

Company No: 7210114

Private Company Limited by Shares

Written Resolution of:-

SATURDAY



A12 \*A2EXK5RS\* 17/08/2013 #96  
COMPANIES HOUSE

## E-FICIENT ENERGY SYSTEMS LTD

Date - 16 August 2013

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006, the directors of the Company propose that resolutions 1, 2 and 3 below are passed as ordinary resolutions ("**Ordinary Resolutions**") and resolution 4 is passed as a special resolution ("**Special Resolution**")

### ORDINARY RESOLUTIONS

- 1 That 40 Ordinary B Shares of £1 00 each registered in the name of Craig Needham be re-designated as Ordinary Shares of £1 00 each having attached thereto the rights specified in the articles of association of the Company to be adopted by special resolution
- 2 That 30 Ordinary A Shares of £1 00 each registered in the name of Stephen Gunn be re-designated as Ordinary Shares of £1 00 each having attached thereto the rights specified in the articles of association of the Company to be adopted by special resolution
- 3 That 30 Ordinary A Shares of £1 00 each registered in the name of Duncan Biggins be re-designated as Ordinary Shares of £1 00 each having attached thereto the rights specified in the articles of association of the Company to be adopted by special resolution

### SPECIAL RESOLUTION

- 4 That the regulations in the form attached to this resolution be and are hereby adopted as the Articles of Association of the Company in substitution for and to the exclusion of the existing Articles of Association

### AGREEMENT

Please read the notes at the end of this document before signifying your agreement to the Ordinary Resolutions and the Special Resolution

The undersigned, persons entitled to vote on the above resolutions on 16 August 2013, hereby irrevocably agree to the Ordinary Resolutions and the Special Resolution

Signed by **CRAIG NEEDHAM**



Date

16 August 2013

Signed by **STEPHEN GUNN**



Date

16 August 2013

Signed by **DUNCAN BIGGINS**



Date

16 August 2013

#### NOTES

- 1 You can choose to agree to the Ordinary Resolution and the Special Resolution or none of them but you cannot agree to only some of the resolutions. If you agree to all of the resolutions, please indicate your agreement by signing and dating this document where indicated above and returning it to the Company using one of the following methods

- **By Hand** delivering the signed copy to E-efficient Energy Systems Ltd, BG House, Campbell Way, Dinnington, Sheffield S25 3QD
- **Post** returning the signed copy by post to E-efficient Energy Systems Ltd, BG House, Campbell Way, Dinnington, Sheffield S25 3QD

If you do not agree to all of the resolutions, you do not need to do anything you will not be deemed to agree if you fail to reply

- 2 Once you have indicated your agreement to the resolutions, you may not revoke your agreement
- 3 Unless, within 28 days of the circulation date, sufficient agreement has been received for the resolutions to pass, they will lapse. If you agree to the resolutions, please ensure that your agreement reaches us before or during this date

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

E-FICIENT ENERGY SYSTEMS LIMITED

(COMPANY NUMBER: 7210114)

INTRODUCTION

1. INTERPRETATION

1 1 In these Articles, unless the context otherwise requires

**Act:** means the Companies Act 2006,

**appointor** has the meaning given in article 11 1,

**Articles:** means the company's articles of association for the time being in force,

**business day:** means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business,

**Conflict:** has the meaning given in article 7 1,

**eligible director:** means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter),

**Model Articles:** means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the date of adoption of these Articles,

**shares** means any shares in the capital of the Company, and

**Transferring Shareholder:** means any shareholder wishing to transfer part or all of the shares held by him

- 1 2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles
- 1 3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles
- 1 4 A reference in these Articles to an **"article"** is a reference to the relevant article of these Articles unless expressly provided otherwise
- 1 5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of
- 1 5 1 any subordinate legislation from time to time made under it, and
- 1 5 2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts
- 1 6 Any phrase introduced by the terms **"including"**, **"include"**, **"in particular"** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms
- 1 7 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles
- 1 8 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 21, 24(2)(c), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company
- 1 9 Article 7 of the Model Articles shall be amended by
- 1 9 1 the insertion of the words **"for the time being"** at the end of article 7(2)(a), and
- 1 9 2 the insertion in article 7(2) of the words **"(for so long as he remains the sole director)"** after the words **"and the director may"**
- 1 10 Article 20 of the Model Articles shall be amended by the insertion of the words **"(including alternate directors)"** before the words **"properly incur"**
- 1 11 In article 25(2)(c) of the Model Articles, the words **"evidence, indemnity and the payment of a reasonable fee"** shall be deleted and replaced with the words **"evidence and indemnity"**

- 1 12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10;" after the word "But"
- 1 13 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name"
- 1 14 Articles 31(a) to (d) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide"

## **DIRECTORS**

### **2. UNANIMOUS DECISIONS**

- 2 1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter
- 2 2 Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing
- 2 3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting

### **3. CALLING A DIRECTORS' MEETING**

- 3 1 Any director may call a directors' meeting by giving not less than five business days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice

### **4 QUORUM FOR DIRECTORS' MEETINGS**

- 4 1 Subject to article 4 2, the quorum for the transaction of business at a meeting of directors is any two eligible directors
- 4 2 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision
- 4 2 1 to appoint further directors, or

- 4 2 2 to call a general meeting so as to enable the shareholders to appoint  
- - - further directors

## **5. CASTING VOTE**

- 5 1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting has a casting vote
- 5 2 Article 5 1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the chairman or other director is not an eligible director for the purposes of that meeting (or part of a meeting)

