

## Shareholders' Written Resolution

Company Number: 10967537

### WRITTEN RESOLUTION

of

Hartfield Early Education Limited (Company)

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15/12/2017

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COMPANIES HOUSE

**CIRCULATION DATE:** 4 December 2017

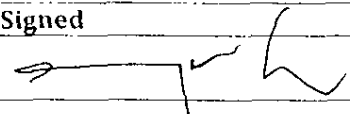
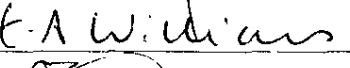

Pursuant to Chapter 2 of Part 13 of the Companies Act 2006 (**Act**), the directors of the Company propose that the following resolution (**Resolution**) is passed as a special resolution

### SPECIAL RESOLUTION

**THAT** the draft articles of association attached to the 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 of the Company.

### AGREEMENT

We, being all the eligible members of the Company (as defined in section 289 of the Act) in respect of this Resolution, agree that the Resolution be so passed.

Name	Signed	Date
Shui Wah Education Limited		4 DECEMBER 2017
Elizabeth Anne Williams		8.12.17
Catherine Elizabeth Tan		8 12 17

### NOTES

- 1 If you agree with the Resolution, please indicate your agreement by signing this document where indicated above and returning the signed version either by hand or by post to the Company's registered office. You may not return the Resolution to the Company by any other method.
- 2 If you do not agree to the Resolution, you do not need to do anything: you will not be deemed to agree if you fail to reply. Once you have indicated your agreement to the Resolution, you may not revoke your agreement.
- 3 Unless, by 4 January 2018, sufficient acceptance for the Resolution to be passed have been received by the Company, it will lapse. If you agree to the Resolution, please ensure that your agreement reaches us on or before this date.

**THE COMPANIES ACT 2006**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION**

**OF**

**HARTFIELD EARLY EDUCATION LIMITED**

**(Adopted by written resolution passed on 8 December 2017)**

**INTRODUCTION**

**1. INTERPRETATION**

1.1 In these Articles, unless the context otherwise requires:

<b>Act</b>	means the Companies Act 2006.
<b>Adoption Date</b>	the date of adoption of these articles of association.
<b>A Ordinary Shares</b>	the class A ordinary shares of £1.00 each in the company.
<b>appointor</b>	has the meaning given in article 9.
<b>Articles</b>	means the company's articles of association for the time being in force.
<b>Bad Leaver</b>	means an Employee Shareholder who becomes a Departing Employee Shareholder (other than an Early Leaver) in circumstances where she is guilty of any fraud, dishonesty or gross negligence.
<b>B Ordinary Shares</b>	the class B ordinary shares of £1 each in the company.
<b>business day</b>	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.

<b>CET</b>	has the meaning given in the Shareholders' Agreement.
<b>Conflict</b>	has the meaning given in article 6.1.
<b>connected:</b>	has the meaning given in section 1122 of the Corporation Taxes Act 2010.
<b>Controlling Interest</b>	means an interest in the shares of a company conferring on the holder or holders control of that company within the meaning of section 1124 of the Corporation Tax Act 2010.
<b>Departing Employee Shareholder</b>	means an Employee Shareholder who ceases to be a director, employee or consultant of the company.
<b>Early Leaver</b>	means an Employee Shareholder who becomes a Departing Employee Shareholder for any reason prior to the third anniversary of the Adoption Date ( <b>Early Leaver Period</b> ).
<b>EAW</b>	has the meaning given in the Shareholders' Agreement.
<b>eligible director</b>	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).
<b>Employee Shareholder</b>	means a shareholder who is, or has been, a director, employee or consultant of the company.
<b>Good Leaver</b>	means an Employee Shareholder who becomes a Departing Employee Shareholder who is not a Bad Leaver or an Early Leaver.
<b>Independent Expert</b>	means the accountants for the time being of the company or, if they decline the instruction, an independent firm of accountants jointly appointed by the company and the Seller or, in the absence of agreement between the company and the Seller on the identity of the expert within the ten business day

