

- (1) the sale, transfer or disposal of any share in the share capital of the Company or of any Subsidiary of the Company and the sale, transfer or disposal by any such Subsidiary of any share in the share capital of any other Subsidiary of the Company;
- (2) alteration or variation of the authorised share capital of the Company or of any Subsidiary of the Company (including the subdivision or consolidation of any share) or the rights, privileges and restrictions attaching to any class of share in the share capital of the Company or of any Subsidiary of the Company;
- (3) the issue of any share in the share capital of the Company or of any Subsidiary of the Company;
- (4) the grant of any option or other right to subscribe for shares in the Company or any Subsidiary of the Company;
- (5) (save for the redemption of the Baxi Contribution Share in accordance with the Articles of Association) the purchase or redemption of any share in the share capital of the Company by the Company and the purchase or redemption by any Subsidiary of the Company of any share in its own share capital;
- (6) a change in the accounting reference date of the Company or any Subsidiary of the Company;
- (7) a change in the auditors to the Company or any Subsidiary of the Company;
- (8) either the Company or any Subsidiary of the Company selling, transferring or disposing of the whole or a substantial part of its business or materially changing the nature of its business,
- (9) either the Company or any Subsidiary of the Company selling, transferring or disposing of any asset other than in the ordinary course of business,
- (10) either the Company or any Subsidiary of the Company altering the authority given to directors to borrow money, give guarantees or create charges,
- (11) either the Company or any Subsidiary of the Company passing any

resolution to authorise the giving of financial assistance for the purchase of its own shares,

- (12) either the Company or any Subsidiary of the Company passing any elective resolution;
- (13) either the Company or any Subsidiary of the Company calling a meeting to effect or approve any matter which would, by virtue of the articles of association, be a variation of the class rights of the Baxi Contribution Share;
- (14) either the Company or any Subsidiary of the Company advancing or lending any money or granting guarantees (with or without security);
- (15) either the Company or any Subsidiary of the Company having any transaction, dealing or trade which is not for full value and on an arms length basis;
- (16) alteration of the Memorandum or Articles of Association of the Company or of any Subsidiary of the Company;
- (17) either the Company or any Subsidiary of the Company subscribing for, purchasing or otherwise acquiring or investing in, or selling, transferring or otherwise disposing of, any share, stock, debenture or other interest or security in any company, joint venture or partnership;
- (18) a resolution to wind-up or petition for the administration of or request the appointment of a receiver to the Company or any Subsidiary of the Company being proposed" or
- (19) a resolution to remove a director of the Company under Section 303 of the Act.

SHARE SUBSCRIPTION BY NEW MEMBERS

- 5. The Company may make, by agreement between the Directors and the directors of UBH EBT Limited (as trustee of the UBH Employee Benefit Trust), rules from time to time determining the necessary qualifications required for any Employee to become a member. Such qualifications may include requirements for minimum length of service with the Company or any Subsidiary of the Company, requirements for the purchase of certain quantities of shares in the Company or the maintenance of a loan account with the Company or any Employee Share Trust or such other conditions as the Company reasonably thinks fit.
- 6. (1) In accordance with Section 80 of the Act and subject as hereinafter provided the Directors are hereby authorised during the period of five years from the date of the original incorporation of the Company (and the period or periods of any renewal or renewals of that authority pursuant to the said section)

generally to exercise the power of the Company to allot relevant securities and to make offers and agreements which would or might require relevant securities (whether before or after expiry of such authority) to be allotted but so that the authority hereby given shall be limited to allotment of relevant securities to an aggregate maximum amount equal to the authorised share capital of the Company upon adoption of these articles.

