

# **New Articles of Association** relating to Lectus Therapeutics Limited

Dated

30 December 2005

The Companies Act 1985 and 1989  
Company Limited by Shares (as adopted by  
Written Resolution passed  
on 30th December 2005)



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NEW  
ARTICLES OF ASSOCIATION  
of  
Lectus Therapeutics Limited ("the Company")

(as adopted by Written Resolution passed on 30th December 2005)

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**1 Preliminary**

- 1.1 The regulations contained in Table A as prescribed by the regulations made under the Companies Act 1985, as amended (the "Act") in force at the Adoption Date (hereinafter referred to as "Table A") shall apply to the Company in so far as these Articles do not exclude or modify Table A. A reference herein to any regulation is to that regulation as set out in Table A.
- 1.2 In these Articles the following words and expressions shall have the meanings set out below:

A Preferred Shares	convertible A Preferred Shares of £0.001 each in the capital of the Company
A Preferred Shareholders	the registered holders of the A Preferred Shares
Adoption Date	30th December 2005, being the date on which these Articles are adopted as the articles of association of the Company
Arrears	in relation to any share, all accruals, deficiencies and arrears of any dividend, whether or not declared and irrespective of whether or not the Company has had at any time sufficient distributable profits to pay such dividend or other monies
Asset Sale	the disposal by the Company of all or substantially all of its undertaking and assets
the Auditors	the auditors for the time being of the Company
Bad Leaver	<p>a person shall be a bad leaver if he becomes a Leaver as a result of</p> <p>(a) having voluntarily terminated his employment or consultancy with or to (as appropriate) the Company at any time within three years from the Adoption Date; or</p> <p>(b) the Company having summarily terminated his employment or consultancy (as appropriate) by reason of fraud, dishonesty or gross misconduct of such person</p>
Board	the board of Directors of the Company
Cessation Date	<p>the earliest of:</p> <p>(a) the date that the Company provides written notice to a Relevant Member (or the Relevant Executive in relation to a Relevant Member) stating that such</p>

	Relevant Member or Relevant Executive (as the case may be), shall become a Leaver; or
	(b) the date that a Relevant Member (or the Relevant Executive in relation to a Relevant Member) provides written notice to the Company stating that such Relevant Member, or the Relevant Executive in relation to the Relevant Member (as the case may be), shall become a Leaver; or
	(c) the date that a Relevant Member, or the Relevant Executive in relation to the Relevant Member (as the case may be), became a Leaver
Completion	the proposed place, date and time of completion of the transfer of Forcing Sellers' Shares as specified in the Drag along Notice
Defaulting Member	any Other Member who fails to comply with a Drag along Notice
Directors	the directors of the Company, acting by a resolution of the board passed in accordance with the provisions of these Articles
Drag along Notice	a notice given by the Forcing Sellers in accordance with Article 12.11
Employee Priority Notice	a notice given by the A Preferred Shareholders pursuant to Article 14.3(c)
Employee Shares	the shares identified in an Employee Priority Notice
Equity Share Capital	collectively, the A Preferred Shares and the Ordinary Shares and, except as otherwise expressly specified, for the purposes of these Articles the A Preferred Shares and the Ordinary Shares shall be treated as separate classes
Forced Sale Shares	shares in the capital of the Company which are transferred by Other Members pursuant to Articles 12.13 or 12.15 (as the case may be)
Forcing Sellers	those A Preferred Shareholders who together hold 55% by nominal amount of the issued A Preferred Shares
Forcing Sellers' Shares	all of the A Preferred Shares held by the Forcing Sellers
Further Securities	any shares in the capital of the Company or right to subscribe for or to convert into such shares which, in either case, the Company proposes to allot or grant (as the case may be) after the Adoption Date
Good Leaver	a Leaver who is not a Bad Leaver
ICTA	the Income and Corporation Taxes Act 1988
Investment Fund	any person holding shares (including any beneficial interest therein) for investment purposes and not being a Relevant Member (including, without limitation, each of the Investors)
Investors	Sofinnova, Quester, Sulis, TRI and the Other Investor any other

	person to whom any of them transfers their shares and who becomes a party as an "Investor" by signing a form of adherence in accordance with any subscription and shareholders' agreement relating to the Company and is named therein as an "Investor"
Leaver	<p>any Relevant Executive:</p> <ul style="list-style-type: none"> <li>(a) whose contract of employment or of consultancy or directorship with the Company or any Member of the same Group terminates for any reason; and</li> <li>(b) who in any such case does not continue as an employee, consultant of or to the Company or another Member of the same Group</li> </ul>
Listing	a successful application being made to the United Kingdom Listing Authority and the London Stock Exchange plc for admission to listing and trading of any of the Equity Share Capital, or a successful application for admission to trading of such shares to any other recognised investment exchange or overseas investment exchange which has in any such case been approved by the A Preferred Shareholders
a Member of the same Group	as regards any company, a company which is for the time being a subsidiary or holding company of that company or a subsidiary of any such holding company
Notice Date	the date on which a Transfer Notice is either given in accordance with Article 12.1 or shall be deemed to have been given pursuant to any of the provisions of these Articles
Ordinary Shares	ordinary shares of £0.001 each in the capital of the Company
Ordinary Shareholders	the registered holders of the Ordinary Shares
Other Investor	Astellas Venture Fund I LP acting by its general partner Astellas Venture Management LLC or any other A Preferred Shareholder (which for the avoidance of doubt shall not include Sense Proteomic Limited) who signs a form of adherence in accordance with any subscription and shareholders' agreement relating to the Company and is named therein as an "Investor"
Other Members	all shareholders of the Company other than the Forcing Sellers
Permitted Share Issue	<p>the issue of any shares in the capital of the Company or grant of a right to subscribe for, or to convert securities into, shares in the capital of the Company:</p> <ul style="list-style-type: none"> <li>(a) to any employee of or consultants to the Company or any of its subsidiaries, in each case, in accordance with any equity incentive scheme, the terms of which have been approved in writing by the A Preferred Shareholders;</li> <li>(b) to any A Preferred Shareholder, pursuant to a right which can be invoked by such shareholder upon any shares in the capital of the Company being issued at</li> </ul>