	period referred to in article 18.1 an independent firm of accountants appointed by the President, for the time being, of the Institute of Chartered Accountants in England and Wales.
<b>Investor</b>	means Shui Wah Education Limited (number: 10966072).
<b>Investor Consent</b>	means the consent in writing of the Investor.
<b>Issue Price</b>	means in respect of any share, the subscription price paid (or agreed to be paid) in respect of that share, including any share premium or, in the event that an <i>Employee Shareholder has acquired shares by way of transfer rather than issue and allotment</i> , the lower of the price paid by either that Employee Shareholder or the Employee Shareholder from whom such shareholder received such shares on transfer.
<b>Minimum Transfer Condition</b>	has the meaning given in article 18.2.
<b>Model Articles</b>	means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 ( <i>SI 2008/3229</i> ) as amended prior to the date of adoption of these Articles.
<b>Shareholders' Agreement</b>	means the agreement dated 4 December 2017 and made between, inter alia, the Investor and the Company, as amended from time to time.
<b>Seller</b>	has the meaning given in article 18.2.
<b>Termination Date</b>	<p>(a) where employment ceases by virtue of notice given by either employee or the employer, the date on which such notice expires;</p> <p>(b) where a contract of employment is terminated by the employer and a payment is made in lieu of notice, the date on which notice of termination was served;</p>

- (c) where an Employee Shareholder dies, the date of her death;
- (d) where the Employee Shareholder concerned is a consultant but not an employee, the date on which her service agreement (or other terms of appointment whether express or implied) with the Company is terminated; or
- (e) in any other case, the date on which the holding of office is terminated.

**Transfer Notice** has the meaning given in article 18.2.

- 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:
  - (a) any subordinate legislation from time to time made under it; and
  - (b) 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), 11(2) and (3), 14(1), (2), (3) and (4), 17(2), 44(2), 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:
  - (a) the insertion of the words "for the time being" at the end of article 7(2)(a); and

- (b) 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) and the secretary" before the words "properly incur".
- 1.11 Article 27(3) of the Model Articles shall be amended by the insertion of the words ", subject to article 10," after the word "But".
- 1.12 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".
- 1.13 Articles 31(1)(a) to (c) (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". Article 31(d) of the Model Articles shall be amended by the deletion of the words "either" and "or by such other means as the directors decide"

## **DIRECTORS**

### **2. DECISION-MAKING**

- 2.1 The general rule about decision-making by directors is that any decision of the directors must be either:
  - (a) a majority decision, provided always that such majority is supported by Investor Consent; or
  - (b) a decision made in accordance with article 2.2.
- 2.2 A decision of the directors is taken in accordance with this article 2.2 when all eligible directors indicate to each other by any means that they share a common view on a matter. 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. A decision may not be taken in accordance with this article 2.2 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.
- 3.2 Notice of a directors' meeting shall be given to each director in writing.

**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 or, where there is only one director in office for the time being, that director.
- 4.2 For the purposes of any meeting (or part of a meeting) held pursuant to article 6 to authorise a director's conflict, if there is only one eligible director in office other than the conflicted director(s), the quorum for such meeting (or part of a meeting) shall be one eligible director.

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

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 Companies Acts, a director who is in any way, *whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the company:*

- (a) 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;*
- (b) *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 she is interested;*
- (c) 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 she is interested;
- (d) may act by herself or her firm in a professional capacity for the company (otherwise than as auditor) and she or her firm shall be entitled to remuneration for professional services as if she were not a director;
- (e) 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*
- (f) shall not, save as she may otherwise agree, be accountable to the company for any benefit which he (or a person connected with her (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.

**6. DIRECTORS' CONFLICTS OF INTEREST**

- 6.1 The directors may, in accordance with the requirements set out in this article 6, 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**).
- 6.2 Any authorisation under this article 6 will be effective only if:
- (a) 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;
  - (b) any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director or any other interested director; and
  - (c) the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's and any other interested director's vote had not been counted.
- 6.3 Any authorisation of a Conflict under this article 6 may (whether at the time of giving the authorisation or subsequently):
- (a) extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised;
  - (b) 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;
  - (c) 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;
  - (d) impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the directors think fit;
  - (e) provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through her position as a director of the company) information that is confidential to a third party, she 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
  - (f) permit the Interested Director to absent herself 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.



- 6.4 Where the directors authorise a Conflict, the Interested Director will be obliged to conduct herself in accordance with any terms and conditions imposed by the directors in relation to the Conflict.
- 6.5 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.
- 6.6 *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 she 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.*

## **7. 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.

## **8. NUMBER OF DIRECTORS**

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

## **9. 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 her (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.

