

Registered Number 04740221

THE COMPANIES ACT 1985

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

HARMONIC LIMITED

Incorporated the 22 day of April 2003

Amended by Special Resolution dated	1 st April 2016
Amended by Special Resolution dated	3 rd December 2019
Amended by Special Resolution dated	24 th August 2020
Amended by Special Resolution dated	

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HARMONIC LIMITED

(Registered Number: 04740221)

1. PRELIMINARY

1.1. The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 (SI 1985 No.805) as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (SI 1985 no. 1052) and Companies (Tables A to F) (Amendment) Regulations 2007 (SI 2007 no. 2541 and SI 2007 no. 2826) (such Table being hereinafter called "Table A") shall apply to the Company save in so far as they are excluded or varied by or are inconsistent with these Articles Table A (save as aforesaid) and the Articles hereinafter contained shall be the regulations of the Company.

1.2. Regulation 1 of Table A shall apply to the Company as if references in it to "these regulations" included references to these Articles. Accordingly, in these Articles the expression "the Act" means the Companies Act 2006, but so that any reference in these Articles to any provision of the Act shall be deemed to include a reference to any statutory modification or re-enactment of that provision for the time being in force.

1.3. For the purposes of these Articles the following words and expressions shall have the following meanings: -

"Acting in Concert"	has the meaning set out in the City Code on Takeovers and Mergers
"Agreed Price"	£1 for each Participating Preference Share
"the A Shares"	means 4,000 million authorised A Ordinary Shares of 0.01p each in the capital of the Company
"Available Profits"	profits available for distribution within the meaning of part 23 of the Act
"the B Shares"	means 6,000 million authorised B Ordinary Shares of 0.01p each in the capital of the Company
"the C Shares"	means 10,000 million authorised C Ordinary Shares of 0.01p each in the capital of the Company

“Capacity”	means in any capacity (whether alone or jointly with any other person, and whether directly or indirectly), and whether as agent, director, Shareholder, partner, manager, employee, consultant or independent contractor of, in or to any other person or company
“Connected Person”	means a person connected with another within the meaning of section 1122 of the Corporation Tax Act 2010
“Continuing Shareholders”	has the meaning given in Article 6.5
“Controlling Interest”	means Shareholder(s) (or the buyer, in respect of a Share Sale) holding Shares carrying the right to exercise not less than 50% of the total number of votes available to the members of the Company from time to time
“Departing Employee”	an Employee who ceases to be a director or employee of, or consultant to, the Company and who does not continue as, or become, a director or employee of, or consultant to, the Company
“the Directors”	means the persons shown upon the Company’s register of directors from time to time
“Disposal”	the disposal by the Company of all, or a substantial part of, its business and assets.
“Drag Along Notice”	has the meaning given in Article 15.2
“Employee”	an individual who is, or has been, a director and/or an employee of, or who does provide or has provided consultancy services to, the Company
“Exit Event”	means a Share Sale, Disposal, or a Listing
“Exit Shares”	means 49,350 redeemable shares of 0.01p each in the capital of the Company (each an “Exit Share”)
“Listing”	the successful application and admission of all or any of the shares in the capital of the Company, or securities representing such shares (including American depositary receipts, American depositary shares and/or other instruments) to the Official List of the Financial Conduct Authority or the AIM market operated by the London Stock Exchange plc, or the Nasdaq National Stock Market of the Nasdaq Stock Market Inc., or to any recognised investment exchange (as defined in section 285 of the Financial Services and Markets Act 2000).
“the Majority Shareholders”	means those Shareholders together holding 75% of the total votes available to the members of the Company from time to time who have resolved by Special Resolution of the Company that they wish to accept a Third Party Offer
“Minimum Transfer Condition”	has the meaning given in Article 6.2