	a Subscription Price less than that paid or deemed to have been paid by such shareholder for any A Preferred Shares or pursuant to any other rights to subscribe for additional shares in the capital of the Company which such A Preferred Shareholder may have under any subscription and shareholders' agreement relating to the Company;
	(c) to any holder of warrants in the capital of the Company; or
	(d) to any person with the approval of the A Preferred Shareholders and the Board
Permitted Transfer	a transfer of shares authorised pursuant to Article 11
Permitted Transferee	any shareholder who receives shares pursuant to a Permitted Transfer
Preferred Dividend	the dividend payable under Article 3.1
Prescribed Period	the period during which Sale Shares have to be offered for sale and can be accepted by other members, being the period commencing on: <ul style="list-style-type: none"> <li>(a) the Notice Date if the Prescribed Price has been agreed by such time in accordance with Article 12.3(a) or (b); or</li> <li>(b) the date the Prescribed Price is determined by the Auditors, if the price has to be determined by the Auditors in accordance with Article 12.4</li> </ul> and ending 42 days thereafter (as the case may be)
Prescribed Price	shall be either (as the case may be): <ul style="list-style-type: none"> <li>(a) as determined by the Proposing Transferor and Directors or by reference to a previous bona fide offer, in each case in accordance with Article 12.3; or</li> <li>(b) as determined by the Auditors in accordance with Article 12.4</li> </ul>
Privileged Relation	in relation to an individual member or deceased or former individual member: <ul style="list-style-type: none"> <li>(a) the husband or wife or long-term co-habiting partner or the widower or widow of such member;</li> <li>(b) all the lineal descendants and ascendants in direct line of such member;</li> <li>(c) the brothers and sisters of such member and their lineal descendants;</li> <li>(d) a husband or wife or widower or widow of any of the persons referred to in paragraphs (a), (b) and (c) above; and</li> </ul>

- (e) trusts (whether arising under a settlement, declaration of trust or other instrument by whomsoever or wheresoever made or under a testamentary disposition or on an intestacy) under which no immediate beneficial interest in any of the shares in question is for the time being vested in any person other than that individual and/or Privileged Relations of that individual; and so that for this purpose a person shall be considered to be beneficially interested in a share if such share or the income thereof is or may become liable to be transferred or paid or applied or appointed to or for the benefit of such person or any voting or other rights attaching thereto are or may become liable to be exercisable by or as directed by such person pursuant to the terms of the relevant trusts or in consequence of an exercise of a power or discretion conferred thereby on any person or persons

and for these purposes a step-child or adopted child or illegitimate child of any person shall be deemed to be his or her lineal descendant

Proposed Purchaser	a proposed purchaser who at the relevant time has made a bona fide offer on arm's length terms for the entire issued Equity Share Capital
Proposing Transferor	any person proposing or required to transfer any shares in the capital of the Company but excluding any transfer that constitutes a Permitted Transfer
Purchaser	a member or other person willing to acquire any Sale Shares in accordance with Articles 12.5, 12.6 or 12.7 (as the case may be)
Qualifying Holding	as such term is defined in Schedule 28B to ICTA
Qualifying Offering	any Listing which is approved by the Directors and the A Preferred Shareholders and is at a public offering price per Ordinary Share of not less than three times the Subscription Price for each A Preferred Share issued on the Adoption Date (with such reasonable adjustment determined by the Directors in consultation with the Auditors to reflect any sub-division or consolidation or any other reorganisation of capital) which offering raises a total of not less than £20,000,000 after underwriting expenses and commissions
Quester	Quester VCT plc, Quester VCT 4 plc, Quester VCT 5 plc and Quester Venture Partnership each acting by their manager, Quester Capital Management Limited
Relevant Executive	a director or employee of, or a consultant to, the Company or any other Member of the same Group
Relevant Member	a shareholder who is a Relevant Executive or a shareholder

	who shall have acquired shares directly or indirectly from a Relevant Executive pursuant to one or more Permitted Transfers (including where such shares were subscribed by such shareholder and that shareholder would have been entitled to receive a Permitted Transfer from the Relevant Executive)
Sale	an Asset Sale or Share Sale
Sale Shares	shares in the capital of the Company which the Proposing Transferor intends or is required to transfer
Share Sale	the sale (which shall for these purposes exclude any Permitted Transfers pursuant to any of the provisions of Article 11.1(a) to (h) (inclusive)) of any part of the Equity Share Capital to any person resulting in that person together with any person acting in concert (within the meaning given in the City Code on Takeovers and Mergers as in force at the Adoption Date) with such person holding 70% or more of the issued Equity Share Capital and for the purposes of these Articles, the A Preferred Shareholders at the Adoption Date and any person(s) for the ultimate benefit of whom such holders are holding such A Preferred Shares shall not be deemed to be acting in concert with each other
Sofinnova	Sofinnova Capital V FCPR represented by its management company Sofinnova Partners SA
Subscription Price	the amount paid up or credited as paid up on a share, including the full amount of any premium at which such share was issued whether or not such premium is subsequently applied for any purpose, save that in the case of any A Preferred Shares issued pursuant to the exercise of any warrants in the capital of the Company and Sense Proteomic Limited pursuant to a subscription and shareholders' agreement relating to the Company entered into on or around the Adoption Date, the amount paid up shall be deemed to be £0.50 per A Preferred Share
Sulis	Sulis Seedcorn Fund Limited Partnership acting by its general partner Quester Academic GP Limited acting by its manager Quester Capital Management Limited
Tag Shares	shares in the capital of the Company which are sold pursuant to an offer received in accordance with Article 12.10
Total Transfer Notice	a Transfer Notice which specifies, in accordance with Article 12.1, that the Proposing Transferor is only willing to transfer all of the Sale Shares specified in the Transfer Notice
Transfer Notice	a notice in accordance with Article 12.1 that a member desires to transfer all or some of his shares in the capital of the Company
TRI	Takeda Research Investment, Inc.



- 1.3 Words and expressions which are defined in the Act shall have the meanings attributed to them in the Act when used in these Articles unless otherwise defined or the context otherwise requires.
- 1.4 References to persons in these Articles shall, in addition to natural persons, include bodies corporate, partnerships and unincorporated associations.
- 1.5 Where the consent, approval or discretion is required of the:
- (a) A Preferred Shareholders such consent, approval or discretion shall be given or invoked (as the case may be) in writing by those A Preferred Shareholders who together hold in excess of 55% in nominal amount of the A Preferred Shares; and/or
  - (b) Ordinary Shareholders such consent, approval or discretion shall be given or invoked (as the case may be) in writing by those Ordinary Shareholders who together hold in excess of 50% in nominal amount of the Ordinary Shares.
- 1.6 Any change in (or change in the respective entitlements of) the partners, participants, shareholders, unitholders (or any other interests) in any member which is an Investment Fund or any mortgage, charge or other encumbrance created over their interest in any such Investment Fund shall not be regarded as a transfer of or a disposal of any interest in any shares in the capital of the Company for the purposes of these Articles.
- 1.7 For the purposes of Articles 10.1, 10.3 and 11 the following shall be deemed (but without limitation) to be a disposal of shares in the capital of the Company:
- (a) any direction (by way of renunciation or otherwise) by a holder entitled to an allotment or transfer of shares in the capital of the Company that a share be allotted or issued or transferred to some person other than himself; and
  - (b) any sale or any other disposition (including by way of mortgage, charge or other security interest) of any legal or equitable interest in a share (including any voting right attached to it), (i) whether or not by the relevant holder, (ii) whether or not for consideration, and (iii) whether or not effected by an instrument in writing.