## **10. APPOINTMENT AND REMOVAL OF ALTERNATE DIRECTORS**

- 10.1 Any director (**appointor**) may appoint as an alternate any other director, or any other person approved by resolution of the directors, to:

- (a) exercise that director's powers; and
- (b) carry out that director's responsibilities,

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

10.2 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.

10.3 The notice must:

- (a) identify the proposed alternate; and
- (b) 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.

## **11. RIGHTS AND RESPONSIBILITIES OF ALTERNATE DIRECTORS**

11.1 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.

11.2 Except as the Articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their appointors; and
- (d) 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 her appointor is a member.

11.3 A person who is an alternate director but not a director:

- (a) 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);
- (b) may participate in a unanimous decision of the directors (but only if her appointor is an eligible director in relation to that decision, but does not participate); and
- (c) shall not be counted as more than one director for the purposes of articles 11.3(a) and (b).

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

11.5 An alternate director may be paid expenses and may be indemnified by the company to the same extent as her 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.

## **12. TERMINATION OF ALTERNATE DIRECTORSHIP**

An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
- (b) 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;
- (c) on the death of the alternate's appointor; or
- (d) when the alternate's appointor's appointment as a director terminates.

## **13. SECRETARY**

The directors may appoint any person who is willing to act as the secretary for such term, at such remuneration and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

## **SHAREHOLDERS**

## **14. DIVIDENDS**

If in respect of any financial year, the company shall:

- (a) determine to distribute any sum by way of dividend to the holders of A Ordinary Shares then such sum shall be paid to the holders of A Ordinary Shares pro rata to the number of A Ordinary Shares held;
- (b) determine to distribute any sum by way of dividend to the holders of Class B Ordinary Shares then such sum shall be paid to the holders of B Ordinary Shares pro rata to the number of B Ordinary Shares held.

## **15. POLL VOTES AND PROXIES**

15.1 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.

15.2 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.

15.3 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*".

15.4 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.

## **16. TRANSFERS OF SHARES: GENERAL**

16.1 *In these Articles, reference to the transfer of a share includes the transfer, assignment or other disposal of a beneficial or other interest in that share, or the creation of a trust or encumbrance over that share, and reference to a share includes a beneficial or other interest in a share.*

16.2 No share shall be transferred, and the directors shall refuse to register a transfer of any share, unless it is made in accordance with these Articles. Subject to article 16.5, the directors shall register any duly stamped transfer made in accordance with these Articles, unless they suspect that the proposed transfer may be fraudulent.

16.3 If a shareholder transfers (or purports to transfer) a share other than in accordance with these Articles, she shall, save with Investor Consent to the contrary, be deemed to have immediately served a Transfer Notice in respect of all shares held by her.

16.4 Any transfer of a share by way of sale which is required to be made under articles 20, 21 or 22 shall be deemed to include a warranty that the transferor sells the share with full title guarantee.

16.5 *The directors shall, as a condition to the registration of any transfer of shares, require the transferee to execute and deliver to the company a deed, in favour of the company agreeing to be bound by the terms of the Shareholders' Agreement, in such form as the directors (acting with Investor Consent) may reasonably require (but not so as to oblige the transferee to have any obligations or liabilities greater than those of the proposed transferor). If any condition is imposed in accordance with this article 16.5, the transfer may not be registered unless and until that deed has been executed and delivered to the company's registered office by the transferee.*

16.6 To enable the directors to determine whether or not there has been any transfer (or purported transfer) of shares the directors may, and shall if so requested by

the Investor, require:

- (a) any holder (or the legal representatives of a deceased holder); or
- (b) any person named as a transferee in a transfer lodged for registration; or
- (c) such other person as the directors (or the Investor) may reasonably believe to have information relevant to that purpose,

to provide the company with any information and evidence that the directors think fit regarding any matter which they deem relevant to that purpose.

16.7 If any such information or evidence referred to in article 16.6 is not provided to enable the directors to determine to their reasonable satisfaction that no breach has occurred, or that as a result of the information and evidence provided the directors are reasonably satisfied that a breach has occurred, the directors shall immediately notify the holder of such shares of that fact in writing and then, unless otherwise directed in writing by the Investor:

- (a) the relevant shares shall cease to confer on the holder of them any rights:
  - (i) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise);
  - (ii) to receive dividends or other distributions; or
  - (iii) to participate in any future issue of shares issued in respect of those shares; and
- (b) the directors may, by notice in writing to the relevant holder, determine that a Transfer Notice shall be deemed to have been given in respect of some or all of his shares with effect from the date of service of the notice (or such later date as may be specified in such notice).