- (2) In exercising such authority and in relation to any allotment to which the said Section 80 does not apply the Directors may allot relevant securities subject to the provisions of Article 7 and Article 8 to such person at such times and generally on such terms and conditions as the Directors think proper.
 - (3) In this Article "relevant securities" has the meaning ascribed to it in sub-Section 80(2) of the Act and any reference to allotment of relevant securities shall include not only such allotment as is referred to in the said sub-section but also allotment of shares pursuant to such a right as is mentioned in the said sub-section.
 - (4) Nothing in this Article shall authorise any allotment which would constitute an offence under Section 81 or be prohibited under Section 100 of the Act.
7. (1) By virtue of Section 91 of the Act Sections 89(1) and 90(1) to (6) of the Act shall be excluded from applying to the Company.
- (2) The authorised and issued share capital of the Company shall consist only of Ordinary Shares, the Baxi Contribution Share and non-voting Ordinary Shares. Subject to article 8 and any direction to the contrary which may be given by special resolution of the Company, all unissued Ordinary Shares which are to be issued shall be offered on identical terms to all the members holding Ordinary Shares at the date of such offer in proportion, as nearly as possible, to their existing holdings of Ordinary Shares. The offer shall be made by notice specifying the number of Ordinary Shares offered, the subscription price and a period, not being less than twenty one clear days, within which the offer, if not accepted, will be deemed to have been declined. A member shall be entitled to accept the offer for all or any of the Ordinary Shares offered to him. If the offers are not accepted in respect of all the Ordinary Shares offered, the directors shall offer the remaining Ordinary Shares to those members who accepted the first offer in proportion, as nearly as possible, to their existing holdings of Ordinary Shares. At the expiration of the first offer and, if one is made, the new offer, the accepting members shall pay the subscription price and the directors shall allot the Ordinary Shares accordingly.
- (3) For the purposes of this Article where any person is unconditionally entitled to be registered as the holder of a share he and not the person actually registered as the holder thereof shall be deemed to be a member of the Company in relation to that share
8. (1) The Directors may, subject to Article 8(3) below, allot such number of

Ordinary Shares as is specified in the Rules to any Qualifying Employee who:

- (a) (not having any shares) makes an application (in the form prescribed from time to time by the Directors) for a minimum number of Ordinary Shares specified in the Rules; and
 - (b) provides the Directors with the necessary sums required to pay up the said shares or otherwise comply with any of the financial conditions imposed by the Rules.
- (2) The Directors may, subject to Article 8(3) below, at any time at their discretion issue Ordinary Shares to an Employee Share Trust and to a Share Scheme.
- (3) Article 7 (save for Article 7(1)) shall not apply to the issue of Ordinary Shares under this Article 8.

SHAREHOLDING LIMIT

8. (A) Unless otherwise determined by a special resolution, no member, other than the trustees of any Employee Share Trust or the holder of the Basic Contribution Share, shall be entitled to hold or have any beneficial interest in, whether by issue or transfer of shares, more than his Shareholding Limit and the directors shall not register any transfer of shares which would cause a member's Shareholding Limit to be exceeded. If any member applies for shares which would cause his Shareholding Limit to be exceeded such application shall be deemed to be for such number of shares as would result in his holding being equal to his Shareholding Limit.

LIEN

9. The Company shall have a first and paramount lien on all shares (whether or not fully paid) standing registered in the name of any person whether he shall be the sole registered holder thereof or shall be one of two or more joint holders for all moneys presently payable by him or his estate to the Company and regulation 8 of Table A shall be modified accordingly.

MARKET VALUE

10. (1) The Board of Directors of the Company shall forthwith upon the audited consolidated accounts of the Company having been agreed with the auditors for the time being of the Company and the auditors having given their report pursuant to Section 236 of the Act request the Professional Advisers to prepare and deliver to the Board of Directors a Certificate of Market Value. In giving such certificate the Professional Advisers shall act as experts and not arbitrators and their determination of Market Value shall be binding under the provisions of the Articles.

- (2) In the event that the Directors of the Company so resolve at any time the Professional Advisers of the Company shall prepare a certificate revising the latest certificate produced pursuant to paragraph (1) above so as to re-assess Market Value as at the date stipulated in that resolution.
- (3) Following receipt of a certificate under paragraph (1) or (2) above the Board of Directors shall issue to the members of the Company holding Ordinary Shares a notice in writing specifying the Market Value and a Dealing Day. The Dealing Day will take place on a date to be determined by the Board of Directors and at least fourteen days notice of the Dealing Day will be given.