## **6. TRANSACTIONS OR OTHER ARRANGEMENTS WITH THE COMPANY**

- 6 1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company
- 6 1 1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested,
- 6 1 2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested,
- 6 1 3 shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested,
- 6 1 4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director,
- 6 1 5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested, and

6 1 6 shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act

## **7. DIRECTORS' CONFLICTS OF INTEREST**

7 1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **"Interested Director"**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**"Conflict"**)

7 2 Any authorisation under this article 7 will be effective only if

7 2 1 to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine,

7 2 2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director, and

7 2 3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted

7 3 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently)

7 3 1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,

7 3 2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions

(whether at meetings of the directors or otherwise) related to the Conflict,

- 7 3 3 provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict,
  - 7 3 4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit,
  - 7 3 5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence, and
  - 7 3 6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters
- 7 4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict
- 7 5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation
- 7 6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds

## **8. RECORDS OF DECISIONS TO BE KEPT**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye



**9. NUMBER OF DIRECTORS**

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum

**10. APPOINTMENT OF DIRECTORS**

In any case where, as a result of death or bankruptcy, the Company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director

**11. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS**

11 1 Any director ("**appointor**") may appoint as an alternate any other director, or any other person approved by resolution of the directors, to

11 1 1 exercise that director's powers, and

11 1 2 carry out that director's responsibilities,

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

11 2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors

11 3 The notice must

11 3 1 identify the proposed alternate, and

11 3 2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice

**12. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

12 1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor

12 2 Except as the Articles specify otherwise, alternate directors

12 2 1 are deemed for all purposes to be directors,

12 2 2 are liable for their own acts and omissions,

12 2 3 are subject to the same restrictions as their appointors, and

12 2 4 are not deemed to be agents of or for their appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member

12 3 A person who is an alternate director but not a director

12 3 1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating),

12 3 2 may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate), and

12 3 3 shall not be counted as more than one director for the purposes of articles 12 3 1 and 12 3 2

12 4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision)

12 5 An alternate director may be paid expenses and may be indemnified by the company to the same extent as his appointor but shall not be entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company

### **13. TERMINATION OF ALTERNATE DIRECTORSHIP**

13 1 An alternate director's appointment as an alternate terminates

13 1 1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate,

13 1 2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,

13 1 3 on the death of the alternate's appointor, or

13 1 4 when the alternate's appointor's appointment as a director terminates

#### **14. SHARE CAPITAL**

No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one holder of the relevant class present in person or by proxy or (being a corporation) by a duly authorised representative. For the purpose of this article, one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.

#### **15. UNISSUED SHARES**

15 1 No shares in the Company shall be allotted nor any right to subscribe for or to convert any security into any shares in the Company shall be granted unless within one month before that allotment or grant (as the case may be) every shareholder for the time being has consented in writing to that allotment or grant and its terms and to the identity of the proposed allottee or grantee.

15 2 No share of any class nor any right to subscribe for or to convert any security into a share of any class shall be allotted or granted otherwise than to the holder of a share of that same class.

15 3 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) where the consent to that allotment of every shareholder has been obtained as required by these Articles and that allotment otherwise conforms to the requirements of these Articles.

#### **16. FURTHER ISSUES OF SHARES: AUTHORITY**

16 1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the Company.

16 2 Subject to Article 15 the remaining provisions of this Article 16 the directors are generally and unconditionally authorised, for the purposes of section 551 of the Act and generally, to exercise any power of the Company to

16 2 1 offer or allot,

16 2 2 grant rights to subscribe for or to convert any security into,

16 2 3 otherwise deal in, or dispose of,

any shares in the Company to any person, at any time and subject to any terms and conditions as the directors think proper

16 3 The authority referred to in Article 16 2

16 3 1 shall be limited to a maximum nominal amount of £1000 or such other amount as may from time to time be authorised by the Company by ordinary resolution,

16 3 2 shall only apply insofar as the Company has not renewed, waived or revoked it by ordinary resolution, and

16 3 3 may only be exercised for a period of five years commencing on the date on which these Articles are adopted, save that the directors may make an offer or agreement which would, or might, require shares to be allotted after the expiry of such authority (and the directors may allot shares in pursuance of an offer or agreement as if such authority had not expired)

## **17. TRANSFER OF SHARES**

17 1 Any Transferring Shareholder shall first give a notice in writing (a **"sale notice"**) to the Company specifying the number and denoting numbers (if any) of the shares which he wishes to sell (the **"sale shares"**) The sale notice shall constitute the Company the agent of the transferring shareholder for the sale of the sale shares at market value being the open market value of the sale shares between willing seller and willing buyer and on the basis that the sale shares can be transferred free of restrictions (as determined in accordance with the provisions of Article 17 3) (**"Market Value"**)

17 2 A sale notice may provide that unless all the sale shares are sold in accordance with this Article none shall be sold (a **"total sale condition"**) Other than expressly provided in these Articles, a sale notice shall be revocable at any time until the end of the valuation period (as defined in Article 17 5) If a transferring shareholder revokes a sale notice he may not subsequently transfer the sale shares (or any interest in them) other than in accordance with these Articles

17 3 The Market Value of the sale shares

17 3 1 shall be determined by agreement between the transferring shareholder and the Directors of the Company, or

17 3 2 in default of agreement within 14 days of the date of receipt of the sale notice by the Company shall be certified by the Company's accountant In so certifying the Company's accountant shall

17 3 2 1 be entitled to obtain professional valuations in respect of any of the Company's assets and shall be considered to be acting as an expert and not as an arbitrator and accordingly any provisions of law or statute relating to arbitration shall not apply, and