The directors may (with Investor Consent) reinstate the rights referred to in article 16.7(a) at any time and, in any event, such rights shall be reinstated on completion of a transfer made pursuant to article 16.7(b).

16.8 Unless expressly provided otherwise in these Articles, if a Transfer Notice is deemed to have been given under these Articles (a **Deemed Transfer Notice**), the Deemed Transfer Notice shall be treated as having specified that:

- (a) it does not contain a Minimum Transfer Condition; and
- (b) the Seller wishes to transfer all the shares held by her (including any shares acquired after the date the relevant Transfer Notice is deemed given but before completion of the transfer of shares pursuant to the relevant Transfer Notice).

16.9 Any Transfer Notice (but not an Offer Notice (as defined in article 21.3) or a Drag Along Notice (as defined in article 22.2)) served in respect of the transfer of any share which has not completed before the date of service of a Deemed Transfer

Notice shall (save with Investor Consent to the contrary) automatically be revoked by the service of a Deemed Transfer Notice.

**17. PERMITTED TRANSFERS OF SHARES**

17.1 Subject only to articles 20, 21 and 22:

- (a) *the Investor may transfer all or any of its shares without restriction to any person;*
- (b) CET may transfer any of her shares without restriction to EAW at any time following expiry of the Early Leaver Period; and
- (c) EAW may transfer any of her shares without restriction to CET at any time following expiry of the Early Leaver Period.

**18. PRE-EMPTION RIGHTS ON THE TRANSFER OF SHARES**

18.1 Except where the provisions of article 17, article 21 or article 22 apply, any transfer of shares by a shareholder shall be subject to the pre-emption rights in *this article 18.*

18.2 A shareholder who wishes to transfer shares (a **Seller**) shall, before transferring or agreeing to transfer any shares, give notice in writing (a **Transfer Notice**) to the company specifying:

- (a) subject to article 16.8(b), the number of shares she wishes to transfer (**Sale Shares**);
- (b) the name of the proposed transferee, if any;
- (c) subject to article 20.3, the price per Sale Share (in cash), if any, at which she wishes to transfer the Sale Shares (the **Proposed Sale Price**); and
- (d) subject to article 16.8(a), whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold (a **Minimum Transfer Condition**).

18.3 Once given, a Transfer Notice may only be withdrawn with Investor Consent.

18.4 A Transfer Notice (or Deemed Transfer Notice) constitutes the company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

18.5 As soon as practicable following the later of:

- (a) receipt of a Transfer Notice (or in the case of a Deemed Transfer Notice, the date such notice is deemed to be served); and
- (b) the determination of the Transfer Price,

the directors shall (unless the Transfer Notice is withdrawn in accordance with article 18.3) offer the Sale Shares for sale in the manner set out in the remaining

provisions of this article 18 at the Transfer Price. Each offer shall be in writing and give details of the number and Transfer Price of the Sale Shares offered.

18.6 The company shall offer the Sale Shares in the following order of priority:

- (a) first, to the Investor; and
- (b) second, to all other holders of shares (the **Second Offer Shareholders**),

in each case on the basis set out in article 18.7 to article 18.15 (inclusive).

18.7 The directors shall offer the Sale Shares in the order of priority referred to in article 18.6, first to the Investor, inviting it to apply in writing within the period from the date of the offer to the date 20 business days after the offer (both dates inclusive) (the **First Offer Period**) for the maximum number of Sale Shares it wishes to buy.

18.8 If:

- (a) at the end of the First Offer Period, the number of Sale Shares applied for is not less than the total number of Sale Shares, the directors shall allocate the Sale Shares to the Investor (or, at its direction, in whole or in part, the Company);
- (b) at the end of the First Offer Period, the total number of Sale Shares applied for is less than the number of Sale Shares, the directors shall allocate the Sale Shares to the Investor (or, at its direction, in whole or in part, the Company) in accordance with its application. The balance (the **Initial Surplus Shares**) shall be dealt with in accordance with article 18.9.