“Notice Period”	has the meaning given in Article 6.6.2
“Offer”	has the meaning given in Article 16.2
“Offer Notice”	has the meaning given in Article 16.3
“Participating Preference Shares”	means 100,000 authorised Participating Preference Shares of £0.01 each in the capital of the Company.
“Proposing Purchasers”	has the meaning given in Article 16.1
“Proposing Sellers”	has the meaning given in Article 16.1
“Proposed Transfer”	has the meaning given in Article 16.1
“Purchaser”	has the meaning given in Article 7.1
“Remaining Shareholders”	has the meaning given in Article 15.3
“Re-organisation”	means any return of capital, issue of Shares or other securities of the Company by way of capitalisation of profits or reserves (other than a capitalisation issue in substitution for, or as an alternative to, a cash dividend which is made available to the holders of the Participating Preference Shares), any consolidation, sub-division or re-classification or the cancellation of any shares following a repurchase or redemption of Shares (other than Participating Preference Shares), or any variation in the subscription price or conversion rate applicable to any other outstanding Shares of the Company undertaken in anticipation of an Exit Event
“Sale Date”	has the meaning given in Article 16.3
“Sale Notice”	has the meaning given in Article 7.2
“Sale Shares”	has the meaning given in Article 6.1.1
“Seller”	has the meaning given in Article 6.1
“Shareholder”	means a member of the company and in the case of a deceased member shall be deemed to include the Shareholder’s personal representatives
“the Shares”	means all of the Shares in issue from time to time in the capital of the Company irrespective of their class and “Share” shall be construed accordingly (but specifically excluding the Exit Shares in relation to any Share transfer provisions detailed in these Articles, unless specified otherwise)
“Share Sale”	the sale of (or the grant of a right to acquire or to dispose of) any A and/or B Shares in one transaction or as a series of transactions which would, if completed, result in the buyer of those Shares (or grantee of that right) acquiring a Controlling Interest (except where the identities of the shareholders in the buyer and the proportion of shares of the buyer held by each of them following completion of

the sale are the same as the identities of the Shareholders and their respective shareholdings in the Company immediately before the sale)

“Termination Date”	a) where an Employee dies, the date of his death; or b) where the Employee concerned is a director but not an employee, the date on which his service agreement (or other terms of appointment) with the Company is terminated;
“Third Party”	means an unconnected person firm or company other than a Shareholder or the Company
“Third Party Purchaser”	has the meaning given in Article 15.1
“Third Party Offer”	has the meaning given in Article 15.1
“Transfer Notice”	has the meaning given in Article 6.1
“Transfer Price”	has the meaning given in Article 6.1.4.
“Transfer Proportions”	in relation to the relevant Continuing Shareholders in proportion (as nearly as possible without involving fractions) to the nominal value of the Shares held by them respectively at the date of the Transfer Notice
“Transmittee”	means a person entitled to a Share by reason of the death or bankruptcy of a Shareholder or otherwise by operation of law
“Unsold Shares”	has the meaning given in Article 7.6

1.4. All references in these Articles to the singular shall include the plural and vice versa the masculine shall include the feminine and neuter gender.

1.5. Unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Act as in force on the date of adoption of these Articles.

1.6. The headings are inserted for convenience only and shall not affect the construction of these Articles.

1.7. In these Articles, a reference to any statute or provision or schedule of a statute shall include any orders, regulations or other subordinate legislation made under it and shall, unless the context otherwise requires, include any modification, re-enactment or restatement of it for the time being in force and the same principle of construction shall be applied to any order, regulations or other subordinate legislation.

1.8. In these Articles, a reference to a “transfer of a Share” or any similar expression shall include a sale or transfer of any interest in any Share (whether legal, beneficial or otherwise) and any charge, mortgage or other encumbrance granted over the Share.

2. ALLOTMENT OF SHARES

2.1. Sections 561 and 562 of the Act, in their application to allotments of equity securities by the Company, are hereby excluded in accordance with Section 567(1) of the Act.

2.2. The power of the Company to allot and grant rights to subscribe for or convert securities into Shares of the Company from time to time shall be exercised by Special Resolution of the Shareholders in general meeting.

3. CLASSES OF SHARES

3.1. The Share capital of the Company is sub-divided into:-

3.1.1. the A Shares

3.1.2. the B Shares

3.1.3. the C Shares

3.1.4. the Exit Shares

3.1.5. the Participating Preference Shares.

3.2. Each A Share from time to time shall carry the following rights:-

3.2.1. the right to receive notice of, be present and speak at general meetings of the Company;

3.2.2. the right to two votes in relation to any resolution proposed at a general meeting of the Company or otherwise proposed to be passed by the members of the Company;

3.2.3. the right to participate in dividends pari passu with the B Shares and C Shares;

3.2.4. the right to participate in a return of assets pari passu with the B Shares and C Shares on:-

3.2.4.1. the liquidation of; or

3.2.4.2. capital reduction in

the assets of the Company remaining after the payment of its liabilities by receiving repayment of the amounts paid or credited as fully paid on such A Share.

3.3. Each B Share from time to time shall carry the following rights:-

3.3.1. the right to receive notice of, be present and speak at general meetings of the Company;

3.3.2. the right to one vote in relation to any resolution proposed at a general meeting of the Company or otherwise proposed to be passed by the members of the Company;

3.3.3. the right to participate in dividends pari passu with the A and C Shares;

3.3.4. the right to participate in a return of assets pari passu with the A and C Shares on:-

3.3.4.1. liquidation of; or

3.3.4.2. capital reduction in

the assets of the Company remaining after payment of its liabilities by receiving repayment of the amounts paid or credited as fully paid on such B Share.