TRANSFERS

- 11. (1) Regulation 23 of Table A shall be read subject to the provisions of Article 12 hereof and in regulation 24 of Table A the words from "refuse to register the" to "may also" inclusive shall be deleted.
- (2) Shares may only be transferred in accordance with Articles 12 and 13.
- 12. (1) An Employee Share Trust may at any time transfer any of the Shares of which it is holder to one or more other Employee Share Trusts or to one or more Share Schemes or to the new trustees of any Employee Share Trust on the occasion of a change in the identity of the trustees of such trust or to Qualifying Employees.
- (2) A Share Scheme may at any time transfer any of the Shares of which it is holder to Qualifying Employees or their personal representatives in accordance with any rules it shall establish from time to time or to any ex-Employee of the Company in accordance with its rules.
- 13. (1) Except as hereinafter provided and subject to Article 12 no Share in the Company nor any beneficial interest in any such Share shall be transferred unless and until the rights of pre-emption hereinafter conferred shall have been exhausted and any purported dealing with or disposition of any such Share or interest shall be deemed to constitute a desire on the part of the holder to transfer the relevant Share.
- (2) Every member who desires to transfer any Share or Shares shall give to the Company notice in writing of such desire specifying the number of Shares he wishes to transfer (hereinafter called a "transfer notice") and every member in respect of whom a Transfer Event occurs shall be deemed to have given at the time specified in paragraph (5) below a transfer notice in respect of all Shares held by him (or, if the Transfer Event occurs by reason of a member's Shareholding Limit being exceeded, that member shall be deemed to have given a transfer notice in respect of such number of Shares already held which, if disposed of, would take his holding below the Shareholding Limit). Every member who serves or is deemed to have served a transfer notice is hereinafter

referred to as "the vendor".

- (3) No member whose shares are regarded as being the subject of a Transfer Event by reason of the occurrence of any event falling into category (a) of the defined Transfer Events, but in relation to whom a transfer notice is not yet deemed to have been given, may give a transfer notice without the consent of the Employee Share Trusts.
- (4) Subject as hereinafter mentioned a transfer notice or deemed transfer notice shall constitute the Company the vendor's agent for the sale of the Share or Shares specified therein (hereinafter called "the said shares") at the Market Value as at the date of the relevant acceptance under paragraph (6) or (7) below.
- (5) A member shall be deemed to have given a transfer notice at the following times in relation to the following Transfer Events:-

Transfer Event	Time
(a) ceasing employment due to retirement at normal retirement age of the Company	on the fifth anniversary of retirement
(b) ceasing employment due to retirement because of ill health.	on the fifth anniversary of retirement.
(c) ceasing employment voluntarily or by reason of redundancy	on the fifth anniversary of retirement
(d) death	immediately
(e) bankruptcy	immediately
(f) exceeding shareholder limit	immediately
(g) dismissal	on the fifth anniversary of dismissal.

- (6) If there then subsists any Employee Share Trust the Company shall first offer the said shares to one or more Employee Share Trusts (and, if more than one, in such proportions as the Directors may in their discretion determine) such offer to be made in writing ("the first offer notice") and to be open for acceptance (in whole or in part) for 14 days (or such lesser period as each offeree may agree) from the date of the first offer notice by notice in writing to the Company.
- (7) The Employee Share Trust may, with the agreement of the Shareholders, agree to suspend the acceptance of shares for such period or periods up to five years

as it deems fit if it considers that it is in the best interests of the Shareholders to do so.

- (8) If there is no such Employee Share Trust or any of the said shares are not accepted by an Employee Share Trust within the period specified in paragraph (6) the following will apply:
- (a) the said shares or the balance of the said shares as the case may be shall be offered in writing to the Qualifying Employees (as at the next Dealing Day) other than any being a member whose Shares or any of whose Shares are then the subject of a transfer notice or deemed transfer notice ("the second offer notice")
 - (b) such offer will be made on the next Dealing Day which follows either:
 - the date of the transfer notice; or
 - the date of the Transfer Event; or
 - the expiry of the period referred to in paragraph (6) above (if the said shares have been offered to one or more Employee Share Trusts)
 - (c) such offer will be made to Qualifying Employees who have indicated a wish to purchase Shares according to the Dealing Day rules and in the proportions set out in the Dealing Day Rules and shall be open for acceptance for 21 days from the date of the second offer notice by notice in writing to the Company.
- (9) In the event that a transfer notice is deemed to have been served by a member the Company shall be deemed to have authority to retain such Shares and continue to offer all or any of the Shares which are the subject of such notice at every Dealing Day after the date of the Transfer Event to which such notice relates until they have respectively been transferred and the transfer either has been registered or is such that the Directors may not refuse to register it
- (10) If the said Qualifying Employees (under paragraph (8) above) shall within the relevant period apply for all or (except where the transfer notice provides otherwise) any of the said shares the Directors shall allocate the said shares (or so many of them as shall be applied for as aforesaid) to or amongst the applicants and in case of competition amongst the categories of Qualifying Employees in accordance with the Dealing Day Rules.
- (11) The Company shall forthwith give notice of such allocations (hereinafter called an "allocation notice") to the vendor and to the persons to whom the Shares have been allocated and shall specify in such notice the place and time (being not earlier than fourteen and not later than twenty-eight days after the date of the notice) at which the sale of the Shares so allocated shall be completed.