18.9 At the end of the First Offer Period, the directors shall offer the Initial Surplus Shares (if any) to the Second Offer Shareholders (other than the Seller), inviting them to apply in writing within the period from the date of the offer to the date 20 business days after the offer (both dates inclusive) (the **Second Offer Period**) for the maximum number of Initial Surplus Shares they wish to buy.

18.10 If:

- (a) at the end of the Second Offer Period, the number of Initial Surplus Shares applied for is equal to or exceeds the number of Initial Surplus Shares, the directors shall allocate the Initial Surplus Shares to each Second Offer Shareholder who has applied for Initial Surplus Shares in the proportion which her existing holding of shares held by Second Offer Shareholders bears to the total number of shares held by all Second Offer Shareholders (other than the Seller). Fractional entitlements shall be rounded down to the nearest whole number (save where such rounding would result in not all Initial Surplus Shares being allocated, in which case, the allocation of any such fractional entitlements shall be determined by the directors (acting with Investor Consent)). No

allocation shall be made to a shareholder of more than the maximum number of Initial Surplus Shares which she has stated she is willing to buy;

- (b) not all Initial Surplus Shares are allocated following allocations in accordance with article 18.10(a), but there are applications for Initial Surplus Shares that have not been satisfied, the directors shall allocate the remaining Initial Surplus Shares to such applicants in accordance with the procedure set out in article 18.10(a). The procedure set out in this article 18.10(b) shall apply on any number of consecutive occasions until either all Initial Surplus Shares have been allocated or all applications for Initial Surplus Shares have been satisfied; and
- (c) at the end of the Second Offer Period, the total number of Initial Surplus Shares applied for is less than the number of Initial Surplus Shares, the directors shall allocate the Initial Surplus Shares to the Second Offer Shareholders in accordance with their applications. The balance (the **Second Surplus Shares**) shall, subject to article 18.11, be offered to any other person in accordance with article 18.15.

**18.11 Where the Transfer Notice contains a Minimum Transfer Condition:**

- (a) any allocation made under articles 18.7 to 18.10 (inclusive) shall be conditional on the fulfilment of the Minimum Transfer Condition; and
- (b) if the total number of Sale Shares applied for under articles 18.7 to 18.10 (inclusive) is less than the number of Sale Shares, the directors shall notify the Seller and all those shareholders to whom Sale Shares have been conditionally allocated stating that the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

**18.12 Where either:**

- (a) the Transfer Notice does not contain a Minimum Transfer Condition; or
- (b) allocations have been made in respect of all the Sale Shares,

the directors shall, when no further offers or allocations are required to be made under articles 18.7 to 18.10 (inclusive), give notice in writing of the allocations of Sale Shares (an **Allocation Notice**) to the Seller and each shareholder to whom Sale Shares have been allocated (each an **Applicant**). The Allocation Notice shall specify the number of Sale Shares allocated to each Applicant and the place and time for completion of the transfer of the Sale Shares (which shall be at least ten business days, but not more than 30 business days, after the date of the Allocation Notice).

**18.13 On the date specified for completion in the Allocation Notice, the Seller shall, against payment from an Applicant, transfer the Sale Shares allocated to such Applicant, in accordance with any requirements specified in the Allocation Notice.**



18.14 If the Seller fails to comply with article 18.13:

- (a) the chairman of the board of directors for the time being (or, failing her, any other director) may, as agent and attorney on behalf of the Seller:
  - (i) complete, execute and deliver in her name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;
  - (ii) receive the Transfer Price and give a good discharge for it (and no Applicant shall be obliged to see to the distribution of the Transfer Price); and
  - (iii) (subject to the transfer being duly stamped) enter the Applicants in the register of shareholders as the holders of the shares purchased by them; and
- (b) the company shall pay the Transfer Price into a separate bank account in the company's name on trust (but without interest) for the Seller until she has delivered her certificate(s) for the relevant shares (or an indemnity, in a form reasonably satisfactory to the directors, in respect of any lost certificate, together with such other evidence (if any) as the directors may reasonably require to prove good title to those shares) to the company.

18.15 Where a Transfer Notice lapses pursuant to article 18.11(b) or an Allocation Notice does not relate to all the Sale Shares, then the Seller may, at any time during the 90 business days following the date of lapse of the Transfer Notice, or the date of service of the Allocation Notice as the case may be, transfer the Sale Shares (in the case of a lapsed offer) or the Second Surplus Shares (as the case may be) to any person at a price at least equal to the Transfer Price. The sale of the Sale Shares (following the lapse of a Transfer Notice) in accordance with this article 18.15 shall continue to be subject to any Minimum Transfer Condition.

## **19. VALUATION**

19.1 The Transfer Price for each Sale Share the subject of a Transfer Notice (or Deemed Transfer Notice) shall, save where expressly provided otherwise in these Articles, be the price per Sale Share (in cash) agreed between the directors (any Director with whom the Seller is connected (as defined in section 252 of the Act) not voting), acting with Investor Consent, and the Seller or, in default of agreement within ten business days of the date of service of the Transfer Notice (or, in the case of a Deemed Transfer Notice, the date on which the directors first have actual knowledge of the facts giving rise to such deemed service), the Fair Value of each Sale Share.

19.2 The Fair Value shall be the price per Sale Share determined by the Independent Expert on the following bases and assumptions:

- (a) valuing the Sale Shares as at the date the Transfer Notice was served (or deemed served);
  - (b) if the company is then carrying on business as a going concern, on the assumption that it will continue to do so;
  - (c) that the Sale Shares are capable of being transferred without restriction;
  - (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued shares without any premium or discount being attributable to the percentage of the issued share capital of the company which they represent and on the basis of the price which all the issued shares might reasonably be expected to fetch if sold together on a sale in the open market and on the assumption that there is available to any prospective purchaser of the shares all the information which a prudent prospective purchaser of the entirety of the company's share capital might reasonably require if he were proposing to purchase the shares from a willing vendor by private treaty at arm's length at the date the Transfer Notice was served (or deemed served); and
  - (e) reflecting any other factors which the Independent Expert reasonably believes should be taken into account in valuing the company.
- 19.3 If any difficulty arises in applying any of these assumptions or bases then the Independent Expert shall resolve that difficulty in whatever manner it shall in its absolute discretion think fit.
- 19.4 The directors will give the Independent Expert access to all accounting records or other relevant documents of the company, subject to it agreeing such confidentiality provisions as the directors may reasonably impose.
- 19.5 The Independent Expert shall act as expert and not as arbitrator and its determination shall be final and binding on the parties (in the absence of fraud or manifest error).
- 19.6 The Independent Expert shall be requested to determine the Fair Value within 20 business days of its appointment and to deliver its certificate to the company. Forthwith upon receipt, the company shall deliver a copy of the certificate to the Seller.
- 19.7 The cost of obtaining the Independent Expert's certificate shall be borne by the Seller and the Company equally or in such other proportions as the Independent Expert directs unless:
- (a) the Seller withdraws the relevant Transfer Notice in accordance with article 18.3; or
  - (b) in respect of a Deemed Transfer Notice, the Fair Value is less than the price per Sale Share offered to the Seller by the directors before the appointment of the Independent Expert,

in which case the Seller shall bear the cost.

## **20. COMPULSORY TRANSFERS**

- 20.1 A person entitled to a Share in consequence of the bankruptcy of a shareholder (or equivalent procedure in any jurisdiction outside England and Wales) shall be deemed to have given a Transfer notice in respect of that share at such time as the directors (acting with Investor Consent) may determine.
- 20.2 If an Employee Shareholder becomes a Departing Employee Shareholder a Transfer Notice shall, unless the directors (with Investor Consent) otherwise direct in writing in respect of any particular shares prior to or within 20 business days after the relevant Termination Date, be deemed to have been served on the relevant Termination Date in respect of all shares held by that Departing Employee Shareholder (but discounting for this purpose any shares that remain subject to the terms of the Option) (a **Compulsory Employee Transfer**) and any Transfer Notice served in respect of any of such shares before the date such Employee Shareholder becomes a Departing Employee Shareholder shall automatically lapse.
- 20.3 Notwithstanding any other provisions of these Articles, the Transfer Price in respect of a Compulsory Employee Transfer shall, where the Departing Employee Shareholder is:
- (a) a Bad Leaver or an Early Leaver, be restricted to a maximum of the lower of the aggregate Issue Price of such Sale Shares and the aggregate Fair Value of such Sale Shares; and
  - (b) a Good Leaver, be the aggregate Fair Value of such Sale Shares.
- 20.4 Notwithstanding the provisions of article 20.3, the Investor may, by notice in writing served on the company and the relevant Seller(s), direct that some higher (but not lower) Transfer Price shall apply to any or all Sale Shares which would otherwise be subject to article 20.3.
- 20.5 Forthwith upon a Transfer Notice being deemed to be served under article 20.2 the shares subject to the relevant Deemed Transfer Notice (**Restricted Shares**) shall cease to confer on the holder of them any rights:
- (a) to vote (whether on a show of hands, on a poll or otherwise and whether in person, by proxy or otherwise); or
  - (b) to receive dividends or other distributions otherwise attaching to those shares.

The directors may (with Investor Consent) reinstate the rights referred to in article 20.5 at any time and, in any event, such rights shall be reinstated on completion of a transfer made pursuant to article 20.2.

## **21. MANDATORY OFFERS**

- 21.1 In the event of a proposed transfer of shares for value to any person other than an existing shareholder or any person connected with such shareholder (the **Buyer**) which would give rise to the Buyer obtaining a Controlling Interest (**Proposed Transfer**), the remaining provisions of this article 21 shall apply.
- 21.2 The company shall procure that, prior to completion of the Proposed Transfer, the Buyer shall make an offer (the **Offer**) to each shareholder on the date of the Offer, to buy all shares held by such shareholders on the date of the Offer for a consideration in cash per share (the **Offer Price**) which is equal to the highest price per share offered, paid or to be paid by the Buyer for any shares in connection with the Proposed Transfer.
- 21.3 The Offer shall be made by notice in writing (an **Offer Notice**) addressed to each shareholder on the date of the Offer at least 20 business days (the **Offer Period**) before the date fixed for completion of the Proposed Transfer (the **Sale Date**). The Offer Notice shall specify:
- (a) the identity of the Buyer;
  - (b) the Offer Price and any other terms and conditions of the Offer;
  - (c) the Sale Date;
  - (d) the number of shares which would be held by the Buyer on completion of the Proposed Transfer.
- 21.4 The completion of the Proposed Transfer shall be conditional in all respects on:
- (a) the making of an Offer in accordance with this article 21; and
  - (b) the completion of the transfer of any shares by any shareholder (each an **Accepting Shareholder**) who accepts the Offer within the Offer Period, and the directors shall refuse to register any Proposed Transfer made in breach of this article 21.4.
- 21.5 The Proposed Transfer is, but the purchase of shares from Accepting Shareholders pursuant to an Offer made under this article 21 shall not be, subject to the pre-emption provisions of article 18.

## **22. DRAG ALONG**

- 22.1 If the holders of not less than 50% of the shares in issue for the time being (the **Selling Shareholders**) wish to transfer all of their interest in shares (**Sellers' Shares**) to a bona fide purchaser on arm's-length terms (**Proposed Buyer**), the Selling Shareholders shall have the option (**Drag Along Option**) to require all the other holders of shares on the date of the request (**Called Shareholders**) to sell and transfer all their interest in shares to the Proposed Buyer (or as the Proposed Buyer may direct) in accordance with the provisions of this article 22.

- 22.2 The Selling Shareholders may exercise the Drag Along Option by giving notice in writing to that effect (a **Drag Along Notice**), at any time before the completion of the transfer of the Sellers' Shares, to the Proposed Buyer and each Called Shareholder. A Drag Along Notice shall specify:
- (a) that the Called Shareholders are required to transfer all their shares (**Called Shares**) pursuant to this article 22;
  - (b) the identity of the Proposed Buyer (and, if relevant, the transferee(s) nominated by the Proposed Buyer);
  - (c) the consideration payable for the Called Shares calculated in accordance with article 22.4;
  - (d) the proposed date of completion of transfer of the Called Shares.
- 22.3 Once given, a Drag Along Notice may not be revoked. However, a Drag Along Notice shall lapse if, for any reason, the Selling Shareholders have not completed the transfer of all the Sellers' Shares to the Proposed Buyer (or as the Proposed Buyer may direct) within 60 business days of serving the Drag Along Notice. The Selling Shareholders may serve further Drag Along Notices following the lapse of any particular Drag Along Notice.
- 22.4 The consideration (in cash or otherwise) for which the Called Shareholders shall be obliged to sell each of the Called Shares shall be an amount equal to the price per share offered by the Proposed Buyer for the Sellers' Shares.
- 22.5 No Drag Along Notice shall require a Called Shareholder to agree to any terms except those specifically set out in this article 22.
- 22.6 Completion of the sale and purchase of the Called Shares shall take place on the same date as, and conditional upon the completion of, the sale and purchase of the Sellers' Shares unless:
- (a) all of the Called Shareholders and the Selling Shareholders otherwise agree; or
  - (b) that date is less than ten business days after the date of service of the Drag Along Notice, in which case completion of the sale and purchase of the Called Shares shall take place 20 business days after the date of service of the Drag Along Notice.
- 22.7 Within 15 business days of the Proposed Buyer serving a Drag Along Notice on the Called Shareholders, the Called Shareholders shall deliver stock transfer forms for their shares in favour of the Proposed Buyer (or as the Proposed Buyer may direct), together with the share certificate(s) in respect of those shares (or a suitable indemnity in respect thereof) to the company. On the expiration of that 15 business day period the company shall pay the Called Shareholders, on behalf of the Proposed Buyer, the amounts they are respectively due pursuant to article 22.4 to the extent the Proposed Buyer has put the company in the requisite funds.

The company's receipt for the amounts due pursuant to article 22.4 shall be a good discharge to the Proposed Buyer. The company shall hold the amounts due to the Called Shareholders pursuant to article 22.4 on trust for the Called Shareholders without any obligation to pay interest.

- 22.8 To the extent that the Proposed Buyer has not, on the expiration of the 20 business day period, put the company in funds to pay the amounts due pursuant to article 22.4, the transfer of Sellers' Shares to the Proposed Buyer shall be void and the directors shall not enter the name of the Proposed Buyer in the register of members. The Called Shareholders shall be entitled to the return of the stock transfer forms and share certificate(s) (or suitable indemnity) for the relevant shares and the Called Shareholders shall have no further rights or obligations under this article 22 in respect of their shares.
- 22.9 If any Called Shareholder fails to deliver to the company a duly executed stock transfer form (or forms) in respect of the Called Shares held by her (together with the share certificate(s) in respect of those Called Shares (or a suitable indemnity in respect thereof)) within the requisite 15 business day period the defaulting Called Shareholder shall be deemed to have appointed any person nominated for the purpose by the Selling Shareholders to be her agent and attorney to execute and deliver all necessary transfers on her behalf, against receipt by the company (on trust for such holder) of the consideration payable for the Called Shares. After the Proposed Buyer (or person(s) nominated by the Proposed Buyer) has been registered as the holder of any such Called Shares, the validity of such proceedings shall not be questioned by any person. Failure to produce a share certificate shall not impede the registration of any transfer of shares under this article 22.
- 22.10 A transfer of Called Shares to a Proposed Buyer (or as the Proposed Buyer may direct) pursuant to a sale in respect of which a Drag Along Notice has been duly served shall not be subject to the pre-emption provisions of article 18.
- 22.11 Any Transfer Notice or Deemed Transfer Notice served in respect of the transfer of any share which has not completed before the date of service of a Drag Along Notice shall automatically be revoked by the service of a Drag Along Notice.

#### **ADMINISTRATIVE ARRANGEMENTS**

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

- 23.1 Any notice, document or other information shall be deemed served on or delivered to the intended recipient:
- (a) 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);

- (b) if properly addressed and delivered by hand, when it was given or left at the appropriate address;
- (c) if properly addressed and sent or supplied by electronic means, one hour after the document or information was sent or supplied; and
- (d) 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 23, no account shall be taken of any part of a day that is not a business day.

- 23.2 In proving that any notice, document or other information was properly addressed, it shall suffice to show that the notice, document or other information was addressed to an address permitted for the purpose by the Act.

#### **24. INDEMNITY**

- 24.1 Subject to article 24.2, but without prejudice to any indemnity to which a relevant officer is otherwise entitled:

- (a) each relevant officer shall be indemnified out of the company's assets *against all costs, charges, losses, expenses and liabilities incurred by her* 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 her 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 her, 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
- (b) the company may provide any relevant officer with funds to meet expenditure incurred or to be incurred by her in connection with any proceedings or application referred to in article 24.1(a) and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.

- 24.2 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.

24.3 In this article 24:

- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate; and
- (b) 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)).

## **25. INSURANCE**

25.1 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.

25.2 In this article 25:

- (a) 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));
- (b) 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
- (c) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.