3.4. Each C Share from time to time shall carry the following rights:-

- 3.4.1. the right to receive notice of, be present and speak but not vote at general meetings of the Company or on any resolution otherwise proposed to be passed by the members of the Company;
 - 3.4.2. the right to participate in dividends pari passu with the A and B Shares;
 - 3.4.3. the right to participate in a return of assets pari passu with the A and B Shares on:-
 - 3.4.3.1. liquidation of; or
 - 3.4.3.2. capital reduction inthe assets of the Company remaining for the payment of its liabilities by receiving repayment of the amounts paid or credited as fully paid on such C Share.
- 3.5. In respect of each Exit Share, no Exit Share:
- 3.5.1. shall have any right to receive notice of, be present at, or vote at general meetings of the Company or on any resolution otherwise proposed to be passed by the members of the Company;
 - 3.5.2. shall have any right to participate in dividends or income of the Company;
 - 3.5.3. shall have any right to participate in a return of assets on:-
 - 3.5.3.1. liquidation of; or
 - 3.5.3.2. capital reduction in,the assets of the Company remaining after the payment of its liabilities.
- 3.6. The Exit Shares shall, subject to the Act, be redeemed as follows:
- 3.6.1. the Company shall redeem all of the Exit Shares then in issue on a Share Sale occurring on or before 31 March 2022;
 - 3.6.2. the Company may, at any time after 31 March 2022, on notice in writing to the holders of Exit Shares, redeem all of the Exit Shares then in issue
- 3.7. Where Exit Shares are to be redeemed, the Company shall give to the holders of the Exit Shares prior notice in writing of the redemption (Company Redemption Notice). The Company Redemption Notice shall specify the date fixed for redemption (which, in the case of a redemption pursuant to article 3.6.1, shall be the expected date for redemption). In the case of a redemption pursuant to article 3.6.1, the Company Redemption Notice shall be conditional on such Share Sale occurring within one month of the date fixed for redemption, failing which the Company Redemption Notice shall be revoked.
- 3.8. On the date fixed for redemption, each of the holders of the Exit Shares falling to be redeemed shall be bound to deliver to the Company, at the Company's registered office, the certificate(s) for such Exit Shares (or an indemnity, in a form reasonably satisfactory to the board of Directors, in respect of any lost certificate) in order that the same may be cancelled. Upon such delivery, the Company shall pay to the holder the amount due to it in respect of such redemption against delivery of a proper receipt for the redemption monies.

3.9. The amount to be paid on the redemption of each Exit Share shall be calculated as follows:

3.9.1. in the event of a Share Sale occurring on or before 31 March 2022:

3.9.1.1. the nominal value of each Exit Share (being 0.01p) if the Company sale price on such Share Sale is less than £3,000,000; or

3.9.1.2. £1.50 per Exit Share if the Company sale price on such Share Sale is between £3,000,000 and, less than or equal to, £6,350,000; or

3.9.1.3. £4.50 per Exit Share if the Company sale price on such Share Sale is over £6,350,000 and, less than or equal to, £8,000,000; or

3.9.1.4. £5.50 per Exit Share if the Company sale price on such Share Sale is above £8,000,000; or

3.9.2. on any redemption after 31 March 2022, the nominal value of each Exit Share (being 0.01p) irrespective of the Company sale price;

provided always that in any event the maximum redemption payment for the redemption of all Exit Shares shall be capped at 30% of the Company's then brought forward profits available for distribution within the meaning of part 23 of the Act ("**Capped Sum**"), and in such case such maximum redemption sum paid on each Exit Share shall be the Capped Sum divided by the total number of Exit Shares in issue.

3.10. In respect of each Participating Preference Share, no Participating Preference Share:

3.10.1. shall have any right to receive notice of, be present at, or vote at general meetings of the Company or on any resolution otherwise proposed to be passed by the members of the Company;

3.10.2. shall have any right to participate in a return of assets on:-

3.10.2.1. liquidation of; or

3.10.2.2. capital reduction in,

the assets of the Company remaining after the payment of its liabilities.

3.10.3. Each Participating Preference Share from time to time shall carry the right to participate in dividends at twice the value of dividends declared in in respect of the A and B Shares in each accounting reference period ending on the Company's accounting reference date.

3.11. The Company shall, without need for a resolution of the Directors, or the Company in general meeting and before application of any Available Profits to reserves or for any other purpose, pay in respect of each Participating Preference Share a fixed, cumulative, preferential dividend (Preference Dividend) of 1% of the nominal value per Participating Preference Share to the person registered as its holder on the due date.