17 3 2 2 assume a sale of sale shares by a willing seller and a willing buyer excluding any discount or reduction in value which may be ascribed to the class of the sale shares and the percentage of the issued shares in the capital of the Company they represent

17 4 Forthwith upon receipt of the certificate of the Company's accountant, the Company shall by notice in writing inform all members of the Market Value of each share and of the price per share at which the sale shares are offered for sale

17 5 If the Market Value as certified by the Company's accountant is unacceptable to the transferring shareholder he may, within 7 days of the Market Value being so certified (the "**valuation period**"), revoke his sale notice by giving notice in writing to this effect to the Company The cost of obtaining a certificate of Market Value shall be borne by the transferring shareholder

17 6 Within 7 days of the determination of the Market Value, the Company shall forthwith offer the sale shares at Market Value to all of the shareholders other than the transferring shareholder who at the date of the sale notice are registered as the respective holders of shares pro-rata as nearly as may be to the respective numbers of shares held by such members in each case inviting them to state in writing within 14 days (the "**Offer Period**") whether they are willing to purchase and, if so, the number of sale shares up to the number comprised in the sale notice

- 17 7 Upon expiry of the Offer Period the Company shall allocate the sale shares in the following manner -
- 17 7 1 to each member who has agreed to purchase shares his pro-rata entitlement as described in Article 17 6 above or such lesser number of sale shares for which he shall have applied, and
- 17 7 2 if any member shall have applied for less than his pro-rata entitlement, the remaining sale shares shall be allocated to the shareholders who have applied for sale shares in excess of their pro-rata entitlement pro-rata as nearly as may be in proportion to the number of shares held by the relevant member
- 17 8 If the Company shall not find purchasing shareholders pursuant to Articles 17 6 and 17 7 for all of the the sale shares or if through no default of the transferring shareholder the purchase of any of the sale shares is not completed within the time period specified in Article 17 9 the transferring shareholder shall be at liberty at any time within three months after the end of that time period to offer any unsold sale shares or (in the case of a total sale condition) all of the sale shares to the Company to purchase itself The Company, subject to compliance with any applicable laws and regulations, may purchase such sale shares at its discretion If the Company does not purchase all of such sale shares the transferring shareholder may within a period of three months after the expiry of the Offer Period sell all or any of the remaining sale shares to any person at a price which is not less than the Market Value
- 17 9 If the Company shall find purchasing shareholders in respect of all or (except where the sale notice contains a total sale condition) any of the sale shares in accordance with this Article 17 it shall forthwith give notice to the transferring shareholder who shall be bound, upon payment of the appropriate consideration, to transfer the sale shares to the respective purchasers Every such notice shall state the name and address of each purchaser, the number of sale shares to be purchased by him and the transfer shall be completed at a time and place to be appointed by the directors, not being less than 7 nor more than 28 days from the date of the notice
- 17 10 If the transferring shareholder fails to transfer any of the sale shares to their purchaser the directors may authorise any person to execute a transfer of the sale shares to the purchaser and the Company may give a good receipt for

the purchase price of the sale shares and may register the purchases as holder of them and issue to him a certificate for them. After the name of the purchaser has been entered into the register the validity of the proceedings shall not be questioned by any person. The transferring shareholder shall in such case be bound to deliver his certificate for the sale shares to the Company whereupon he shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for him but without interest. If such certificate shall comprise any share which the transferring shareholder has not become bound to transfer as aforesaid the Company shall issue to the transferring shareholder a certificate for the balance of such shares.

- 17.11 The directors may, in their absolute discretion, refuse to register any transfer of shares that is made otherwise than in accordance with the provisions of these Articles without giving any reason therefor.

#### **18. DRAG ALONG/TAG ALONG**

- 18.1 If Transferring Shareholders wish to transfer their shares to a potential third party transferee who is not an existing shareholder of the Company in accordance with Article 17.8 (the **"Third Party Transferee"**) and such Third Party Transferee would hold more than 50% of the issued share capital of the Company as a result, such transfer or transfers shall be permitted and exempt from the provisions contained in Article 17 PROVIDED THAT before the transfer is made or lodged for registration, the Third Party Transferee has made a written offer, which shall have remained open for at least 21 days, to purchase all of the shares in issue immediately before such sale or transfer at the proposed price (the **"Proposed Price"**), which shall be equal pro-rata to the price per share to be paid to the transferring shareholder(s) and shall not be less than the Market Value.
- 18.2 If a transfer under Article 18.1 results in a Third Party Transferee acquiring 60% or more of the issued shares in the capital of the Company the transferring shareholders shall also have the option to require all of the holders of the remaining issued shares in the capital of the Company to transfer all of their shares in the Company to the Third Party Transferee (or as the Third Party Transferee directs), by giving notice (the **"Drag Along Notice"**) to that effect to all such shareholders (the **"Called Shareholders"**) specifying that the Called Shareholders are, or will be, in accordance with this



Article 18 2 required to transfer their shares (the "**Called Shares**") pursuant to this Article 18 2- free from all liens, charges and encumbrances at the Proposed Price as specified in Article 18 1

18 3 The rights of pre-emption set out in these Articles shall not arise on any transfer of shares to a Third Party Transferee (or as he may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served