- (12) The vendor shall be bound to transfer the Shares comprised in an allocation notice to the purchasers named therein at the time and place therein specified and if he shall fail to do so the chairman of the Company or some other person appointed by the Directors shall be deemed to have been appointed attorney of the vendor with full power to execute complete and deliver in the name and on behalf of the vendor a transfer of the Shares to the purchasers thereof against payment of the price to the Company. On payment of the price to the Company the purchaser shall be deemed to have obtained a good discharge for such payment and on execution and delivery of the transfer the purchaser shall (subject to the transfer being duly stamped) be entitled to insist upon his name being entered in the register of members as the holder by transfer of the shares. The Company shall forthwith pay the price into a bank account in the name UBH (EBT) Limited as trustee of the UBH International Limited Employee Share Trust, which shall hold such monies in trust for the vendor. If UBH(EBT) Limited does not, within a period of 15 years from receipt of the price by UBH(EBT) Limited receive a valid claim for such monies, UBH(EBT) Limited may then apply such monies generally for the purposes of the Trust Fund.
- (13) If insufficient applicants are found for all Shares offered to members at a Dealing Day the following principles will apply:
- (a) The Directors may, at their discretion, permit any existing Employee Share Trust to purchase Shares, if an insufficient number of Qualifying Employees have applied for Shares under (10) above.
 - (b) Shares available by reason of the occurrence of a Transfer Event will be sold in priority to other Shares in an order of priority determined by the Dealing Day Rules.
 - (c) A member voluntarily serving a transfer notice shall be entitled to state in his transfer notice that unless all his Shares are sold none shall be sold and if a member has so specified and all his Shares are not sold in accordance with the foregoing then any transfer notice served by that member shall be deemed to have been revoked.
 - (d) Allocations of Shares the subject of transfer notices served voluntarily shall be made according to the Dealing Day Rules.
- (14) The provisions of paragraphs (1) to (12) of this Article 13 will apply to Shares appropriated to a Qualifying Employee under a Share Scheme where a Transfer Event occurs in relation to that person, with the following proviso: the time periods set out in Article 13(3) will begin to run when the relevant Transfer Event occurs, but subject to a transfer notice being deemed to have been given at the earliest when Shares have been transferred to such person.
- (15) Notwithstanding the foregoing provisions of this Article the Directors:
- (a) shall not register any transfer of any Share other than to Qualifying

Employees, any Employee Share Trust, or any Share Scheme;

- (b) may in their absolute discretion decline to register any transfer of any Shares on which the Company has a lien;
 - (c) may in their absolute discretion decline to register any transfer arising out of a member voluntarily serving a transfer notice; and
 - (d) may in their absolute discretion decline to register any transfer other than to an Employee Share Trust.
- (16) The transfer of Shares shall additionally be subject to such other dealing regulations as the Directors may from time to time authorise PROVIDED THAT any such regulations shall not conflict with the provisions of this Article
- (17) For the purpose of this Article (but without prejudice to paragraph (1) above) where any person is unconditionally entitled to be registered as the holder of a share he and not the registered holder of such share shall be deemed to be a member of the Company in respect of that share.

GENERAL MEETINGS

- 13 (A) An extraordinary general meeting of the company may be requisitioned by at least 15 Qualifying Employees, even if at the date of deposit of the requisition such Employees do not hold the proportion of the paid-up share capital of the Company required by members to requisition an extraordinary general meeting under section 368 of the Act, which section shall otherwise apply to such requisition.