3.12. Subject to article 3.13, the Preference Dividend shall be paid in cash on 31 December in each year.

3.13. All unpaid arrears and accruals of the Preference Dividend shall be paid on the date of a Share Sale.

- 3.14. The Company shall not declare or pay any further dividend unless and until all arrears and accruals of the Preference Dividend have been paid; and
- 3.15. Unless the Company has insufficient Available Profits, the Preference Dividend shall, notwithstanding that such dividend is expressed to be cumulative, be paid immediately on the due date.
- 3.16. If, as a result of not having sufficient Available Profits, the Company is not lawfully permitted to pay the Preference Dividend in full on the due date, it shall pay the Preference Dividend to the extent it is lawfully able to do so. The unpaid amount shall:
- 3.16.1. be a debt due from the Company; and
 - 3.16.2. accrue interest daily (assuming a 365 day year) at the rate of 0.5% above the base lending rate of Lloyds Bank plc in respect of the period from the due date to the actual date of payment (both dates inclusive), compounded to the end of each calendar month and such interest shall, to the extent outstanding for the time being, be paid on the date of payment of the Preference Dividend in respect of which the relevant interest accrues.
- 3.17. If the Company is in arrears in paying the Preference Dividend, the first Available Profits arising shall be applied in or towards paying off any arrears of Preference Dividend.
- 3.18. The rights attaching to the Shares may only be varied by Special Resolution of the members in general meeting.
- 3.19. Notwithstanding the provisions of Article 3.18 above the holders of the
- 3.19.1. C Shares;
 - 3.19.2. Exit Shares; and
 - 3.19.3. Participating Preference Shares
- from time to time shall have the right to vote at any general meeting of the Company if the resolution to be proposed to the meeting abrogates or varies or otherwise directly affects the rights and privileges attaching to those Shares.
- 3.20. On a sale of the entire issued Share capital the A Shares the B Shares and the C Shares shall be treated pari passu.
4. TRANSFER AND TRANSMISSION OF SHARES
- 4.1. Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.
- 4.2. No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any Share.
- 4.3. The Company may retain any instrument of transfer which is registered.
- 4.4. The transferor remains the holder of a Share until the transferee's name is entered in the register of members as holder of it.
- 4.5. The directors shall only refuse to register a transfer of a Share if they are specifically required or authorised to do so by these Articles. If the directors do refuse to register a transfer of a Share, they

must, as soon as practicable and in any event within two months after the date on which the relevant instrument of transfer was lodged with the Company, return that instrument of transfer to the transferee with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

4.6. The directors shall refuse to register any transfer of a Share made in contravention of the provisions of these Articles.

4.7. If a Shareholder transfers or purports to transfer a Share otherwise than in accordance with these Articles, such transfer or purported transfer shall be of no effect.

4.8. Any transfer of a Share by way of sale made under Article 5 - 7 will be deemed to include a warranty in favour of the transferee that the transferor sells with full title guarantee.

4.9. On the transfer of any Share as permitted by these Articles:

4.9.1. a Share transferred by a Shareholder to a spouse shall remain of the same class as before the transfer;

4.9.2. a Share transferred otherwise than as set out at Article 4.9.1 or transmitted on the death of a Shareholder shall if an A Share automatically be re-designated on transfer as a B Share.

4.10. None of the Shareholders shall be entitled to transfer their Shares save in the circumstances set out in Articles 4, 5, 6 and 7. Without prejudice to article 8, any person who holds, or becomes entitled to, any Exit Share shall not be entitled to, nor shall they effect a transfer of any Exit Share (except a redemption of such Exit Shares in accordance with article 3).

4.11. For the purposes of establishing whether:

4.11.1. a transfer of Shares is duly authorised under these Articles; or

4.11.2. a Transfer Notice is required to be or ought to have been given under these Articles

the directors may require a Shareholder or the legal personal representative of a deceased Shareholder or any person named as transferee in a transfer lodged for registration or any other person whom the directors reasonably believe may have relevant information (including but not limited to the names, addresses and interests of all persons having interests in any Shares), to give that information to the directors.

5. PERMITTED TRANSFERS

5.1. A Shareholder may at any time transfer:

5.1.1. the A Shares;

5.1.2. the B Shares;

5.1.3. the C Shares; or

5.1.4. the Exit Shares

to his spouse without being required to observe the further restrictions set out within these Articles.