## **2 Authorised share capital and share rights**

- 2.1 The share capital of the Company at the Adoption Date is £24,954.828 divided into 19,005,627 A Preferred Shares and 5,949,201 Ordinary Shares.
- 2.2 Save as may be expressly set out in these Articles the A Preferred Shares and the Ordinary Shares shall be treated on a pari passu basis.

## **3 Dividends**

- 3.1 The A Preferred Shareholders shall be entitled in respect of their A Preferred Shares to receive a fixed cumulative preferential dividend at the rate of 8% per annum accruing on a daily basis on the Subscription Price for such A Preferred Shares, which shall be payable on the earlier of:
- (a) a return of assets on a liquidation, reduction of capital or otherwise by the Company pursuant to Article 4.1;
  - (b) a Sale, in accordance with Article 5; or
  - (c) upon the date of conversion of the A Preferred Shares pursuant to Article 7.
- 3.2 Save for the Preferred Dividend, the A Preferred Shares shall rank pari passu in all respects as to dividend with the Ordinary Shares and no dividend shall be declared or paid on the Ordinary Shares without a like dividend being declared or paid, as the case may be, on the A Preferred Shares, without the consent of the holders of the A Preferred Shares.

3.3 No dividend payment shall be due to a member if as a result of such dividend payment (when aggregated with any dividend payments which would otherwise be due to persons connected with that member pursuant to section 839 ICTA) being due, any shareholding is thereby prevented from being or ceases to be a Qualifying Holding, but provided that if any part of the dividend payment which is due to such member can be paid without the holding being prevented from being or ceasing to be a Qualifying Holding, so much of the dividend payment shall be paid as is possible without prejudicing the Qualifying Holding status of the relevant shares. Any dividend payment not paid to such member as a result of this Article 3.3 shall, subject to the terms of this Article, be distributed amongst the other members rateably in proportion to the number of shares held by them respectively.

3.4 The Company shall procure that each of its subsidiaries and, so far as it is able, each of its subsidiary undertakings which has profits available for distribution shall from time to time declare and pay to the Company such dividends to the extent possible as are necessary to permit lawful and prompt payment by the Company of any Arrears.

#### **4 Liquidation preference**

4.1 On a return of assets on a liquidation or reduction of capital the A Preferred Shareholders shall be entitled in respect of their A Preferred Shares:

- (a) to be paid out of the surplus assets of the Company remaining after payment of its liabilities, an aggregate amount equal to the Subscription Price for all the A Preferred Shares together with the Preferred Dividend, which has accrued up to the date of such return and any Arrears thereon in preference to any amount paid to the holders of Ordinary Shareholders in respect of their Ordinary Shares, such aggregate amount to be allocated among and paid to the A Preferred Shareholders in the proportions in which the aggregate Subscription Price paid by each A Preferred Shareholder for its A Preferred Shares bears to the aggregate Subscription Price paid for all A Preferred Shares; and
- (b) thereafter to share in any balance *pari passu* with the Ordinary Shareholders (*pro rata* based on each holder's respective holding of Equity Share Capital).

4.2 No payment pursuant to Article 4.1 shall be due to a member if as a result of such payment (when aggregated with any payments which would otherwise be due to persons connected with that member pursuant to section 839 ICTA) being due, any shareholding is thereby prevented from being or ceases to be a Qualifying Holding, but provided that if any part of the payment which is due to such member can be paid without the holding being prevented from being or ceasing to be a Qualifying Holding, so much of the payment shall be paid as is possible without prejudicing the Qualifying Holding status of the relevant shares. Any payment not paid to such member as a result of this Article 4.2 shall, subject to the terms of this Article, be distributed amongst the other holders of A Preferred Shares to the greatest extent possible and thereafter amongst the other members rateably in proportion to the number of shares held by them respectively;

#### **5 Sale preference**

5.1 In the event of a Sale the total of all and any form of consideration received or receivable by the sellers at any time in respect of the shares that are the subject of the Sale shall be reallocated between the sellers of such shares so as to ensure the following order of application of the aggregate sale proceeds:

- (a) first, in paying to the A Preferred Shareholders in respect of their holdings of A Preferred Shares an aggregate amount equal to the Subscription Price for all the A Preferred Shares together with the Preferred Dividend and any Arrears thereon, such aggregate amount to be allocated and paid between the A Preferred Shareholders in the proportions in which the aggregate Subscription Price paid by each A Preferred

Shareholder for its A Preferred Shares bears to the aggregate Subscription Price paid for all A Preferred Shares; and

- (b) secondly, in paying the balance pari passu to the sellers of the A Preferred Shares and Ordinary Shares (pro rata based on each holder's respective holding of Equity Share Capital).

5.2 In the event of an Asset Sale, the surplus assets of the Company after payment of its liabilities shall be distributed (insofar as the Company is lawfully able to do so) in the order of priority set out in Article 5.1 provided that if it is not lawful for the Company to distribute such surplus assets in this way, the surplus assets will be returned to the shareholders in accordance with Article 4.1.

5.3 For the avoidance of doubt, the provisions of Article 5.1 shall apply to any Sale that results from the application of Articles 12.10 (Tag along), 12.13 (Drag along) or 12.16 (Acquisition of Control).

## **6 Votes in general meeting**

6.1 The A Preferred Shareholders and the Ordinary Shareholders shall be entitled to receive notice of, to attend, and to vote at, general meetings of the Company; subject to Articles 6.2 and 8, every A Preferred Shareholder and every Ordinary Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote on a show of hands and on a poll every A Preferred Shareholder and every Ordinary Shareholder so present shall have one vote for each Preferred Share and Ordinary Share (as the case may be) held by him.