18 4 If any holder of shares does not on completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by him the defaulting holder shall be deemed to have irrevocably appointed any person nominated for the purpose by the transferring shareholder to be his agent and attorney to execute all necessary transfer(s) on his behalf and against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares deliver such transfer(s) to the Third Party Transferee (or as he may direct) (the receipt of the Company for the consideration being a good receipt for the price of the relevant shares, but the Third Party Transferee not being discharged from procuring that the Company applies the money in payment to the defaulting holder against delivery by the defaulting holder of the certificate in respect of the shares or an indemnity in respect of the same) and the Directors shall forthwith (subject to the transfer being duly stamped) register the Third Party Transferee (or as he may direct) as the holder thereof and, after the Third Party Transferee (or his nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person. It shall be no impediment to registration of shares under this sub-article that no share certificate has been produced

18 5 In this Article 18, "**Market Value**" shall be the value calculated in accordance with clause 17 3

## **19. COMPULSORY TRANSFER**

19 1 If an employee or director of the Company or any of its subsidiary undertakings ("**Relevant Individual**") ceases for any reason (including death or illness preventing him from working for more than 12 months in any 18 month period or bankruptcy) to be an employee or a director of the Company or any of its subsidiary undertakings and does not continue in any of those capacities in relation to any of them and the Relevant Individual is a shareholder then upon the date on which the Relevant Individual ceases to be

012 11 17 1

an employee or a director ("**Cessation Date**") there shall be deemed to have been served a sale notice by the Relevant Individual or Trustee in Bankruptcy in the case of bankruptcy or their Personal Representatives in the case of death ("**Compulsory Vendors**") in respect of all their shares in the Company (however acquired) Such shares shall be offered to the shareholders (other than the Compulsory Vendors) in accordance with the provisions of Article 17 which shall apply mutates mutandis except to the extent that they are varied by the following provisions of this Article 19

19 2 A sale notice shall be deemed to have been given under Article 17 on the Cessation Date and shall be irrevocable

19 3 The price for the sale shares shall be as follows

19 3 1 (subject to Article 19 3 2), the Market Value of the sale shares, and

19 3 2 if the Relevant Individual is declared bankrupt or his employment or engagement is terminated either as a result of the Relevant Individual's fraud, dishonesty or gross misconduct (and such dismissal is not found to be unfair or wrongful in an employment tribunal) or the Relevant Individual is convicted of a criminal offence which carries a sentence of six months or more imprisonment the price shall be the lower of the Market Value and an amount equal to the par value of the shares

19 4 For the purposes of Article 19 3 1 the "**Market Value**" shall be the price agreed between the Compulsory Vendors and the directors of the Company or, if they fail to agree a price within 21 days of the Cessation Date, the price certified pursuant to Article 17 3 2

## **DECISION MAKING BY SHAREHOLDERS**

### **20. POLL VOTES**

20 1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting

20 2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made " as a new paragraph at the end of that article

## **21. PROXIES**

- 21 1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"
- 21 2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article

## **ADMINISTRATIVE ARRANGEMENTS**

### **22. MEANS OF COMMUNICATION TO BE USED**

- 22 1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient
- 22 1 1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider),
- 22 1 2 if properly addressed and delivered by hand, when it was given or left at the appropriate address,
- 22 1 3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and
- 22 1 4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website

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

- 22 2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act

## **23. INDEMNITY**

- 23 1 Subject to article 23 2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled

23 1 1 each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs, and

23 1 2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 23 1 1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

- 23 2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law

- 23 3 In this article

23 3 1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

23 3 2 a "relevant officer" means any director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in

each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor)

## **24. INSURANCE**

24 1 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss

24 2 In this article

24 2 1 a **"relevant officer"** means any director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor),

24 2 2 a **"relevant loss"** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and

24 2 3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate

THE COMPANIES ACT 2006

PRIVATE COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

E-EFFICIENT ENERGY SYSTEMS LIMITED

(COMPANY NUMBER: 7210114)

INTRODUCTION

1. INTERPRETATION

1 1 In these Articles, unless the context otherwise requires

**Act:** means the Companies Act 2006,

**appointor** has the meaning given in article 11 1,

**Articles:** means the company's articles of association for the time being in force,

**business day:** means any day (other than a Saturday, Sunday or public holiday in the United Kingdom) on which clearing banks in the City of London are generally open for business,

**Conflict:** has the meaning given in article 7 1,

**eligible director:** means a director who would be entitled to vote on the matter at a meeting of directors (but excluding any director whose vote is not to be counted in respect of the particular matter),

**Model Articles:** means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (*SI 2008/3229*) as amended prior to the date of adoption of these Articles,

**shares:** means any shares in the capital of the Company, and

**Transferring Shareholder.** means any shareholder wishing to transfer part or all of the shares held by him

- 1 2 Save as otherwise specifically provided in these Articles, words and expressions which have particular meanings in the Model Articles shall have the same meanings in these Articles, subject to which and unless the context otherwise requires, words and expressions which have particular meanings in the Act shall have the same meanings in these Articles
- 1 3 Headings in these Articles are used for convenience only and shall not affect the construction or interpretation of these Articles
- 1 4 A reference in these Articles to an **"article"** is a reference to the relevant article of these Articles unless expressly provided otherwise
- 1 5 Unless expressly provided otherwise, a reference to a statute, statutory provision or subordinate legislation is a reference to it as it is in force from time to time, taking account of
- 1 5 1 any subordinate legislation from time to time made under it, and
- 1 5 2 any amendment or re-enactment and includes any statute, statutory provision or subordinate legislation which it amends or re-enacts
- 1 6 Any phrase introduced by the terms **"including"**, **"include"**, **"in particular"** or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms
- 1 7 The Model Articles shall apply to the Company, except in so far as they are modified or excluded by these Articles
- 1 8 Articles 8, 9(1) and (3), 11(2) and (3), 13, 14(1), (2), (3) and (4), 17(2), 21, 24(2)(c), 44(2), 49, 52 and 53 of the Model Articles shall not apply to the company
- 1 9 Article 7 of the Model Articles shall be amended by
- 1 9 1 the insertion of the words "for the time being" at the end of article 7(2)(a), and
- 1 9 2 the insertion in article 7(2) of the words "(for so long as he remains the sole director)" after the words "and the director may"
- 1 10 Article 20 of the Model Articles shall be amended by the insertion of the words "(including alternate directors)" before the words "properly incur"
- 1 11 In article 25(2)(c) of the Model Articles, the words "evidence, indemnity and the payment of a reasonable fee" shall be deleted and replaced with the words "evidence and indemnity"