6. VOLUNTARY AND COMPULSORY TRANSFERS

- 6.1. Except in the case of a transfer pursuant to Article 5, a Shareholder who wishes to transfer any Shares or any interest in any Shares (a “**Seller**”) shall give notice in writing (a “**Transfer Notice**”) to the Company specifying:
 - 6.1.1. the number of Shares which he wishes to transfer (the “**Sale Shares**”);
 - 6.1.2. the identity of any person to whom the Seller wishes to transfer the Sale Shares;
 - 6.1.3. whether the Seller knows or has grounds to believe that any person identified pursuant to Article 6.1.2 above is in any Capacity or is Connected with any person in any Capacity being a competitor of the Company; and
 - 6.1.4. the price (in cash) at which he wishes to transfer the Sale Shares (the “**Transfer Price**”).
- 6.2. The Seller may provide in the Transfer Notice that unless buyers are found for all or not less than a specified number of the Sale Shares, he shall not be bound to transfer any of such Shares (“**Minimum Transfer Condition**”) and any such provision shall be binding on the Company. Notwithstanding the other provisions of this Article 6, if the Transfer Notice contains a Minimum Transfer Condition the Company may not make any allocation of Sale Shares unless and until it has found buyers for the minimum number specified in the Minimum Transfer Condition.
- 6.3. Except as otherwise expressly provided in this Article 6, no Transfer Notice once given or deemed to have been given under these Articles may be withdrawn except with the unanimous written consent of the directors who may impose such conditions on any consent as they see fit, including a condition that the Seller bear all the related costs.
- 6.4. A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 6.5. Within seven days of the date of the Transfer Notice, the directors shall give notice in writing to all Shareholders who were Shareholders at the date of the Transfer Notice (other than the Seller (the “**Continuing Shareholders**”) of the number and description of the Sale Shares and the Transfer Price.
- 6.6. The notice shall:
 - 6.6.1. invite each Continuing Shareholder to apply for some or all of the Sale Shares;
 - 6.6.2. specify that, if he wishes to apply, each Continuing Shareholder has a period of 21 days from and including the date of the offer (the “**Notice Period**”) within which to deliver his application for Sale Shares to the Company;
 - 6.6.3. specify all aspects of the Transfer Notice; and
 - 6.6.4. specify whether the Transfer Notice contains a Minimum Transfer Condition.
- 6.7. Subject to Article 6.8 upon expiry of the Notice Period the Company shall allocate the Sale Shares as follows:
 - 6.7.1. if the total number of Sale Shares applied for is equal to or less than the available number of Sale Shares, the Company:
 - 6.7.1.1. shall allocate to each Continuing Shareholder the number applied for in accordance with his application; and

- 6.7.1.2. may allocate any remaining Sale Shares to itself (and it shall, subject to the Act, be entitled to acquire them); or
- 6.7.2. if the total number of Sale Shares applied for is greater than the available number of Sale Shares, the Company shall allocate:
 - 6.7.2.1. the Sale Shares, in the Transfer Proportions, amongst the Continuing Shareholders who have applied for them (but without allocating to any Continuing Shareholder more Sale Shares than he applied for); and
 - 6.7.2.2. any remaining Sale Shares, in the Transfer Proportions, to those Continuing Shareholders whose applications for Sale Shares have not yet been satisfied in full (but without allocating to any Continuing Shareholder more Sale Shares than he applied for) and any remaining Sale Shares shall be allocated by re-applying the provisions of this Article 6.
- 6.8. If the Transfer Notice contained a Minimum Transfer Condition, the Company shall not allocate any of the Sale Shares pursuant to Article 6.7 unless the number of Sale Shares specified in the Minimum Transfer Condition can be so allocated.
- 6.9. If an Employee becomes a Departing Employee or a Re-organisation occurs, a Transfer Notice in favour of the Company shall, (unless the Directors otherwise direct in writing in respect of any Shares prior to or within 15 Business Days after the relevant Termination Date,) be deemed to have been served on the relevant Termination Date in respect of all Participating Preference Shares (a Compulsory Employee Transfer) and any Transfer Notice served in respect of any of such Participating Preference Shares before the date such Employee becomes a Departing Employee shall automatically lapse.
- 6.10. The Transfer Price in respect of a Compulsory Employee Transfer shall be the aggregate Agreed Price.

7. COMPLETION OF TRANSFER OF SALE SHARES

- 7.1. Allocations of Sale Shares made by the Company pursuant to Article 6.7 shall constitute the acceptance by the persons to whom they are allocated (each a "Purchaser") of the offer to purchase those Sale Shares on the terms offered to them.
- 7.2. The Company shall immediately on allocating any Sale Shares give notice in writing (a "**Sale Notice**") to the Seller and to each Purchaser specifying:
 - 7.2.1. the number of Sale Shares allocated to that Purchaser and the aggregate price payable for those Sale Shares; and
 - 7.2.2. the time, date and place (not being less than 14 days nor more than 28 days after the date of the Sale Notice) for completion of the transfer of the Sale Shares.
- 7.3. On completion of the sale and purchase of the Sale Shares:
 - 7.3.1. each Purchaser shall pay the purchase price in respect of the relevant Sale Shares to the Seller (or, if the Seller is not present, to the Company to be held on trust (without interest) for the Seller (and the receipt of the Company for the purchase price shall be a good discharge to each Purchaser (other than the Company)), who shall not be bound to see to the application of it); and

7.3.2. the Seller shall transfer the relevant Sale Shares to the relevant Purchaser and deliver to the relevant Purchaser the relevant Share certificates (or an indemnity, in a form reasonably satisfactory to the directors, in respect of any lost certificate).