CORPORATE REPRESENTATIVE

- 13 (B) A corporate member may by resolution of its directors or other governing body authorise such one person as it thinks fit to act as its representative at general meetings of the Company. The authorised person may exercise the same powers on behalf of the grantor of the authority as the grantor could exercise if it were an individual member.

PROCEEDINGS AT GENERAL MEETINGS

- 14 All business shall be deemed special that is transacted at an extraordinary general meeting and also all that is transacted at an annual general meeting with the exception of declaring a dividend the consideration of the accounts balance sheets and the reports of the Directors and auditors and appointment of and the fixing of the remuneration of the auditors. Full opportunity shall be provided at each annual general meeting for debate on the affairs of the Company.

- 15 In regulation 40 of Table A the words "The greatest whole number which is equal to not less than 20% of the total number of holders of Ordinary Shares (but subject to a minimum of two) of" shall be substituted for the word "Two". In regulation 41 of Table A the words "and if at any adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting or if during an adjourned meeting such a quorum ceases to be present the members present shall be a quorum" shall be added after the words "directors may determine".
- 16 A poll may be demanded at any general meeting by any one member present in person or by proxy and entitled to vote. Paragraph (b) of regulation 46 of Table A shall be modified accordingly and paragraphs (c) and (d) thereof shall not apply. Regulation 50 of Table A shall not apply.
- 16 (A) In addition to the members of the Company Employees shall be entitled to receive notice of and to attend general meetings of the Company but any such person who is not also a member of the Company shall not be counted in any quorum nor have any right to vote on any resolution, nor, subject to regulation 44 of Table A, have any right to speak to any such meeting.
- (B) The holder of the non-voting Ordinary Shares shall have no right to attend any general meeting of the Company, but shall have the right to attend or be represented by a proxy at any separate meeting of the holders of the non-voting Ordinary Shares as a class. The holders of the non-voting Ordinary Shares shall also have a right to request the Board to permit attendance at a general meeting of the Company and such request shall be approved or denied in the absolute discretion of the Board.

SPECIAL CONSENTS

- 17 The following matters shall be deemed to require a Special Resolution as if such had been required under the terms of the Act:
- (1) any resolution to wind up or dissolve the Company or any Subsidiary of the Company;
 - (2) any disposal of the whole or substantially the whole of the undertaking of the Company and/or any Subsidiaries of the Company whether by way of asset transfer disposal of the share capital of any of its Subsidiaries or otherwise;
 - (3) any substantial change in the nature of the business of the Company and its Subsidiaries (if any) taken as a whole;
 - (4) the granting of options over or any alteration or variation or reduction (including reduction of uncalled liability) of the authorised capital of the Company or any alteration or variation of any of the rights attached to any of the shares for the time being in the capital of the Company or the issue (other than pursuant to the Offer Document referred to in Article 7(2)) by the

Company of shares or rights to subscribe for shares which rank in priority to the Ordinary Shares whether as regards dividends rights to a return of capital in a winding up voting rights at any general or other meeting or otherwise;

- (5) any change in the status of the Company to a public limited company or any application to have any shares of the Company listed or admitted to dealing on the Stock Exchange, the Unlisted Securities Market the Third Market or any other stock exchange;
- (6) the allotment of any shares on terms that the right to take up such shares may be renounced in favour of or assigned to another;
- (7) the acquisition of any company or business the net asset value of which including good will is equal to 20% or more of the Company's net assets; and
- (8) any amendment to these Articles or to the Company's Memorandum of Association.

APPOINTMENT AND REMOVAL OF DIRECTORS

- 18. The first Directors and secretary shall be the persons named as such in the statement delivered pursuant to Section 10(2) of the Companies Act 1985.
- 19. Subject to Article 20(A) the number of Directors shall be not less than two nor more than ten and regulation 64 of Table A shall be amended accordingly.