- 1 12 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10;" after the word "But"
- 1 13 Article 29 of the Model Articles shall be amended by the insertion of the words ", or the name of any person(s) named as the transferee(s) in an instrument of transfer executed under article 28(2)," after the words "the transmittee's name"
- 1 14 Articles 31(a) to (d) (inclusive) of the Model Articles shall be amended by the deletion, in each case, of the words "either" and "or as the directors may otherwise decide"

## **DIRECTORS**

### **2. UNANIMOUS DECISIONS**

- 2 1 A decision of the directors is taken in accordance with this article when all eligible directors indicate to each other by any means that they share a common view on a matter
- 2 2 Such a decision may take the form of a resolution in writing, where each eligible director has signed one or more copies of it, or to which each eligible director has otherwise indicated agreement in writing
- 2 3 A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting

### **3. CALLING A DIRECTORS' MEETING**

- 3 1 Any director may call a directors' meeting by giving not less than five business days' notice of the meeting (or such lesser notice as all the directors may agree) to the directors or by authorising the company secretary (if any) to give such notice

### **4. QUORUM FOR DIRECTORS' MEETINGS**

- 4 1 Subject to article 4 2, the quorum for the transaction of business at a meeting of directors is any two eligible directors
- 4 2 If the total number of directors in office for the time being is less than the quorum required, the directors must not take any decision other than a decision
- 4 2 1 to appoint further directors, or

- 4 2 2 to call a general meeting so as to enable the shareholders to appoint  
- further directors

**5. CASTING VOTE**

- 5 1 If the numbers of votes for and against a proposal at a meeting of directors are equal, the chairman or other director chairing the meeting has a casting vote
- 5 2 Article 5 1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the chairman or other director is not an eligible director for the purposes of that meeting (or part of a meeting)

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

- 6 1 Subject to sections 177(5) and 177(6) and sections 182(5) and 182(6) of the Act and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company
- 6 1 1 may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested,
- 6 1 2 shall be an eligible director for the purposes of any proposed decision of the directors (or committee of directors) in respect of such contract or proposed contract in which he is interested,
- 6 1 3 shall be entitled to vote at a meeting of directors (or of a committee of the directors) or participate in any unanimous decision, in respect of such contract or proposed contract in which he is interested,
- 6 1 4 may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a director,
- 6 1 5 may be a director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested, and

6 1 6 shall not, save as he may otherwise agree, be accountable to the company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such contract, transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such contract, transaction or arrangement shall be liable to be avoided on the grounds of any such interest or benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act

## **7. DIRECTORS' CONFLICTS OF INTEREST**

7 1 The directors may, in accordance with the requirements set out in this article, authorise any matter or situation proposed to them by any director which would, if not authorised, involve a director (an **"Interested Director"**) breaching his duty under section 175 of the Act to avoid conflicts of interest (**"Conflict"**)

7 2 Any authorisation under this article 7 will be effective only if

7 2 1 to the extent permitted by the Act, the matter in question shall have been proposed by any director for consideration in the same way that any other matter may be proposed to the directors under the provisions of these Articles or in such other manner as the directors may determine,

7 2 2 any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director, and

7 2 3 the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted

7 3 Any authorisation of a Conflict under this article 7 may (whether at the time of giving the authorisation or subsequently)

7 3 1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised,

7 3 2 provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions

(whether at meetings of the directors or otherwise) related to the Conflict,

7 3 3 provide that the Interested Director shall or shall not be an eligible director in respect of any future decision of the directors in relation to any resolution related to the Conflict,

7 3 4 impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit,

7 3 5 provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a director of the Company) information that is confidential to a third party, he will not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence, and

7 3 6 permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the directors and be excused from reviewing papers prepared by, or for, the directors to the extent they relate to such matters

7 4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct himself in accordance with any terms and conditions imposed by the directors in relation to the Conflict

7 5 The directors may revoke or vary such authorisation at any time, but this will not affect anything done by the Interested Director, prior to such revocation or variation, in accordance with the terms of such authorisation

7 6 A director is not required, by reason of being a director (or because of the fiduciary relationship established by reason of being a director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds

## **8. RECORDS OF DECISIONS TO BE KEPT**

Where decisions of the directors are taken by electronic means, such decisions shall be recorded by the directors in permanent form, so that they may be read with the naked eye

**9. NUMBER OF DIRECTORS**

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum

**10. APPOINTMENT OF DIRECTORS**

In any case where, as a result of death or bankruptcy, the Company has no shareholders and no directors, the transmittee(s) of the last shareholder to have died or to have a bankruptcy order made against him (as the case may be) have the right, by notice in writing, to appoint a natural person (including a transmittee who is a natural person), who is willing to act and is permitted to do so, to be a director

**11. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS**

11 1 Any director ("appointor") may appoint as an alternate any other director, or any other person approved by resolution of the directors, to