6.2 Notwithstanding the provisions of Article 6.1 or any other provision of these Articles, a Leaver or the Relevant Member in respect of such Leaver (as the case may be) shall not have any rights to receive notice of any general meeting of the Company or vote at any such meeting.

## **7 Conversion of A Preferred Shares**

7.1 Any A Preferred Shareholder may give the Company written notice that the holder requires his A Preferred Shares to be converted into and redesignated as Ordinary Shares.

7.2 In addition to the right contained in Article 7.1, the A Preferred Shares shall be automatically converted into and redesignated as Ordinary Shares:

- (a) immediately prior to but conditionally upon the completion of a Qualifying Offering, notice of which shall be given to the A Preferred Shareholders by the Company at least 15 but not more than 60 days prior to the expected completion of the Qualifying Offering, and such notice may designate the expected date of completion of the Qualifying Offering as the date for conversion provided that, for the avoidance of doubt, if the Qualifying Offering shall not have completed within 30 days after the expected completion date, such conversion and re-designation of A Preferred Shares into Ordinary Shares shall be null and void; or
- (b) upon the election of those A Preferred Shareholders who together hold in excess of 55% in nominal amount of the A Preferred Shares, such election being given in writing to the Company and which shall forthwith be given to the other holders of A Preferred Shares by the Company.

7.3 The A Preferred Shareholder shall, either:

- (a) within 10 days of giving notice pursuant to Article 7.1 or 7.2(b); or
- (b) within 10 days of receipt of notice given by the Company pursuant to Article 7.2(a),

as the case may be, deliver to the Company the certificates for his A Preferred Shares (if any). A Preferred Shares converted pursuant to Articles 7.1 or 7.2 shall be converted at the rate of one

Ordinary Share for every Preferred Share and upon delivery of the said certificate there shall be issued to the A Preferred Shareholder a certificate for the number of Ordinary Shares resulting from the conversion and redesignation pursuant to this Article.

- 7.4 The Ordinary Shares arising on conversion and redesignation shall rank *pari passu* with the Ordinary Shares then in issue and fully paid up.

## **8 Rights to appoint Director**

Each of Sofinnova and Quester shall have the right, by notice in writing signed by it and delivered to the registered office of the Company, to appoint one person nominated by it as a non-executive director of the Company and to remove from office any person so appointed and, upon him ceasing to hold office for any reason whatsoever, to reappoint him or to appoint another person in his place. In the event that any resolution put to a general meeting of the Company is one which directly or indirectly varies, modifies, alters or abrogates the rights of Sofinnova and/or Quester contained in this Article 8 or is for the removal of any such Director, Sofinnova and/or Quester (as appropriate) shall have, on a show of hands and on a poll, 1000 votes for each A Preferred Share held by it.

## **9 Issue of shares and pre-emption on issue**

- 9.1 Except in the case of a Permitted Share Issue, no Further Securities shall be allotted or granted (as the case may be) to any person unless the Company has, in the first instance, offered such Further Securities to all holders of the Equity Share Capital on the same terms and at the same price as such Further Securities are being offered to such other person on a *pari passu* and *pro rata* basis to the number of shares comprised in the Equity Share Capital held by such holders (as nearly as may be without involving fractions). Such offer:

- (a) shall stipulate a time not exceeding 7 days within which it must be accepted or in default will lapse; and
- (b) may stipulate that any members who desire to subscribe for in excess of the proportion to which each is entitled shall in their acceptance state how many excess Further Securities they wish to subscribe for.

- 9.2 Any Further Securities not accepted by members pursuant to the offer made to them in accordance with Article 9.1 above shall be used for satisfying any requests for excess Further Securities made pursuant to Article 9.1(b) above and:

- (a) in case of competition, such excess Further Securities shall be allotted to the applicants in proportion (as nearly as may be without involving fractions or increasing the number allotted to any member beyond that applied for by him) to their existing holdings of shares comprised in the Equity Share Capital; and
- (b) thereafter, any excess Further Securities may be offered by the Directors to any other person at the same price and on the same terms as the offer to the members.

- 9.3 In accordance with section 91(1) of the Act, sections 89(1) and 90(1) to (6) (inclusive) of the Act shall not apply to the Company.

## **10 General restrictions and information relating to transfers**

- 10.1 No person shall transfer, mortgage, charge or otherwise dispose of the whole or any part of his legal or beneficial interest in, or grant any option or other rights over, any shares in the capital of the Company (any of the foregoing for the purposes of this Articles 10.1, 10.3 and 11 being a "disposal") except for:

- (a) a Permitted Transfer, which may take place without being subject to the provisions of this Article 10 or Article 12;
- (b) a sale of the entire legal title to and beneficial interest in any A Preferred Shares in accordance with Article 12; or
- (c) a disposal of shares in the capital of the Company which is required to be made pursuant to any provisions of the Articles.

10.2 The Directors shall, as a condition to the registration of any transfer of shares in the Company (whether pursuant to a Permitted Transfer or otherwise), require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement or similar document in force between some or all of the shareholders and the Company in such form as is required by such agreement and if any such condition is imposed the transfer may not be registered unless such deed has been executed and delivered by the transferee.

10.3 To enable the Directors to determine whether or not there has been any disposal of shares in the capital of the Company (or any interest therein) in breach of these Articles the Directors may, and shall if so requested in writing by the A Preferred Shareholders require any holder or the legal personal representatives of any deceased holder or any person named as transferee in any transfer lodged for registration or such other person as the Directors or the A Preferred Shareholders may reasonably believe to have information relevant to such purpose, to furnish to the Company such information and evidence as the Directors or the A Preferred Shareholders may think fit regarding any matter which they deem relevant to such purpose, including (but not limited to) the names, addresses and interests of all persons respectively having interests in the shares in the capital of the Company from time to time registered in the holder's name. Failing such information or evidence being furnished to enable the Directors or the A Preferred Shareholders to determine to their reasonable satisfaction that no such breach has occurred, or that as a result of such information and evidence the Directors are reasonably satisfied that such breach has occurred, the Directors shall forthwith notify the holder of such shares in the capital of the Company in writing of that fact whereupon:

- (a) all the shares in the capital of the Company held by such holder shall cease to confer upon the holder thereof (or any proxy thereof) any rights:
  - (i) to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting of the Company or at any separate meeting of the class in question); or
  - (ii) to receive dividends or other distributions (other than the Subscription Price of the relevant shares in the capital of the Company upon a return of capital)

otherwise attaching to such shares in the capital of the Company or to any further shares in the capital of the Company issued in right of such shares or in pursuance of an offer made to the relevant holder; and
- (b) the holder may be required at any time following such notice to transfer some or all of its shares in the capital of the Company to such person(s) at such price as the Directors may require by notice in writing to such holder.

The rights referred to in (a) above may be reinstated by the Directors with the consent of the A Preferred Shareholders or, if earlier, upon the completion of any transfer referred to in (b) above.

10.4 If the Directors shall in accordance with these Articles have required a Transfer Notice to be given and it is not given within a period of one month or such longer period as the Directors may allow for the purpose, such Transfer Notice shall be deemed to have been given on any date after the

expiration of such period as the Directors may notify to the holder and these Articles shall take effect accordingly.

## **11 Permitted Transfers**

11.1 Subject to Article 11.2, any share in the capital of the Company may at any time be transferred without being subject to the restrictions contained in the provisions of Articles 10.1 and 12:

- (a) to any person with the prior consent in writing of holders of shares entitled to cast 95% of the votes exercisable on a poll at a general meeting of the Company (which consent may be granted unconditionally or subject to terms or conditions and in the latter case any share so transferred shall be held subject to such terms and conditions notified in writing to the transferee prior to registration of the transfer); or
- (b) by any individual member to a Privileged Relation of such member; or
- (c) by any person entitled to shares in consequence of the death or bankruptcy of an individual member to any person or trustee to whom such individual member, if not dead or bankrupt, would be permitted hereunder to transfer the same; or
- (d) by an Investment Fund:
  - (i) to any Member of the same Group as the Investment Fund;
  - (ii) to any unitholder, shareholder, partner, participant in or manager of or adviser to (or an employee of such manager or adviser) the Investment Fund;
  - (iii) to any other Investment Fund managed or advised by the same manager or adviser as the transferring Investment Fund or to any Member of the same Group of such manager or adviser; or
  - (iv) to any trustee or nominee of or custodian for the Investment Fund or for any other transferee under paragraphs (i), (ii) or (iii) of this Article 11.1(d);
- (e) by a trustee or nominee of or custodian for an Investment Fund to the Investment Fund or to any of the persons referred to in sub-paragraphs (i), (ii) or (iii) of paragraph (d) above of this Article 11.1;
- (f) by any person, with the consent of the A Preferred Shareholders, in the case of a transfer of any Employee Shares;
- (g) by Sulis to any enterprise capital fund established or managed by Quester Capital Management Limited or any other manager from time to time of Quester;
- (h) by Sense Proteomic Limited to a Member of the same Group; or
- (i) by any person in the case of transfer of any Tag Shares, Forcing Sellers' Shares which are being transferred pursuant to a Drag along Notice, Forced Sale Shares or transfer of shares pursuant to Article 12.16.

11.2 A Permitted Transfer shall only comprise the whole legal and beneficial interest in any share except pursuant to paragraphs (a), (d), (e) (g), or (h) in respect of which the transfer may include a disposal of any interest in any shares.

## **12 Pre-emption on transfer, tag and drag**

### *Obligation to give notice of desire to transfer*

12.1 A Proposing Transferor shall be required before effecting, or purporting to effect, a transfer, to give a Transfer Notice that he desires to transfer the Sale Shares and shall state in the Transfer Notice

the identity of the person (if known) to whom he desires to transfer the Sale Shares. The Transfer Notice shall, in addition:

- (a) include such other details of the proposed transfer as the Directors may in their absolute discretion determine;
- (b) state whether the Proposing Transferor is willing to transfer some only of the Sale Shares (which he shall not be entitled to do if he is required by virtue of any provision of these Articles, other than this Article 12, to give a Transfer Notice); and
- (c) not be revocable except:
  - (i) with the consent of the Directors;
  - (ii) if some of the Sale Shares are held by or for the Investor;

and if a Transfer Notice is or becomes revocable then the holder of such Sale Shares shall be entitled to revoke his Transfer Notice in part or in its entirety forthwith upon giving written notice to the Company at any time during the Prescribed Period.

*Company agent for sale*

- 12.2 The Transfer Notice shall constitute the Company as the Proposing Transferor's agent for the sale of the legal title to and entire beneficial interest in the Sale Shares and all rights attached to the Sale Shares, at the Prescribed Price during the Prescribed Period to any member or to any other person selected or approved by the Directors on the basis set out in the following provisions of these Articles.

*Determination of the Prescribed Price*

- 12.3 The Prescribed Price shall be whichever is applicable of:
- (a) the price per Sale Share agreed not more than one month before the Notice Date between the Proposing Transferor and the Directors as representing the market value of the Sale Shares; or
  - (b) if no such agreement has been reached by the Notice Date, the price contained in a bona fide offer received from a third party by the Proposing Transferor not more than one month before the Notice Date and which remains open for acceptance in respect of the Sale Shares until at least seven days after the last date for compliance with the pre-emption provisions contained in this Article 12 (but subject to the right of the Directors to satisfy themselves that such offer is bona fide, for the consideration stated in the offer without any deduction, rebate or allowance whatsoever to the purchaser or other arrangement or agreement and so open for acceptance); or
  - (c) if neither paragraph (a) or (b) applies or if the Transfer Notice has been required to be given or is deemed to have been given under these Articles (other than this Article 12), the price determined in accordance with Article 12.4 by the Auditors or, if they decline to act, any other firm of chartered accountants selected by the Directors and references elsewhere in these Articles to the Auditors shall include any such firm.

*Determination by the Auditors*

- 12.4 If the price is to be determined by the Auditors following the giving of the Transfer Notice the Directors shall refer the matter to the Auditors and the Auditors shall determine and certify to the Directors the amount which represents in their opinion market value of each Sale Share as at the Notice Date. For this purpose the market value shall be the amount a willing buyer would pay to a willing seller disregarding the effect of Article 6.2 and with no discount being applied or premium

added due to the Sale Shares where relevant conferring a minority or majority voting rights in the shares or any class of shares in the capital of the Company. In making and certifying their determination under this Article the Auditors shall act as experts and not as arbitrators and their determination shall in the absence of manifest error be final and binding on all persons concerned and, in the absence of fraud, they shall be under no liability to any person by reason of their determination or certificate. The costs of the Auditors shall be paid as they direct.