7.4. If the Seller fails to comply with the provisions of Article 7.3, the Company:

7.4.1. is unconditionally and irrevocably authorised to appoint any person as agent of the Seller to execute and deliver the required instruments of transfer in their name and on their behalf (and to do such things and execute all such documents as are necessary to transfer the relevant Shares pursuant to this Article 7);

7.4.2. may receive and give a good discharge for the purchase money on behalf of the Seller and (subject to the transfer being stamped or duly certified and where the purchaser is not the Company) enter the name of each Purchaser in the register of members as the holder or holders by transfer of the Sale Shares purchased by him;

7.4.3. shall hold the purchase money on trust (without interest) for the Seller until he shall deliver up his certificate or certificates for the relevant Shares (or an indemnity, in a form reasonably satisfactory to the directors, in respect of any lost certificate) to the Company when he shall then be paid the purchase money; and

7.4.4. shall, where the Company is a Purchaser, once the instrument of transfer has been stamped or duly certified, cause those Sale Shares to be cancelled in accordance with the Act,

and the validity of those proceedings shall not be questioned by any person.

7.5. The appointments referred to in Article 7.4 shall be irrevocable and are given by way of security for the performance of the obligations of the relevant holder of Shares in the Company under these Articles.

7.6. In the event of all the Sale Shares not being sold under the preceding paragraphs of this Article 7 the Seller may, at any time within 60 days after the pre-emption provisions contained in these Articles have been exhausted, transfer any Sale Shares which have not been sold (the “**Unsold Shares**”) to any person or persons at any price not less than the Transfer Price PROVIDED THAT:

7.6.1. the directors shall be entitled to refuse registration of the proposed transferee (unless it shall be an existing holder) if he is in any Capacity or is believed to be a nominee for a person in any Capacity reasonably considered by the directors to be a competitor of or Connected Person with a competitor of the business of the Company; and

7.6.2. if the Transfer Notice included a Minimum Transfer Condition, the Seller shall not be entitled, save with the written consent of the Directors, to sell any Sale Shares less than the number specified in the Minimum Transfer Condition,

and any such sale shall be a bona fide sale and the directors may require to be satisfied in such manner as they may reasonably require that the Sale Shares are being sold in pursuance of a bona fide sale for not less than the Transfer Price without any deduction, rebate or allowance whatsoever to the buyer and, if not so satisfied, may refuse to register the instrument of transfer.

8. TRANSMISSION OF SHARES

8.1. If title to a Share passes to a Transmittor, the Company may only recognise the Transmittor as having any title to that Share.

- 8.2. A Transmittree who produces such evidence of entitlement to Shares as the directors may properly require:
- 8.2.1. may, subject to these Articles, choose either to become the holder of those Shares or subject to Articles 5 - 7 to have them transferred to another person; and
 - 8.2.2. subject to these Articles, and pending any transfer of the Shares to another person, any A shares are automatically re-designated on transmission as B Shares.
- 8.3. Subject to Article 10.4 Transmittrees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of Shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those Shares and those Shares have attached to them such rights.
- 8.4. Transmittrees who wish to become the holders of Shares to which they have become entitled must notify the Company in writing of that wish.
- 8.5. Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the Transmittree has derived rights in respect of the Share, and as if the event which gave rise to the transmission had not occurred.
- 8.6. If a notice is given to a Shareholder in respect of Shares and a Transmittree is entitled to those Shares, the Transmittree is bound by the notice if it was given to the Shareholder before the Transmittree's name has been entered in the register of members.
9. GENERAL MEETINGS, RESOLUTIONS AND SHAREHOLDER COMMUNICATIONS
- 9.1. No business shall be transacted at any meeting unless a quorum is present. The quorum shall be such number of Shareholders as together hold not less than 75% of the total number of votes carried by the A and B Shares pursuant to Articles 3.2.2 and 3.3.2 above.
- 9.2. 9.2 If and for so long as the Company has only one Shareholder and that Shareholder takes any decision which is required to be taken in General meeting or by means of a written resolution, that decision shall be as valid and effectual as if agreed by the Company in General Meeting save that this paragraph shall not apply to resolutions passed pursuant to Sections 152 and 168 of the Act.
- 9.3. Any decision taken by a sole Shareholder pursuant to paragraph 9.2 above shall be recorded in writing and delivered by that Shareholder to the Company for entry in the Company's Minute Book.
- 9.4. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman shall not be entitled to a casting vote in addition to any other vote he may have.
- 9.5. Anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company, including but not limited to electronic means or through a website, provided individual consent to the use of such electronic communications has been provided by the individual Shareholder.
- 9.6. Any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
10. APPOINTMENT OF DIRECTORS

- 10.1. Regulation 64 in Table A shall not apply to the Company - the maximum number and minimum number of Directors may be determined from time to time by Ordinary Resolution of the Company in General Meeting. Subject to and in default of any such determination there shall be no maximum number of Directors and the minimum number of Directors shall be one. Whenever the number of Directors shall be one, a sole Director shall have authority to exercise all the powers and discretions expressed by Table A or by these Articles to be vested in the Directors generally, and Regulation 89 in Table A shall be modified accordingly.
- 10.2. Regulations 76 to 79 (inclusive) in Table A shall not apply to the Company, and no Director shall be required to retire by rotation.
- 10.3. The Company may by ordinary resolution appoint any person who is willing to act to be a Director, either to fill a vacancy or as an additional director and, without prejudice to the provisions of the Act may by ordinary resolution remove a director from office.
- 10.4. In any case where as the result of the death of a sole Shareholder of the Company the Company has no Shareholders and no Directors, the personal representatives of such deceased Shareholder shall have the right by notice in writing to appoint a person to be a Director of the Company and such appointment shall be as effective as if made by the Company in General Meeting pursuant to paragraph 10.3 of this Article.
- 10.5. No person shall be disqualified from being or becoming a Director by reason of his attaining or having attained the age of 70 or any other age.

11. BORROWING POWERS

- 11.1. The power of the Company to borrow money and to grant any mortgage, charge or standard security over 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 or of any third party shall be exercised by resolution of the Directors upon such terms and in such manner as they think fit.

12. ALTERNATE DIRECTORS

- 12.1. A Director, or any such other person as is mentioned in Regulation 65 in Table A, may act as an alternate Director to represent more than one Director and an alternate Director shall be entitled at any meeting of the Directors, or of any committee of the Directors, to one vote for each vote to which the Director whom he represents would have been entitled in addition to his own vote (if any) as a Director, but he shall count as only one for the purpose of determining whether a quorum is present.

13. GRATUITIES AND PENSIONS

- 13.1. The Directors may exercise the powers of the Company conferred by Clause 3(B)(s) of the Memorandum of Association of the Company and shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

14. PROCEEDINGS OF DIRECTORS

- 14.1. Each Director entitled to vote on any resolution of the Directors shall be entitled to exercise one vote.

- 14.2. The quorum for the transaction of the business of the Directors shall be three Directors. A person who holds office only as an alternative director shall, if his appointer is not present, be counted in the quorum.
- 14.3. A Director who has duly declared his interest (in so far as he is required to do so) may vote at a meeting of the Directors or of any committee of the Directors on any resolution, notwithstanding that it in any way concerns or relates to a matter in which he is interested, directly or indirectly. If he shall vote on any such resolution his vote shall be counted and in relation to any such resolution, whether or not he shall vote on the same he be taken into account in calculating the quorum present at the meeting.
- 14.4. Regulations 94 to 97 (inclusive) in Table A shall not apply to the Company.
- 14.5. Any Director (or his alternate director) may participate in a meeting of the Directors or of any committee of the Directors by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to hear each other. Such a participant shall be deemed to be present in person at the meeting and accordingly shall be entitled to be counted as part of a quorum and to vote at the meeting. The meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman then is.
- 14.6. In the case of an equality of votes the chairman shall have a second casting vote but only after the board has re-considered the matter for a second time at a separate meeting of the board.
15. SALE OF ENTIRE ISSUED CAPITAL: DRAG ALONG
- 15.1. In this Article 15 a **"Third Party Offer"** means a bona fide offer in writing on arm's length terms by or on behalf of any person who is not a Shareholder or Connected with a Shareholder or a person Acting in Concert with a Shareholder (the **"Third Party Purchaser"**) for all the Shares in the Company.
- 15.2. If, in respect of a Third Party Offer, the Majority Shareholders wish to accept the Third Party Offer, they shall be entitled to give written notice (a **"Drag Along Notice"**) to the Company specifying in reasonable detail the terms of the Third Party Offer and their wish to accept the Third Party Offer.
- 15.3. Not later than the date seven days after the date of receipt of the Drag Along Notice, the directors shall serve a copy of it on all Shareholders who have not already accepted the Third Party Offer (the **"Remaining Shareholders"**).
- 15.4. Following service of a Drag Along Notice, all or any of the Remaining Shareholders shall have the right exercisable by notice in writing served on the Selling Shareholders to acquire all (but not some only) of the Shares held by the Selling Shareholders subject to the same conditions (if any) and for the same consideration as offered by the Third Party Purchaser. Such acquisition must be completed within 28 days of the date of receipt of the Drag Along Notice by the Remaining Shareholders.
- 15.5. In the event that the Remaining Shareholders shall fail to serve a notice in accordance with Article 15.4 or fail to complete the acquisition within the time period specified or if the Remaining Shareholders agree to waive their rights under Article 15.4 then all Remaining Shareholders will be deemed to have accepted the offer referred to in the Drag Along Notice and shall transfer all of their Shares to the Third Party Purchaser or as the Third Party Purchaser shall direct in accordance with the remaining provisions of this Article 15 and upon the same terms as those on which the Third Party Purchaser is to acquire the Shares held by the Majority Shareholders and, for the avoidance of doubt, (a) Article 6 - 7 shall not apply to such proposed sale or transfer and