11 1 1 exercise that director's powers, and

11 1 2 carry out that director's responsibilities,

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

11 2 Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the directors

11 3 The notice must

11 3 1 identify the proposed alternate, and

11 3 2 in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice

**12. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

12 1 An alternate director may act as alternate director to more than one director and has the same rights in relation to any decision of the directors as the alternate's appointor

12 2 Except as the Articles specify otherwise, alternate directors

12 2 1 are deemed for all purposes to be directors,

12 2 2 are liable for their own acts and omissions,

12 2 3 are subject to the same restrictions as their appointors, and

12 2 4 are not deemed to be agents of or for their appointors

and, in particular (without limitation), each alternate director shall be entitled to receive notice of all meetings of directors and of all meetings of committees of directors of which his appointor is a member

12 3 A person who is an alternate director but not a director

12 3 1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's appointor is not participating),

12 3 2 may participate in a unanimous decision of the directors (but only if his appointor is an eligible director in relation to that decision, but does not participate), and

12 3 3 shall not be counted as more than one director for the purposes of articles 12 3 1 and 12 3 2

12 4 A director who is also an alternate director is entitled, in the absence of his appointor, to a separate vote on behalf of his appointor, in addition to his own vote on any decision of the directors (provided that his appointor is an eligible director in relation to that decision)

12 5 An alternate director may be paid expenses and may be indemnified by the company to the same extent as his appointor but shall not be entitled to receive any remuneration from the Company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the Company

### **13. TERMINATION OF ALTERNATE DIRECTORSHIP**

13 1 An alternate director's appointment as an alternate terminates

13 1 1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate,

13 1 2 on the occurrence, in relation to the alternate, of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director,

13 1 3 on the death of the alternate's appointor, or

13 1 4 when the alternate's appointor's appointment as a director terminates

#### **14. SHARE CAPITAL**

No variation of the rights attaching to any class of shares shall be effective except with the sanction of a special resolution of the holders of the relevant class of shares. Where a special resolution to vary the rights attaching to a class of shares is proposed at a separate general meeting of that class of shares, all the provisions of these Articles as to general meetings of the Company shall mutatis mutandis apply, but so that the necessary quorum shall be one holder of the relevant class present in person or by proxy or (being a corporation) by a duly authorised representative. For the purpose of this article, one holder present in person or by proxy or (being a corporation) by a duly authorised representative may constitute a meeting.

#### **15. UNISSUED SHARES**

15 1 No shares in the Company shall be allotted nor any right to subscribe for or to convert any security into any shares in the Company shall be granted unless within one month before that allotment or grant (as the case may be) every shareholder for the time being has consented in writing to that allotment or grant and its terms and to the identity of the proposed allottee or grantee.

15 2 No share of any class nor any right to subscribe for or to convert any security into a share of any class shall be allotted or granted otherwise than to the holder of a share of that same class.

15 3 In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) where the consent to that allotment of every shareholder has been obtained as required by these Articles and that allotment otherwise conforms to the requirements of these Articles.

#### **16. FURTHER ISSUES OF SHARES: AUTHORITY**

16 1 Save to the extent authorised by these Articles, or authorised from time to time by an ordinary resolution of the shareholders, the directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the Company.

16 2 Subject to Article 15 the remaining provisions of this Article 16 the directors are generally and unconditionally authorised, for the purposes of section 551 of the Act and generally, to exercise any power of the Company to

16 2 1 offer or allot,

16 2 2 grant rights to subscribe for or to convert any security into,

16 2 3 otherwise deal in, or dispose of,

any shares in the Company to any person, at any time and subject to any terms and conditions as the directors think proper

16 3 The authority referred to in Article 16 2

16 3 1 shall be limited to a maximum nominal amount of £1000 or such other amount as may from time to time be authorised by the Company by ordinary resolution,

16 3 2 shall only apply insofar as the Company has not renewed, waived or revoked it by ordinary resolution, and

16 3 3 may only be exercised for a period of five years commencing on the date on which these Articles are adopted, save that the directors may make an offer or agreement which would, or might, require shares to be allotted after the expiry of such authority (and the directors may allot shares in pursuance of an offer or agreement as if such authority had not expired)

## 17. TRANSFER OF SHARES

17 1 Any Transferring Shareholder shall first give a notice in writing (a "**sale notice**") to the Company specifying the number and denoting numbers (if any) of the shares which he wishes to sell (the "**sale shares**") The sale notice shall constitute the Company the agent of the transferring shareholder for the sale of the sale shares at market value being the open market value of the sale shares between willing seller and willing buyer and on the basis that the sale shares can be transferred free of restrictions (as determined in accordance with the provisions of Article 17 3) ("**Market Value**")

17 2 A sale notice may provide that unless all the sale shares are sold in accordance with this Article none shall be sold (a "**total sale condition**") Other than expressly provided in these Articles, a sale notice shall be revocable at any time until the end of the valuation period (as defined in Article 17 5) If a transferring shareholder revokes a sale notice he may not subsequently transfer the sale shares (or any interest in them) other than in accordance with these Articles

17 3 The Market Value of the sale shares

17 3 1 shall ~~be determined~~ by agreement between the transferring shareholder and the Directors of the Company, or

17 3 2 in default of agreement within 14 days of the date of receipt of the sale notice by the Company shall be certified by the Company's accountant In so certifying the Company's accountant shall

17 3 2 1 be entitled to obtain professional valuations in respect of any of the Company's assets and shall be considered to be acting as an expert and not as an arbitrator and accordingly any provisions of law or statute relating to arbitration shall not apply, and