EMPLOYEE DIRECTORS

- 20 (1) The Company will have up to three Employee Directors who will be selected accordingly to the provision of this Article.
- (2) Employee Directors must be Qualifying Employees who (if selected under (4) below) must have subscribed for Ordinary Shares or (if selected otherwise) must hold Ordinary Shares.
- (3)(a) The UBH International Limited Steering Group will appoint the first Employee Directors.
- (3)(b) Following the adoption of these Articles an Employee Ballot will take place in respect of Employee Directors Any Employee Director appointed pursuant to Article 20(3)(a) who is not re-elected in accordance with this Article, shall retire immediately following a *declaration of the results of the Employee Ballot*.
- (4) Where there are three Employee Directors chosen under Article 20(3) above, *one will retire at the end of the Annual General Meeting which takes place after 36 months from the adoption of these Articles, a*

second at the Annual General Meeting which takes place after 48 months from the adoption of these Articles, and a third at the Annual General Meeting which takes place after 60 months from the adoption of these Articles. (If there are only two employee directors chosen under Article 20(3) above, the elections will take place after 48 months and 60 months). If agreement cannot be reached as to who should retire at an Annual General Meeting, lots shall be drawn. The replacement for each such retiring Employee Director will be selected by employee ballot.

- (5) Employee Directors, except for those whose first term of appointment is made pursuant to Article 20(4), will be elected for a three year term of office. On the expiry of their term of office, Employee Directors, whether elected pursuant to Article 20(4) or this Article 20(5), may be re-elected for further three year terms without limitation on successive three year terms.
- (6) Save for the Employee Directors appointed pursuant to Article 20(3)(b) above or any replacement appointed prior to the expiry of their term of office, save further for any appointment at the first Annual General Meeting of the Company, only Qualifying Employees who have been employed by the Company for a period of 12 months prior to nomination, shall be eligible for appointment as Employee Directors.
- (7) An Employee who is for the time being a recognised trade union officer, shop steward or representative must if elected resign his trade union post.
- (8) Nominations for Employee Directors shall be invited from the Qualifying Employees, any such nominations must be seconded. The closing date for receipt of such nominations must not be earlier than 7 days after the date of the notice seeking nominations. A nominee shall only be a candidate in the ensuing Employee Ballot if he has confirmed in writing his willingness to act if elected.
- (9) Notice of an Employee Ballot for the appointment of Employee Directors shall be given within 7 days of the closing date for the receipt of nominations.
- (10) In the Employee Ballot, only Qualifying Employees are eligible to vote.
- (11) The foregoing procedure shall be implemented to fill any vacancy arising for an Employee Director whether by retirement by rotation, increase in the number of Employee Directors or otherwise.
- (12) The Employee Ballot to decide who shall replace the Employee Director retiring under (4) above shall be held at a date sufficiently in advance of the relevant Annual General Meeting as to ensure that the results of such ballot are known so that the appointment(s) can take effect at the

conclusion of the Annual General Meeting.

- (13) Where any Director elected by Qualifying Employees under this Article retires or is removed from office before the end of his term of office, a secret ballot will be held as soon as reasonably practical, and no more than two months after such retirement or removal, in order that Qualifying Employees holding Ordinary Shares may select a successor. Any such successor will hold office until the time when the person he succeeds would have been obliged by these Articles to retire.
- (14) The procedure for any ballot to choose an Employee Director shall be in accordance with any ballot procedure for the time being prescribed under the terms of or by the trustees of any Employee Share Trust (and if there is more than one such of them as the Directors may determine) or (if there is no such procedure for the time being) the last such procedure to have been so applicable.
- (15) The Company will use its best endeavours to provide training for its Employee Directors, in matters of finance, management, law and other areas relevant to his position, to enable him to perform his duties with maximum efficiency.
- (16) Any Employee Director who ceases to be eligible to serve as an Employee Director will be considered to have resigned.
- 20A The holder of the Baxi Contribution Share (the "Appointer") shall have the right at any time and from time to time to appoint and maintain in office up to such number of directors of the Company as represents one half of the total number of directors in office at any time, plus one additional director ("the Nominated Directors") and the following provisions shall have effect
- 20A (1) Any such appointments shall be effected by the Appointer giving notice in writing to the company and the Appointer may in like manner at any time and from time to time remove from office any director appointed by it pursuant to this article and appoint any person in place of any director so removed
- 20A (2) A notice of appointment or removal of a Nominated Director shall take effect upon lodgement at the office or on delivery to a meeting of the directors or to the secretary.
- 20A (3) A Nominated Director shall be entitled to remuneration of such amount as may from time to time be agreed between the Appointor and the Company
- 20A (4) Every Nominated Director shall hold office until he is either removed in the manner provided in this article or dies or vacates office pursuant to

regulation 81 and neither the Company in general meeting nor the directors shall have powers to fill any such vacancy;

- 20A (5) Any Nominated Director shall be at liberty from time to time to make such disclosure to the Appointer as to the business and affairs of the Company and its subsidiaries as he shall in his absolute discretion determine.

EXECUTIVE DIRECTORS

- 21 (1) The Company may have up to four Executive Directors including :
- (a) The Managing Director
 - (b) The Engineering Director
 - (c) The Sales Director
 - (d) The Finance Director

who will initially be appointed by the UBH International Limited Steering Group and thereafter by the Directors. Executive Directors shall not be required to stand for re-election.

- (2) The Directors may, if a majority consent, remove an Executive Director and appoint another Executive Director (who may have a different job title) in his or her place, and may at any time appoint additional Directors to fill any casual vacancies.
- (3) Only Qualifying Employees who are employed in Senior management positions in the Company and who have departmental responsibility will be eligible for appointment as Executive Directors.

NON-EXECUTIVE DIRECTORS

22. (1) As soon as practicable following adoption of these Articles, suitable individuals will be recommended as non-executive directors of the Company by the Directors to the Employee Share Trust.
- (2) The directors of the Company will then with the approval of the Employee Share Trust appoint up to two non-executive directors who will hold office for a three year period (subject to earlier termination)
- (3) Thereafter, such non-executive directors may be appointed for a further term of three years but may not serve for more than two consecutive terms.

- (4) The directors of the Company will in accordance with this Article appoint a replacement for any non-executive director who has ceased office, in each case such appointment to be of no more than three years' duration and to be subject to the limitation on consecutive terms in (3) above.
- (5) Notwithstanding Article 22(3) and Article 22 (4) that Mr Peter Johnson be appointed and designated as a Non-executive Director (in place of a Nominated Director) for a final term of up to three years from the date of approval of this Article following which his service to the Company shall cease.¹

PROCEEDINGS OF DIRECTORS

23. The quorum for a meeting of Directors shall be 3, of which one shall be an Employee Director, one an Executive Director and (except during periods where there are, for whatever reason, no Nominated Directors), one Nominated Director.
24. The Directors will choose one of their number to be Chairman. If at any time the Chairman is not present at a meeting, the Managing Director, or in his absence another Director, will act as Chairman for the meeting concerned.
25. (1) Questions arising at a meeting of directors shall be decided by a majority of votes. In the case of an equality of votes, the Chairman shall (subject to (2) below) have a second or casting vote.
- (2) The Chairman shall not have a casting vote on the following matters:-
- (a) the payment or amount of any dividend
 - (b) Sale of material assets of the Company or any Subsidiary
 - (c) the issue of new shares and the transfer of shares
 - (d) any proposed change to the Company's Memorandum or Articles of Association
 - (e) any payments to an Employee Share Trust
 - (f) the approval or amendment of the Dealing Day Rules or any other dealing rules in shares of the Company
 - (g) the creation of any fixed or floating charge lien (other than a lien arising by operation of law) or other encumbrance over the whole or any part of the undertaking property or assets of the Company

¹ Amended 15 June 2012

- (h) the issue of any debentures or other securities convertible into shares or debentures or any share warrants or any options in respect of shares
- (i) the acquisition purchase or subscription for any shares, debentures, mortgages or securities (or any interest therein) in any company trust or other body
- (j) making any loan or advancing or giving any credit (other than normal trade credit) to any person
- (k) giving any guarantee, indemnity, letter of comfort or covenant to secure the liabilities or obligations of any person (including the Company)
- (l) the entry into any contract, arrangement or commitment involving expenditure on capital account or the realisation of capital assets
- (m) doing or permitting or suffering to be done any act or thing whereby the Company may be wound up (whether voluntary or compulsory).
- (n) any appointment and removal of directors to any Subsidiary of the Company
- (o) any alteration of the Memorandum and Articles of Association of any Subsidiary of the Company.

(3) Regulation 88 of Table A shall be amended accordingly.