(b) the A - C Shares shall be entitled to be transferred on identical terms notwithstanding they form different Share classes.

15.6. Completion of the sale of the Shares held by the Remaining Shareholders shall take place on the same date as the date proposed for completion of the sale of the Shares held by the Majority Shareholders.

15.7. The Company is unconditionally and irrevocably authorised to appoint any person as agent of each Remaining Shareholder to execute the required instrument of transfer and to do all other things as may be necessary or desirable to accept, transfer and complete the sale of the Shares held by any of the Remaining Shareholders to the Third Party Purchaser on the terms set out in this Article 15.

16. SALE OF ENTIRE ISSUED CAPITAL: TAG ALONG

16.1. The provisions of Article 16.1 will apply if any Shareholder(s) (together the **"Proposing Sellers"**) proposes a transfer of Shares (the **"Proposed Transfer"**) [as permitted by Article 7.6] which would, if put into effect, result in any person (and his Connected Persons or persons Acting in Concert with him) (together the **"Proposing Purchasers"**) acquiring a Controlling Interest in the Company.

16.2. A Proposing Seller must, before making a Proposed Transfer, procure the making by the Proposing Purchasers of an offer (the **"Offer"**) to the other Shareholders to acquire all of their Shares for a consideration per Share the value of which is at least equal to the highest consideration per Share paid or payable by the Proposing Purchasers for any Share during the period of 6 months of the date of the Offer.

16.3. The Offer shall be given by written notice (the **"Offer Notice"**), at least 28 days (the **"Offer Period"**) before the proposed sale date (the **"Sale Date"**). To the extent not described in any accompanying documents, the Offer Notice shall set out:

16.3.1. the identity of the Proposing Purchasers;

16.3.2. the purchase price and other terms and conditions of payment;

16.3.3. the proposed completion date; and

16.3.4. the number of Shares proposed to be purchased by the Proposing Purchasers under the Proposed Transfer (the **"Offer Shares"**).

16.4. If the Proposing Purchaser fails to make the Offer to all holders of Shares in the Company in accordance with this Article the Proposing Sellers shall not be entitled to complete the Proposed Transfer and the Company shall not register any transfer of Shares purported to have been made pursuant to the Proposed Transfer.

16.5. If the Offer is accepted by any Shareholder (each an **"Accepting Shareholder"**) within the Offer Period, the completion of the Proposed Transfer shall be conditional on completion of the purchase of all the Offer Shares held by Accepting Shareholders.

16.6. The Proposed Transfer to the Proposing Purchasers is subject to the pre-emption provisions of Articles 6 and 7 but the purchase of Offer Shares from the Accepting Shareholders shall not be subject to those provisions.

17. THE SEAL

17.1. If the Company has a seal it shall only be used with the authority of the Directors or of a committee of Directors. The Directors may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Director and by the Secretary or second Director. The obligation under Regulation 6 of Table A relating to the sealing of Share certificates shall apply only if the Company has a seal. Regulation 101 of Table A shall not apply to the Company.

17.2. The Company may exercise the powers conferred by Section 49 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors.

18. INDEMNITY

18.1. 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, or in connection with any application under Section 661 or Section 1157 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 in so far as its provisions are not avoided by Section 232 of the Act.

18.2. The Directors shall have power to purchase and maintain for any Director, officer or auditor of the Company insurance against any such liability as is referred to in Section 232 of the Act.

18.3. Regulation 118 of Table A shall not apply to the Company.