17 3 2 2 assume a sale of sale shares by a willing seller and a willing buyer excluding any discount or reduction in value which may be ascribed to the class of the sale shares and the percentage of the issued shares in the capital of the Company they represent

17 4 Forthwith upon receipt of the certificate of the Company's accountant, the Company shall by notice in writing inform all members of the Market Value of each share and of the price per share at which the sale shares are offered for sale

17 5 If the Market Value as certified by the Company's accountant is unacceptable to the transferring shareholder he may, within 7 days of the Market Value being so certified (the "**valuation period**"), revoke his sale notice by giving notice in writing to this effect to the Company The cost of obtaining a certificate of Market Value shall be borne by the transferring shareholder

17 6 Within 7 days of the determination of the Market Value, the Company shall forthwith offer the sale shares at Market Value to all of the shareholders other than the transferring shareholder who at the date of the sale notice are registered as the respective holders of shares pro-rata as nearly as may be to the respective numbers of shares held by such members in each case inviting them to state in writing within 14 days (the "**Offer Period**") whether they are willing to purchase and, if so, the number of sale shares up to the number comprised in the sale notice

17 7 Upon expiry of the Offer Period the Company shall allocate the sale shares in the following manner -

17 7 1 to each member who has agreed to purchase shares his pro-rata entitlement as described in Article 17 6 above or such lesser number of sale shares for which he shall have applied, and

17 7 2 if any member shall have applied for less than his pro-rata entitlement, the remaining sale shares shall be allocated to the shareholders who have applied for sale shares in excess of their pro-rata entitlement pro-rata as nearly as may be in proportion to the number of shares held by the relevant member

17 8 If the Company shall not find purchasing shareholders pursuant to Articles 17 6 and 17 7 for all of the the sale shares or if through no default of the transferring shareholder the purchase of any of the sale shares is not completed within the time period specified in Article 17 9 the transferring shareholder shall be at liberty at any time within three months after the end of that time period to offer any unsold sale shares or (in the case of a total sale condition) all of the sale shares to the Company to purchase itself The Company, subject to compliance with any applicable laws and regulations, may purchase such sale shares at its discretion If the Company does not purchase all of such sale shares the transferring shareholder may within a period of three months after the expiry of the Offer Period sell all or any of the remaining sale shares to any person at a price which is not less than the Market Value

17 9 If the Company shall find purchasing shareholders in respect of all or (except where the sale notice contains a total sale condition) any of the sale shares in accordance with this Article 17 it shall forthwith give notice to the transferring shareholder who shall be bound, upon payment of the appropriate consideration, to transfer the sale shares to the respective purchasers Every such notice shall state the name and address of each purchaser, the number of sale shares to be purchased by him and the transfer shall be completed at a time and place to be appointed by the directors, not being less than 7 nor more than 28 days from the date of the notice

17 10 If the transferring shareholder fails to transfer any of the sale shares to their purchaser the directors may authorise any person to execute a transfer of the sale shares to the purchaser and the Company may give a good receipt for

the purchase price of the sale shares and may register the purchases as holder of them and issue to him a certificate for them. After the name of the purchaser has been entered into the register the validity of the proceedings shall not be questioned by any person. The transferring shareholder shall in such case be bound to deliver his certificate for the sale shares to the Company whereupon he shall be entitled to receive the purchase price which shall in the meantime be held by the Company on trust for him but without interest. If such certificate shall comprise any share which the transferring shareholder has not become bound to transfer as aforesaid the Company shall issue to the transferring shareholder a certificate for the balance of such shares.

- 17 11 The directors may, in their absolute discretion, refuse to register any transfer of shares that is made otherwise than in accordance with the provisions of these Articles without giving any reason therefor.

#### **18. DRAG ALONG/TAG ALONG**

- 18 1 If Transferring Shareholders wish to transfer their shares to a potential third party transferee who is not an existing shareholder of the Company in accordance with Article 17 8 (the "**Third Party Transferee**") and such Third Party Transferee would hold more than 50% of the issued share capital of the Company as a result, such transfer or transfers shall be permitted and exempt from the provisions contained in Article 17 PROVIDED THAT before the transfer is made or lodged for registration, the Third Party Transferee has made a written offer, which shall have remained open for at least 21 days, to purchase all of the shares in issue immediately before such sale or transfer at the proposed price (the "**Proposed Price**"), which shall be equal pro-rata to the price per share to be paid to the transferring shareholder(s) and shall not be less than the Market Value.
- 18 2 If a transfer under Article 18 1 results in a Third Party Transferee acquiring 60% or more of the issued shares in the capital of the Company the transferring shareholders shall also have the option to require all of the holders of the remaining issued shares in the capital of the Company to transfer all of their shares in the Company to the Third Party Transferee (or as the Third Party Transferee directs), by giving notice (the "**Drag Along Notice**") to that effect to all such shareholders (the "**Called Shareholders**") specifying that the Called Shareholders are, or will be, in accordance with this

Article 18 2 required to transfer their shares (the "**Called Shares**") pursuant to this Article 18 2--free from all liens, charges and encumbrances at the Proposed Price as specified in Article 18 1

18 3 The rights of pre-emption set out in these Articles shall not arise on any transfer of shares to a Third Party Transferee (or as he may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served