*Offer to other members*

12.5 All Sale Shares shall by notice in writing be offered by the Company promptly following the commencement of the Prescribed Period to each holder of A Preferred Shares, other than the holder of the Sale Shares (with a copy of such notice being sent at the same time to the holders of the Ordinary Shares), for purchase at the Prescribed Price on a pari passu and pro rata basis to their existing holding of A Preferred Shares (as nearly as may be without involving fractions). Each such offer:

- (a) shall stipulate a period of time being not less than 7 or more than 14 days during which it must be accepted in writing or in default will lapse as regards that offeree; and
- (b) may stipulate that any member who desires to purchase more Sale Shares than the proportion to which he is entitled shall in his acceptance state how many excess Sale Shares he wishes to purchase.

Any Sale Shares not purchased by any holders of A Preferred Shares shall be used to satisfy the requests by acceptors for excess Sale Shares pro rata to their existing respective holdings of shares in the Equity Share Capital.

12.6 If the Company shall not within the offer period to the A Preferred Shareholders find any A Preferred Shareholders willing to purchase all of the Sale Shares it shall offer any unsold Sale Shares to the holders of the Ordinary Shares in a similar manner to the offer to the A Preferred Shareholders and the procedure of offer and acceptance for A Preferred Shareholders shall apply to the holders of Ordinary Shares. The period during which the Company shall try to find prospective purchasers from the Ordinary Shareholders shall be the period commencing 14 days after the notice is given to A Preferred Shareholders pursuant to Article 12.5 and terminating 7 days thereafter.

*Offers to third parties*

12.7 Any Sale Shares not purchased by members pursuant to the foregoing provisions of these Articles by the end of the period stipulated for acceptance by the Directors may, subject to Article 12.10, be offered by the Directors to such persons as they may think fit for purchase at the Prescribed Price before the end of the Prescribed Period.

*Proposing Transferor bound to transfer Sale Shares*

12.8 If the Company shall within the Prescribed Period find a Purchaser to purchase any of the Sale Shares and notify the Proposing Transferor, he shall be bound, upon payment to him of the Prescribed Price, to transfer such shares to the respective Purchaser(s) with full title guarantee, provided that, if a Total Transfer Notice has been given, this provision shall not apply unless the Company shall have found Purchasers for all of the Sale Shares. Every notice given by the Company under this Article 12.8 shall state the name and address of each Purchaser and the number of Sale Shares agreed to be purchased by him. The sale and purchase of the Sale Shares shall be completed at a place and time to be appointed by the Directors not being less than three days nor more than ten days after the Prescribed Period.



*Ability of Proposing Transferor to sell Sale Shares to a third party*

12.9 If the Company gives notice to the Proposing Transferor that:

- (a) it has no prospect during the Prescribed Period of finding Purchasers for any of the Sale Shares; or
- (b) it has not within the Prescribed Period found Purchasers willing to purchase all or some of the Sale Shares;

the Proposing Transferor shall at any time during a period of 28 days after the end of the Prescribed Period be entitled, subject to the other provisions of these Articles and any relevant contractual restrictions to which he is subject, to transfer those Sale Shares specified in the notice given by the Company pursuant to this Article 12.9 to any person by way of a bona fide sale at any price which is not less than the Prescribed Price. Any such sale is to be conditional upon:

- (i) compliance with the provisions of Article 12.10;
- (ii) if a Total Transfer Notice was given, all the unsold Sale Shares being included in the sale; and
- (iii) the Directors being satisfied that the Sale Shares are being transferred under this Article pursuant to a bona fide sale for the consideration stated in the Transfer Notice without any deduction, rebate or allowance whatsoever to the purchaser; and
- (iv) the consent of the A Preferred Shareholders, in relation to any shares in the capital of the Company that the Proposing Transferor was required to give or deemed to have given a Transfer Notice pursuant to any provision of these Articles.

If any of the conditions set out in sub-paragraphs (i) to (iv) of this Article are not fulfilled the Directors may refuse to register the instrument of transfer or impose further conditions to be fulfilled by the Proposing Transferor before doing so.

*Tag along*

12.10 In the case of

- (a) any transfer of Ordinary Shares (neither being a Permitted Transfer nor a transfer by an Investment Fund); or
- (b) any transfer of any shares in the Equity Share Capital (not being a Permitted Transfer) to a competitor or an industrial pharmaceutical corporation as determined by the Board with the consent of the A Preferred Shareholders,

the Proposing Transferor will not be entitled to sell any such Sale Shares under the provisions of Article 12 unless the proposed purchaser(s) of such shares in relation to each other holder of A Preferred Shares:

- (i) shall have offered to purchase from each such other holder (at the price offered by such proposed purchaser(s) to the Proposing Transferor for any Sale Shares, if a cash offer, or otherwise such price as shall be determined in accordance with Article 12.4) such proportion of each class of the Equity Share Capital held by each such A Preferred Shareholder as is equal to the proportion which the Ordinary Shares being sold by the Proposing Transferor (during the previous 12 months, if applicable) bears to the total holding of Ordinary Shares (including the shares to be sold) held by the Proposing Transferor (at the commencement of such 12 month period, if applicable); and

- (ii) shall, in respect of any holder of A Preferred Shares which wishes to take up the offer referred to in paragraph (a) above, acquire from such holder the shares in question at the relevant price simultaneously with the acquisition from the Proposing Transferor of the Sale Shares to be sold.

*Drag along*

- 12.11 If at any time after the Adoption Date the Forcing Sellers intend to sell the Forcing Sellers' Shares to a Proposed Purchaser who has made a bona fide offer on arm's length terms for the entire issued Equity Share Capital, the Forcing Sellers shall have the right to give to the Company a Drag along Notice that the Forcing Sellers intend to sell the Forcing Sellers' Shares. The Drag along Notice will include details of:
- (a) the number and class(es) of the Forcing Sellers' Shares;
  - (b) the identity of the Proposed Purchaser;
  - (c) the proposed price to be paid by the Proposed Purchaser, for each of the Forcing Sellers' Shares;
  - (d) the proposed place, date and time of completion of the proposed purchase, which shall not be less than 14 days from the date of the Drag along Notice; and
  - (e) a term extending the offer to all the other shareholders for their shares.
- 12.12 The Directors shall promptly send the Drag along Notice to each of the Other Members and require each of them to sell to the Proposed Purchaser at Completion all of their holdings of shares, subject to Article 5.3, on the terms contained in the Drag along Notice.
- 12.13 Subject to Article 5.3, each Other Member shall sell all of his shares referred to in the Drag along Notice at the highest price proposed to be paid for a Forcing Sellers' Share to be sold to the Proposed Purchaser on Completion by the Forcing Sellers and on the terms set out in the Drag along Notice.
- 12.14 No member shall be required to comply with a Drag along Notice unless the Forcing Sellers shall sell the Forcing Sellers' Shares to the Proposed Purchaser on Completion, subject at all times to the Forcing Seller being able to withdraw the Drag along Notice at any time prior to Completion by giving notice to the Company to that effect, whereupon each Drag along Notice shall cease to have effect.

*Powers of Directors upon default*

- 12.15 If a Proposing Transferor or Other Member shall fail or refuse to transfer shares pursuant to Article 12.8 or 12.13 (as the case may be) the Directors may authorise some person to execute and deliver the necessary transfer on behalf of such person and the Company may receive the purchase money in trust for the Proposing Transferor or Other Member (as the case may be) and cause the Purchaser or Proposed Purchaser (as the case may be) to be registered as the holder of such shares. The receipt of the Company for the purchase money shall constitute a good discharge to the relevant purchaser and after such purchaser has been registered the validity of the sale and purchase of the relevant transfer shall not be questioned by any person. The Company shall not pay the purchase money to the Proposing Transferor or Other Member (as the case may be) until he shall have delivered to the Company his share certificate(s) or a suitable indemnity and the necessary form of transfer.

### *Acquisition of control*

- 12.16 In the event that as a result of any transfer (not being a Permitted Transfer), any person or persons who was or were not a member or members of the Company or entitled to become such on the date of the adoption of these Articles ("the Acquiring Member") either alone or acting in concert (as such expression is defined in the City Code on Takeovers and Mergers) with any other person(s), shall become beneficially entitled to more than 50% of the issued Equity Share Capital of the Company after the Adoption Date or being so beneficially entitled shall become beneficially entitled to a further 1% thereof he shall forthwith be required to serve notice on the holders of the Equity Share Capital of the Company that he is so beneficially entitled and shall thereupon, subject to Article 5.3, be bound to offer to purchase the remaining shares in the Equity Share Capital of the Company at a price per share ("the Acquisition Price") equal to the highest price per share paid by the Acquiring Member for such shares in the Company acquired by him.
- 12.17 The Company shall forthwith give notice to every member other than the Acquiring Member that he may within 14 days from the date of such notice or such longer period as the Directors may determine in order to give effect to Article 12.16 sell his shares to the Acquiring Member at the Acquisition Price. Any member may accept such offer by giving notice of his intention so to do to the Company accompanied by share certificates for the shares agreed to be sold together with the necessary transfers.
- 12.18 The Directors may at any time require any member to furnish the Company with details of the beneficial interests in the shares held by such member.
- 12.19 The Directors may require to be satisfied that the shares acquired by the Acquiring Member in the period referred to in Article 12.17 were acquired bona fide for the consideration stated in the transfer without any deduction rebate or allowance whatsoever to the purchaser and if not so satisfied may require the Acquisition Price to be determined in accordance with Article 12.4.
- 12.20 If the Acquiring Member shall fail to serve a notice or make an offer in accordance with Article 12.16 (or, if and to the extent that the offer is accepted, the Acquiring Member shall fail to complete the purchase of any shares pursuant to the offer) he (and any member with whom he is acting in concert as provided in Article 12.16) shall cease to have any rights to vote or to dividends or rights on a return of capital in respect of all the shares held by him and the Directors may where relevant refuse to register the transfer of the shares acquired by the Acquiring Member which give rise to the obligations under Article 12.16 and may require the Acquiring Member to serve a Transfer Notice in accordance with Article 12.1 in respect of all or any of the shares held by him.

## **13 Compulsory transfers - general**

### *On bankruptcy*

- 13.1 A person entitled to a share in consequence of the bankruptcy of a member shall be deemed to have given a Transfer Notice in respect of such share at such time as determined by the Directors.

### *On death*

- 13.2 If a share remains registered in the name of a deceased member for longer than one year after the date of his death the Directors may require the legal personal representatives of such deceased member either:
- (a) to effect a Permitted Transfer of such shares (including for such purpose an election to be registered in respect thereof); or
  - (b) to show to the satisfaction of the Directors that a Permitted Transfer will be effected before or promptly upon the completion of the administration of the estate of the deceased member.

If either such requirement shall not be fulfilled to the satisfaction of the Directors a Transfer Notice shall be deemed to have been given in respect of each such share save to the extent that, and at such time as, the Directors may determine.

*On liquidation of a member*

- 13.3 If a member which is a company or a Permitted Transferee of such member, either suffers or resolves for the appointment of a liquidator, administrator or administrative receiver over it or any material part of its assets, such member or Permitted Transferee shall be deemed to have given a Transfer Notice in respect of all of the shares held by such member and/or such Permitted Transferee save to the extent that, and at such time as, the Directors may determine.

*Ceasing to be a Privileged Relation*

- 13.4 If a Permitted Transferee pursuant to Article 11.1(b) shall cease to be a Privileged Relation, such person shall be bound, if and when required in writing by the Directors so to do, to give a Transfer Notice in respect of the shares concerned.

**14 Vesting provisions**

- 14.1 If a Relevant Member or the Relevant Executive in relation to a Relevant Member becomes a Bad Leaver (unless and to the extent that the A Preferred Shareholders resolve otherwise) the Relevant Member shall be deemed to have given, on the Cessation Date (or such later date as the A Preferred Shareholders shall specify) a Transfer Notice in respect of all of the shares held by such Relevant Member and the price at which such shares shall be transferred shall be the lower of the aggregate Subscription Price and the market value (as determined in accordance with Article 12.4) of such shares.
- 14.2 If a Relevant Member or the Relevant Executive in relation to a Relevant Member becomes a Good Leaver (unless and to the extent that the A Preferred Shareholders resolve otherwise, save that the A Preferred Shareholders cannot resolve a Good Leaver to be a Bad Leaver) the Relevant Member shall be deemed to have given, on the Cessation Date (or such later date as the A Preferred Shareholders shall specify) a Transfer Notice in respect of the proportion of shares held by such Relevant Member on the Cessation Date as set out in the table below:

Event and time	Proportion of shares to be transferred
In the event that a Relevant Member or the Relevant Executive in relation to a Relevant Member becomes a Leaver on or prior to the third anniversary of the Adoption Date ("Third Anniversary")	50%
In the event that a Relevant Member or the Relevant Executive in relation to a Relevant Member becomes a Leaver after the Third Anniversary but on or prior to the fourth anniversary of the Adoption Date ("Fourth Anniversary")	25%
In the event that a Relevant Member or the Relevant Executive in relation to a Relevant Member becomes a Leaver after the Fourth Anniversary but on or prior to the fifth anniversary of the Adoption Date ("Fifth Anniversary")	12.5%

In the event that a Relevant Member or the Relevant Executive in relation to a Relevant Member becomes a Leaver after the Fifth Anniversary	0%
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and the price at which the relevant proportion of shares shall be transferred shall be the market value (as determined in accordance with Article 12.4) of such shares.

14.3 If a Transfer Notice is deemed to have been given pursuant to Articles 14.1 or 14.2 then the Company shall forthwith give written notice of the giving of the Transfer Notice (such notice to include details of all the shares to which such Transfer Notice relates) to each A Preferred Shareholder and:

- (a) the A Preferred Shareholders may within 7 days of receipt of notice given by the Company pursuant to this Article 14.3 determine that all or any shares to which such Transfer Notice relates should first be made available to be re-purchased by the Company; or
- (b) the A Preferred Shareholders may within 7 days of receipt of notice given by the Company pursuant to this Article 14.3 determine that the provisions of Article 12.1 shall apply in relation to all or any such shares; or
- (c) the A Preferred Shareholders may within 14 days of the receipt of notice given by the Company pursuant to this Article 14.3 give notice to the Company that all or any shares to which such Transfer Notice relates should be made or kept available for any current or future Relevant Executives, whether or not then ascertained, in which case the provisions of Article 14.4 shall apply.

14.4 If an Employee Priority Notice is given then the Employee Shares shall either:

- (a) be offered to Relevant Executives in the manner, proportions and subject to such conditions as are specified in the Employee Priority Notice; or
- (b) if the relevant Employee Priority Notice so requires, be offered to persons designated by the A Preferred Shareholders upon trust for any future Relevant Executives as and when appointed.

## **15 Proceedings at general meetings**

15.1 A poll may be demanded at any general meeting by the chairman or by any member present in person or by proxy and entitled to vote. Regulation 46 shall be modified accordingly.

15.2 A resolution in writing executed, or approved by facsimile, by or on behalf of the holders of all the issued Equity Share Capital shall be as valid and effectual as if the same had been duly passed at a general meeting and may consist of several documents in the like form, each executed or approved by or on behalf of one or more persons. In the case of a corporation, the resolution may be signed or approved on its behalf by a director or the Secretary of such corporation or by its duly appointed attorney or duly authorised representative. Regulation 53 shall be modified accordingly.

## **16 Alternate directors**

16.1 Any Director (other than an alternate Director) may at any time by notice in writing and served on the Company at its registered office, or delivered at a meeting of the Directors, appoint any other Director, or any other person approved by the Directors and willing to act, to be an alternate Director and may remove from office an alternate Director so appointed by him, in the same manner. The same person may be appointed as the alternate Director of more than one Director.

- 16.2 If an alternate Director is himself a Director or attends any such meeting as an alternate Director for more than one Director, then his voting rights shall be cumulative.
- 16.3 An alternate Director 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, except in relation to matters in which he acted (or failed to act) on the direction or at the request of his appointor.
- 16.4 Save as otherwise provided in these Articles, an alternate Director shall not have power to act as a Director nor shall he be deemed to be a Director for the purposes of these Articles. However, such an alternate Director shall owe the Company the same fiduciary duties and duty of care and skill in the performance of his office as are owed by a Director.
- 16.5 An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from the Company in respect of his appointment as alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct.
- 16.6 Regulations 65 to 69 shall be modified accordingly.

## **17 Directors**

- 17.1 The quorum for the transaction of the business of the Directors shall be three, such number to include any Directors appointed pursuant to Article 8. Regulation 89 shall be modified accordingly. The Directors shall not be subject to retirement by rotation. Regulations 73 to 75 and the last two sentences of Regulation 79 shall not apply and Regulations 76, 77, 78 and 80 shall be modified accordingly.
- 17.2 Without prejudice to the first sentence of Regulation 89, a meeting of the Directors or of a committee of the Directors may consist of a conference between directors who are not all in one place, but where each is able (directly or by telephonic communication) to speak to each of the others, and to be heard by each of the others simultaneously; and the word "meeting" in these Articles shall be construed accordingly.
- 17.3 A resolution in writing signed, or approved by facsimile, by all the Directors shall be as valid and effectual as if it had been passed at a meeting of Directors duly convened and held and may consist of several documents in the like form each signed or approved by one or more Directors; but a resolution signed or approved by an alternate Director need not also be signed or approved by his appointor and, if it is signed or approved by a Director who has appointed an alternate Director, it need not be signed or approved by the alternate Director in that capacity. Regulation 93 shall not apply.
- 17.4 A Director may vote at a meeting of Directors or of a committee of Directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty which is material and which conflicts or may conflict with the interests of the Company. Regulation 94 shall be modified accordingly, provided that he has disclosed to the Directors the nature and extent of any material interest or duty.
- 17.5 In the case of an equality of votes at a meeting of the Directors, the chairman of the Company shall not have a second or casting vote. Regulation 88 shall be modified accordingly.
- 17.6 Except for a Director appointed in accordance with Article 8, the office of a Director shall be vacated if he shall be removed from office by notice in writing served upon him signed by a majority of his co-Directors but so that if he holds an appointment to an executive office which thereby automatically determines, such removal shall be deemed an act of the Company and shall

have effect without prejudice to any claim for damages for breach of contract of service or otherwise between him and the Company.

- 17.7 The majority of the Directors shall have the right to appoint further director(s) of the Company, subject to a maximum number of seven Directors.

**18 Notices**

Notices shall be given to a member whose registered address is outside the United Kingdom. Regulation 112 shall be modified accordingly.

**19 Indemnity**

- 19.1 Subject to the provisions of the Act and without prejudice to any indemnity to which a director may otherwise be entitled, every Director and other officer of the Company (other than any person (whether an officer or not) employed by the Company as auditor) shall be entitled to be indemnified out of the assets of the Company against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust by him in relation to the Company, provided that this Article shall be deemed not to provide for, or entitle any such person to, indemnification to the extent that it would cause this Article or any element of it to be treated as void under the Act. Regulation 118 shall not apply.
- 19.2 The Company may purchase and maintain for any Director, Secretary or other officer of the Company insurance against any liability which by virtue of any rule of law would otherwise attach to him in respect of any negligence, default, breach of duty or breach of trust of which he may be guilty in relation to the Company.