DIRECTORS' INTERESTS

26. 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 may vote as a director in regard to any contract or arrangement in which he is interested or upon any matter arising thereout and if he shall so vote his vote shall be counted. He may be reckoned in estimating a quorum when any such contract or arrangement is under consideration and regulation 85 of Table A shall be extended accordingly.
27. Regulation 76 (a) the last sentence of regulation 84 the second sentence of regulation 91 and regulations 94 to 97 inclusive of Table A shall not apply. In regulation 78 of Table A the words "Subject as aforesaid" and the words "any may also .. are to retire" shall be deleted.
28. Any director who being so requested by the Directors performs special or extraordinary services on behalf of the Company or who travels to or resides in any place other than where he usually resides for the purpose of discharging his duties may be paid additional remuneration and be reimbursed reasonable out of pocket expenses as the Directors

may determine.

GRATUITIES AND PENSIONS

29. (1) Regulation 87 of Table A shall not apply. The Directors may grant retirement pensions or annuities or other gratuities or allowances including allowances on death to any person or to the widow of or dependants of any person in respect of services rendered by him to the Company whether as managing director or in any other office or employment under the Company or indirectly as an officer or employee of any Subsidiary of the Company or any predecessor in business of the Company or of any such Subsidiary notwithstanding that he may be or may have been a director of the Company and the Company may make payments towards insurance or trusts for such purpose in respect of such person and may include rights in respect of such pensions annuities and allowances in the terms of engagement of any such person, provided that before granting such payments it obtains the approval of the Employee Directors of the Company.
- (2) The Directors shall appoint and remove a Remuneration and Benefits Committee to establish and set all terms and conditions of the Board of Directors. The Remuneration and Benefits Committee shall comprise of not more than three persons, one of which shall be an Employee Director and two independent representatives with one, where possible, being a person nominated by the Employee Ownership Association. All appointments to the Committee will require the approval of a majority of the Employee Directors and a majority of the Board of Directors

BORROWINGS

30. The Directors may exercise all the powers of the Company to borrow money to give guarantees of the obligations of any Subsidiary or third party (whether secured or not) and to mortgage or charge its undertaking property and uncalled capital or any part thereof and to issue debentures debenture stock and other securities whether outright or as security for any debt liability or obligation of the Company any Subsidiary or of any third party and whether or not the Company derives any benefit therefrom but so that:
- (1) the Directors shall procure that the amounts for the time being remaining undischarged by virtue of any of the foregoing operations by the Company and all its Subsidiaries and by virtue of any like operations by the Company and all its Subsidiaries (including any liability (whether ascertained or contingent) under any guarantee for the time being in force and including amounts due under any hire purchase, credit sale, conditional sale or leasing arrangements (other than leases of real or heritable property) which can in accordance with current accounting practice (certified in the event of any dispute by the auditors of the Company) be attributed to capital (but excluding inter-company loans, mortgages and charges) shall not, in respect of each such operation, exceed the borrowing limits applicable to such operation as at the date of

adoption of this article, without the previous sanction of the holder of the Baxi Contribution Share;

- (2) no such sanction shall be required for the borrowing of any sum or money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding, notwithstanding that the same may result in such limits being exceeded, and
- (3) no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by these Articles is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual except in the case of express notice to the lender or recipient of the security or person to whom the liability is incurred at the time when the debt or liability was incurred or the security given that the limit hereby imposed has been or was thereby exceeded.

SALARIES

- 31. The terms and conditions of the contracts of employment of employees of the Company shall be determined by the Directors or by any person authorised by the Directors for that purpose.

INDEMNITY

- 32. Every Director or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under Section 144 and 727 of the Act, in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect insofar as its provisions are not avoided by Section 310 of the Act.

NAME AND ADDRESSES
OF SUBSCRIBERS

NUMBER OF SHARES TAKEN
BY EACH SUBSCRIBER

GRAHAM STEPHENS
16 Churchill Way
Cardiff
CF1 4DX

One

SIAN JONES
16 Churchill Way
Cardiff
CF1 4DX

One

Dated this First day of March 1999

Witness to the above Signatures:

STEVEN BLACKMORE
16 Churchill Way
Cardiff
CF1 4DX