18 4 If any holder of shares does not on completion of the sale of Called Shares execute transfer(s) in respect of all the Called Shares held by him the defaulting holder shall be deemed to have irrevocably appointed any person nominated for the purpose by the transferring shareholder to be his agent and attorney to execute all necessary transfer(s) on his behalf and against receipt by the Company (on trust for such holder) of the purchase monies or any other consideration payable for the Called Shares deliver such transfer(s) to the Third Party Transferee (or as he may direct) (the receipt of the Company for the consideration being a good receipt for the price of the relevant shares, but the Third Party Transferee not being discharged from procuring that the Company applies the money in payment to the defaulting holder against delivery by the defaulting holder of the certificate in respect of the shares or an indemnity in respect of the same) and the Directors shall forthwith (subject to the transfer being duly stamped) register the Third Party Transferee (or as he may direct) as the holder thereof and, after the Third Party Transferee (or his nominee) has been registered as the holder, the validity of such proceedings shall not be questioned by any such person It shall be no impediment to registration of shares under this sub-article that no share certificate has been produced

18 5 In this Article 18, "**Market Value**" shall be the value calculated in accordance with clause 17 3

## **19. COMPULSORY TRANSFER**

19 1 If an employee or director of the Company or any of its subsidiary undertakings ("**Relevant Individual**") ceases for any reason (including death or illness preventing him from working for more than 12 months in any 18 month period or bankruptcy) to be an employee or a director of the Company or any of its subsidiary undertakings and does not continue in any of those capacities in relation to any of them and the Relevant Individual is a shareholder then upon the date on which the Relevant Individual ceases to be

an employee or a director ("**Cessation Date**") there shall be deemed to have been served a sale notice by the Relevant Individual or Trustee in-Bankruptcy in the case of bankruptcy or their Personal Representatives in the case of death ("**Compulsory Vendors**") in respect of all their shares in the Company (however acquired) Such shares shall be offered to the shareholders (other than the Compulsory Vendors) in accordance with the provisions of Article 17 which shall apply mutates mutandis except to the extent that they are varied by the following provisions of this Article 19

19 2 A sale notice shall be deemed to have been given under Article 17 on the Cessation Date and shall be irrevocable

19 3 The price for the sale shares shall be as follows

19 3 1 (subject to Article 19 3 2), the **Market Value** of the sale shares, and

19 3 2 if the Relevant Individual is declared bankrupt or his employment or engagement is terminated either as a result of the Relevant Individual's fraud, dishonesty or gross misconduct (and such dismissal is not found to be unfair or wrongful in an employment tribunal) or the Relevant Individual is convicted of a criminal offence which carries a sentence of six months or more imprisonment the price shall be the lower of the **Market Value** and an amount equal to the par value of the shares

19 4 For the purposes of Article 19 3 1 the "**Market Value**" shall be the price agreed between the Compulsory Vendors and the directors of the Company or, if they fail to agree a price within 21 days of the Cessation Date, the price certified pursuant to Article 17 3 2

## **DECISION MAKING BY SHAREHOLDERS**

### **20. POLL VOTES**

20 1 A poll may be demanded at any general meeting by any qualifying person (as defined in section 318 of the Act) present and entitled to vote at the meeting

20 2 Article 44(3) of the Model Articles shall be amended by the insertion of the words "A demand so withdrawn shall not invalidate the result of a show of hands declared before the demand was made " as a new paragraph at the end of that article

## **21. PROXIES**

- 21 1 Article 45(1)(d) of the Model Articles shall be deleted and replaced with the words "is delivered to the company in accordance with the Articles not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the right to vote is to be exercised and in accordance with any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate"
- 21 2 Article 45(1) of the Model Articles shall be amended by the insertion of the words "and a proxy notice which is not delivered in such manner shall be invalid, unless the directors, in their discretion, accept the notice at any time before the meeting" as a new paragraph at the end of that article

## **ADMINISTRATIVE ARRANGEMENTS**

### **22. MEANS OF COMMUNICATION TO BE USED**

- 22 1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient
- 22 1 1 if properly addressed and sent by prepaid United Kingdom first class post to an address in the United Kingdom, 48 hours after it was posted (or five business days after posting either to an address outside the United Kingdom or from outside the United Kingdom to an address within the United Kingdom, if (in each case) sent by reputable international overnight courier addressed to the intended recipient, provided that delivery in at least five business days was guaranteed at the time of sending and the sending party receives a confirmation of delivery from the courier service provider),
- 22 1 2 if properly addressed and delivered by hand, when it was given or left at the appropriate address,
- 22 1 3 if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied, and
- 22 1 4 if sent or supplied by means of a website, when the material is first made available on the website or (if later) when the recipient receives (or is deemed to have received) notice of the fact that the material is available on the website

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

- 22 2 In proving that any notice, document or other information was properly addressed, it shall be sufficient to show that the notice, document or other information was delivered to an address permitted for the purpose by the Act

### **23. INDEMNITY**

- 23 1 Subject to article 23 2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled

23 1 1 each relevant officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant officer in the actual or purported execution and/or discharge of his duties, or in relation to them including (in each case) any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the Company's (or any associated company's) affairs, and

23 1 2 the Company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 23 1 1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure

- 23 2 This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Act or by any other provision of law

- 23 3 In this article

23 3 1 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

23 3 2 a "relevant officer" means any director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in

each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor)

## **24. INSURANCE**

24 1 The directors may decide to purchase and maintain insurance, at the expense of the Company, for the benefit of any relevant officer in respect of any relevant loss

24 2 In this article

24 2 1 a **"relevant officer"** means any director or other officer or former director or other officer of the Company or an associated company (including any company which is a trustee of an occupational pension scheme (as defined by section 235(6) of the Act), but excluding in each case any person engaged by the Company (or associated company) as auditor (whether or not he is also a director or other officer), to the extent he acts in his capacity as auditor),

24 2 2 a **"relevant loss"** means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company, and

24 2 3 companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate