

**THE COMPANIES LAW, 5759 - 1999**

A COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

ETHERNITY NETWORKS LTD

**GENERAL PROVISIONS**

1. Definitions; Interpretation

1.1. In these Amended and Restated Articles of Association, the following terms shall have the meaning appearing opposite them, unless another interpretation is expressly stated herein:

<b>“Admission”</b>	means the admission of the issued and/or to be issued Ordinary Shares (or depositary or other interests in such Ordinary Shares) to trading on AIM;
<b>“AIM”</b>	The AIM market of the London Stock Exchange plc.;
<b>“Articles”</b>	These Amended and Restated Articles of Association as originally adopted and/or as amended from time to time;
<b>“Board”</b>	The board of directors of the Company;
<b>“Business Day”</b>	Any day, other than Friday, Saturday or a Sunday, on which clearing banks are open for all normal banking business in both London and Tel Aviv;
<b>“City Code”</b>	Means the UK City Code on Takeovers and Mergers;
<b>“Committee of the Board”</b>	A Committee, consisting of one or more persons who are Directors, formed by the Board under the Companies Law;
<b>“Companies Law”</b>	The Israeli Companies Law, 5759 – 1999, as the same shall be amended from time to time, or any other law which shall replace that Law, together with any amendments thereto and any regulations promulgated thereunder;

<b>“Companies Ordinance”</b>	Those sections of the Israeli Companies Ordinance [New Version] 5743 – 1983, that remain in force after the date of the coming into force of the Companies Law, as the same shall be amended from time to time thereafter, or any other law which shall replace those sections after the date of entry into force of the Companies Law;
<b>“Company”</b>	Ethernity Networks Ltd.;
<b>“CREST Regulations”</b>	The UK Uncertified Securities Regulations 2001;
<b>“Depositary”</b>	A body or association carrying on business with whom an Operator has made arrangements (a) to enable system-members to hold (whether directly or indirectly) and transfer title to securities (other than Participating Securities) by means of facilities provided by that body or association ; or (b) to enable that body or association to permit persons to whom it provides services in the course of its business to hold (whether directly or indirectly) and transfer title to Participating Securities by means of the Operator’s Relevant System;
<b>“Director(s)”</b>	A director for the time being of the Company;
<b>“DTRs”</b>	The Disclosure Guidance and Transparency Rules published by the FCA from time to time;
<b>“Employees Share Scheme”</b>	The Company's Employees Stock Option Plan adopted by the Board in 2013, as may be amended from time to time;
<b>“Equity Securities”</b>	Ordinary Shares, or rights to subscribe for, or to convert securities into, Ordinary shares;
<b>“External Directors”</b>	Directors appointed and serving in accordance with Sections 239 through 249 of the Companies Law;
<b>“FCA”</b>	The UK Financial Conduct Authority;
<b>“General Meeting”</b>	A meeting of the Shareholders of the Company, including (where the context permits) an annual general meeting of an extraordinary general meeting;
<b>“independent non-executive directors”</b>	Has the meaning given to such term in the UK Corporate Governance Code published by the UK Financial Reporting Council in April 2016;

<b>"Office Holder"</b>	Every Director and every other person included in the definition of "Office Holder" ("Nose Misra") under the Companies Law;
<b>"Operator"</b>	Euroclear UK and Ireland Limited.;
<b>"Ordinary Shares"</b>	The Company's Ordinary Shares, with a nominal value of NIS 0.001 each;
<b>"Participating Security"</b>	A security title to units of which is permitted by the Operator to be transferred by means of the Relevant System;
<b>"Relevant Class"</b>	Any class of securities (or interest in such securities) is, for the time being, a Participating Security;
<b>"Relevant System"</b>	A computer-based system, and procedures, which enable title to units of a security to be evidenced and transferred without a written instrument pursuant to the CREST Regulations;
<b>"Secretary"</b>	The secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint, assistant or deputy secretary.
<b>"Securities Law"</b>	The Israel Securities Law, 5728-1968.
<b>"Shareholder"</b>	A person who holds shares in the Company.
<b>"Shareholders Register"</b>	The register of Shareholders comprising, in respect of certificated shares, the issuer register of members pursuant to Section 127 of the Companies Law, and, in respect of uncertificated shares, the Operator's register of Shareholders;
<b>"Specific Authority"</b>	Any authority to allot Equity Securities on a non-pre-emptive basis which has been approved by a Special Resolution;
<b>"Special Resolution"</b>	A resolution passed by a majority of not less than three-fourths of the votes of those Shareholders who (being entitled so to do) attend and vote in person or by proxy at the General Meeting at which such resolution is proposed;
<b>"Vacancy"</b>	A vacancy created by the Board, including, without limitation, a situation in which the number of Directors is less than the minimum number permitted under Article 43 (Number of Directors) herein.

1.2. Interpretation

1.2.1. Unless the subject or the context otherwise requires: words and expressions defined in the Companies Law, and in the Companies Ordinance, on the date when these Articles or any amendment thereto, as the case may be, first became effective shall have the same meanings herein; words and expressions importing the singular shall include the plural and vice versa; words and expressions importing the masculine gender shall include the feminine gender; and words and expressions importing persons shall include bodies corporate.

1.2.2. The captions in these Articles are for convenience only and shall not be deemed a part hereof or affect the construction of any provision hereof.

2. Public Company, Limited Liability and Company Objectives

2.1. The Company is a public company as such term is defined in Section 1 of the Companies Law.

2.2. The purpose of the Company is to engage in any lawful activity. In accordance with Section 11(a) of the Companies Law, the Company may contribute reasonable amounts for any charitable cause, even if any such contribution does not fall within business considerations of the Company. The Board shall determine the amounts of the contributions, the purpose or category of purposes for which the contribution is to be made, and the identity of the recipients of any contribution.

2.3. The liability of the Shareholders is limited to the payment of the nominal value of the shares in the Company allotted to them and which remains unpaid, and only to that amount. If the Company's share capital shall include at any time shares without a nominal value, the Shareholders' liability in respect of such shares shall be limited to the payment of up to NIS 0.001 for each such share allotted to them and which remains unpaid, and only to that amount.

**SHARE CAPITAL**

3. Share Capital

3.1. The authorized share capital of the Company shall consist of NIS 100,000 consisting of 100,000,000 Ordinary Shares, each having a nominal value of NIS 0.001. The powers, preferences, rights, restrictions and other matters relating to the Ordinary Shares are as set forth in these Articles.<sup>1</sup>

3.2. All Ordinary Shares rank *pari passu* in all respects with each other.

4. Increase of Share Capital

The Company may, from time to time, by resolution of the Shareholders increase its authorized share capital by the creation of new shares. Any such increase shall be in such amount and shall

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<sup>1</sup>The changes to this Article 3.1 are subject to approval of Resolution 1 as described in the Notice of Extraordinary General Meeting for the extraordinary general meeting of the shareholders of the Company to be held on 22 June 2020 (or any adjourned meeting thereof).

be divided into shares of such nominal amounts, and such shares shall confer such rights and preferences, and shall be subject to such restrictions, as such resolution shall provide. Such rights and restrictions shall apply to the relevant shares as if the same were set out in these Articles.

5. Variation of Rights

- 5.1. Subject to the provisions of these Articles and applicable provisions of the Companies Law, whenever the capital of the Company is divided into different classes of shares, all or any of the rights for the time being attached to any class of shares in issue may from time to time (whether or not the Company is being wound up) be varied either with the consent in writing of the holders of not less than a majority of the issued shares of that class (excluding any shares of that class held as treasury shares) or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of those shares.
- 5.2. All the provisions of these Articles relating to General Meetings of the Company or to the proceedings at General Meetings shall, with any necessary modifications, apply to any such separate General Meeting, except that:
  - 5.2.1. the necessary quorum at any such meeting (other than an adjourned meeting) shall be two persons entitled to vote and holding or representing by proxy at least one quarter (25 per cent) in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares);
  - 5.2.2. at an adjourned meeting the necessary quorum shall be two persons entitled to vote holding shares of the class (other than treasury shares) or his proxy; and
  - 5.2.3. every holder of shares of the class shall have one vote in respect of every share of the class held by him (excluding any shares of that class held as treasury shares).
- 5.3. Unless otherwise expressly provided by the terms of their issue, the rights attached to any class of shares shall not be deemed to be varied or abrogated by:
  - 5.3.1. the creation or issue of further shares *ranking pari passu* with them but in no respect in priority thereto; or
  - 5.3.2. the purchase by the Company of any of its own shares or the holding of such shares as treasury shares in accordance with the provisions of the Companies Law.

6. Consolidation, Subdivision, Cancellation and Reduction of Share Capital

- 6.1. The Company may, from time to time, by a Shareholders resolution (subject to the provisions of these Articles and to applicable law):
  - 6.1.1. consolidate and divide all or any of its issued or unissued share capital into shares of greater nominal value than its existing shares;
  - 6.1.2. subdivide its shares (issued or unissued) or any of them, into shares of lower nominal value than is fixed by these Articles (subject, however, to the provisions of the Companies Law);

- 6.1.3. cancel any shares which, at the date of the adoption of such resolution, have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled; or
  - 6.1.4. reduce its share capital in any manner, and with and subject to any incident authorized, and consent required, by law.
- 6.2. With respect to any consolidation of issued shares into shares of larger nominal value, and with respect to any other action which may result in fractional shares, the Board may settle any difficulty which may arise with regard thereto, as it deems fit, including, *inter alia*, resort to one or more of the following actions:
- 6.2.1. determine, as to the holder of shares so consolidated, which issued shares shall be consolidated into each share of larger nominal value;
  - 6.2.2. allot, in contemplation of or subsequent to such consolidation or other action, such shares or fractional shares sufficient to preclude or remove fractional share holdings;
  - 6.2.3. redeem, in the case of redeemable preference shares, and subject to applicable law, such shares or fractional shares sufficient to preclude or remove fractional share holdings;
  - 6.2.4. cause the transfer of fractional shares by certain Shareholders of the Company to other Shareholders thereof so as to most expediently preclude or remove any fractional shareholdings, and cause the transferees to pay the transferors the fair value of fractional shares so transferred, and the Board is hereby authorized to act as agent for the transferors and transferees with power of substitution for purposes of implementing the provisions of this sub-Article 6.2.4; or
  - 6.2.5. cause the aggregation of fractional shares and the sale thereof so as to most expediently preclude or remove any fractional shareholding and cause the proceeds thereof, less expenses, to be paid to the former holders of the fractional shares.

Notwithstanding the foregoing, if a class of shares has no nominal value, then any of the foregoing actions may be taken with respect to such class without regard to nominal value.

## **SHARES**

7. Issuance of Share Certificates; Replacement of Lost Certificates
- 7.1. Share certificates may be issued and signed by authorized signatories, as designated by the Board, alongside the name of the Company (in accordance with the Companies Law).
  - 7.2. Subject to Article 21, each Shareholder whose name appears in the Shareholders Register shall be entitled to receive one numbered share certificate in respect to all the shares registered in his name, or, if the Secretary so authorizes (and after payment of the amount which the Secretary shall determine from time to time) to a number of share

certificates, each one in respect of one or more of these shares; each such share certificate shall indicate the name of the Shareholder, the number of shares in respect of which it has been issued, and additional particulars that shall be determined by the Board.

- 7.3. A share certificate registered in the names of two or more persons shall be delivered to the person first named in the Shareholders Register in respect of such co-ownership.
- 7.4. If a share certificate is defaced, lost or destroyed, the Company may issue a new certificate in its place, on such terms as to evidence and indemnity as the Board may decide and, where it is defaced or worn out, after delivery of the old certificate to the Company.
- 7.5. The Company shall not issue shares other than shares that are paid in full. Shares shall be deemed to have been paid in full if the full amount of the nominal value and any premium thereon has been paid, in accordance with the terms of issue of the shares.

## 8. Registered Holder

Except as otherwise provided in these Articles, the Company shall be entitled to treat the registered holder of each share as the absolute owner thereof, and accordingly, shall not, except as ordered by a court of competent jurisdiction, or as required by statute, be obligated to recognise any equitable or other claim to, or interest in, such share on the part of any other person.

## 9. Allotment of Shares

- 9.1. The un-issued shares from time to time shall be under the sole control of the Board, who, subject to Article 9.2, shall have the power to allot, issue or otherwise dispose of shares to such persons, on such terms and conditions (including *inter alia* terms relating to calls as set forth in Article 11.6 hereof), and either at nominal value or at a premium, or, subject to the provisions of the Companies Law, at a discount and/or with payment of commission, and at such times, as the Board deems fit, and the power to give to any person the option to acquire from the Company any shares, either at par or at a premium, or, subject as aforesaid, at a discount and/or with payment of commission, during such time and for such consideration as the Board deems fit.
- 9.2. Other than in accordance with the terms of a Special Resolution, the Board shall not issue Equity Securities to a person on any terms unless such Equity Securities are first offered to the Shareholders in a proportion of those securities that is as nearly as practicable equal to the proportion held by that Shareholder. Such offer shall be made by written notice specifying the number of Equity Securities offered and a period (being not less than 14 days) within which the offer, to the extent not accepted, will be deemed to be declined. The Board may, in accordance with the provisions of this Article 9.2, allot, grant options over or otherwise dispose of such equity securities not accepted pursuant to such offers, taking into account any exclusions as the Directors may deem necessary to deal with issues arising in any overseas territory, and together with any Equity Securities not capable of being offered aforesaid except by way of fractions to such persons on such terms which are not more favourable to the subscribers therefor than the terms on which they were offered to the Shareholders. The provisions of this Article 9.2 shall not apply to:

- 9.2.1. a particular allotment of Equity Securities if these are, or are to be, paid up for wholly or partly otherwise than in cash;
  - 9.2.2. shares to be held under an Employee Share Scheme;
  - 9.2.3. an allotment of bonus shares;
  - 9.2.4. an allotment of Equity Securities wholly for cash pursuant to a Specific Authority.
- 9.3. The provisions of Article 9.2 shall not apply from the date of Admission up to the conclusion of the first annual general meeting in respect of any allotment of Ordinary Shares which, in aggregate, represent up to 10 per cent of the issued share capital of the Company on Admission.
  - 9.4. Nothing in these Articles shall preclude the Directors from recognizing a renunciation of the allotment of any share by the allottee in favour of some other person upon and subject to such terms and conditions as the Directors shall think fit.
  - 9.5. Subject always to Article 9.2, shares shall be capable of being issued for money, services rendered, personal property, an estate in real property, a promissory note or other binding obligation to contribute money or property or any combination of the foregoing as shall be determined by a Board resolution provided that the Company shall not allot shares otherwise than for cash unless the provisions of Section 291 of the Companies Law have been complied with.
  - 9.6. Shares in the Company may be issued for such amount of consideration as the Directors may from time to time by Board resolution determine and in the absence of fraud the decision of the Directors as to the value of the consideration received by the Company in respect of the issue is conclusive unless a question of law is involved.
  - 9.7. A share issued by the Company upon conversion of, or in exchange for, another share or a debt obligation or other security in the Company, shall be treated for all purposes as having been issued for money equal to the consideration received or deemed to have been received by the Company in respect of the other share, debt obligation or security.
  - 9.8. Treasury shares may be disposed of by the Company on such terms and conditions (not otherwise inconsistent with these Articles) as the Board may determine.
10. Payment in Installments

If by the terms of allotment of any share, the whole or any part of the price thereof shall be payable in installments, every such installment shall, when due, be paid to the Company by the then registered holder(s) of the share of the person(s) entitled thereto.
  11. Calls on Shares
    - 11.1. The Board may, from time to time, make such calls as it may think fit upon Shareholders in respect of any sum unpaid in respect of shares held by such Shareholders which is not, by the terms of allotment thereof or otherwise, payable at a fixed time, and each Shareholder shall pay the amount of every call so made upon him (and of each



installment thereof if the same is payable in installments), to the person(s) and at the time(s) and place(s) designated by the Board, as any such time(s) may be thereafter extended and/or such person(s) or place(s) changed. Unless otherwise stipulated in the resolution of the Board (and in the notice hereafter referred to), each payment in response to a call shall be deemed to constitute a pro rata payment on account of all shares in respect of which such call was made.

- 11.2. Notice of any call shall be given in writing to the Shareholder(s) in question not less than fourteen (14) days prior to the time of payment, specifying the time and place of payment, and designating the person to whom such payment shall be made, provided, however, that before the time for any such payment, the Board may, by notice in writing to such Shareholder(s), revoke such call in whole or in part, extend such time, or alter such person and/or place. In the event of a call payable in instalments, only one notice thereof need be given.
- 11.3. If, in accordance with the terms of allotment of any share or otherwise, any amount is made payable at any fixed time, every such amount shall be payable at such time as if it were a call duly made by the Board and of which due notice had been given, and all the provisions herein contained with respect to such calls shall apply to each such amount.
- 11.4. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof and all interest payable thereon.
- 11.5. Any amount unpaid in respect of a call shall bear interest from the date on which it is payable until actual payment thereof, at such rate (not exceeding the then prevailing debitory rate charged by leading commercial banks in the State of Israel), and at such time(s) as the Board may prescribe.
- 11.6. Upon the allotment of shares, the Board may provide for differences among the allottees of such shares as to the amount of calls and/or the times of payment thereof.

## 12. Prepayment

With the approval of the Board, any Shareholder may pay to the Company any amount not yet payable in respect of his shares, and the Board may approve the payment of interest on any such amount until the same would be payable if it had not been paid in advance, at such rate and time(s) as may be approved by the Board. The Board may at any time cause the Company to repay all or any part of the money so advanced, without premium or penalty. Nothing in this Article 12 shall derogate from the right of the Board to make any call before or after receipt by the Company of any such advance.

## 13. Notice of Unpaid Calls

- 13.1. If the whole or any part of any call or instalment remains unpaid on any share after the due date for payment, the Board may at any time serve a notice on the holder requiring him to pay so much of the call or instalment as remains unpaid, together with any accrued interest and any costs, charges and expenses that may have been incurred by the Company by reason of such non-payment.
- 13.2. The notice shall state a further day, being not less than seven days from the date of the notice, on or before which, and the place where, payment is to be made and shall state

that, in the event of non-payment on or before the day and at the place appointed, the share in respect of which the call was made or instalment is payable will be liable to be forfeited.

13.3. The Board may accept a surrender of any share liable to be forfeited.

14. Forfeiture Following Non-Compliance with Notice

14.1. If the requirements of a notice served under the preceding Article are not complied with, any share in respect of which it was given may (before the payment required by the notice is made) be forfeited by a resolution of the Board. The forfeiture shall include all dividends declared and other moneys payable in respect of the forfeited share and not actually paid before the forfeiture

14.2. If a share is forfeited, notice of the forfeiture shall be given to the person who was before the forfeiture the holder of the share or (as the case may be) the person entitled to the share by transmission and an entry that notice of the forfeiture has been given, with the relevant date, shall be made in the register; but no forfeiture shall be invalidated by any omission or neglect to give such notice or to make such entry.

15. Power to Annul Forfeiture or Surrender

The Board may, at any time before the forfeited or surrendered share has been sold, re-allotted or otherwise disposed of, annul the forfeiture or surrender upon payment of all calls and interest due on or incurred in respect of the share and on such further conditions (if any) as it thinks fit.

16. Disposal of Forfeited or Surrendered Shares

16.1. Every share which is forfeited or surrendered shall become the property of the Company and (subject to the provisions of the Companies Law) may be sold, reallocated or otherwise disposed of, upon such terms and in such manner as the Board shall decide either to the person who was, before the forfeiture, the holder of the share or to any other person and whether with or without all or any part of the amount previously paid up on the share being credited as so paid up. The Board may for the purposes of a disposal authorise a person to transfer the forfeited or surrendered share to, or in accordance with the directions of, any person to whom the same has been sold or disposed of.

16.2. A statutory declaration by a Director or the Secretary that a share has been forfeited or surrendered on a specified date shall, as against all persons claiming to be entitled to the share, be conclusive evidence of the facts stated in it and shall (subject to the execution of any necessary transfer) constitute a good title to the share. The new holder of the share shall not be bound to see to the application of the consideration for the disposal (if any); nor shall his title to the share be affected by any irregularity or invalidity in the proceedings connected with the forfeiture, surrender, sale, re-allotment or disposal of the share.

17. Arrears to be paid notwithstanding Forfeiture or Surrender

A person, any of whose shares have been forfeited or surrendered, shall cease to be a member in respect of the forfeited or surrendered share and shall surrender to the Company for cancellation the certificate for the share forfeited or surrendered, but shall remain liable (unless

payment is waived in whole or in part by the Board) to pay to the Company all moneys payable by him on or in respect of that share at the time of forfeiture or surrender, together with interest and all costs, charges and expenses incurred by the Company by reason of such non-payment of the call or instalment payable in respect of the share which is forfeited or surrendered from the time of forfeiture or surrender until payment at such rate as the Board shall decide, in the same manner as if the share had not been forfeited or surrendered. He shall also be liable to satisfy all the claims and demands (if any) which the Company might have enforced in respect of the share at the time of forfeiture or surrender. No deduction or allowance shall be made for the value of the share at the time of forfeiture or surrender or for any consideration received on its disposal.

18. Lien on Partly Paid Shares

- 18.1. The Company shall have a first and paramount lien on every share (not being a fully paid share) for all amounts payable to the Company (whether or not due) in respect of that share. The Company's lien on a share shall extend to every amount payable in respect of it.
- 18.2. The Board may at any time either generally or in any particular case declare any share to be wholly or partly exempt from the provisions of this Article.
- 18.3. Unless otherwise agreed, the registration of a transfer of a share shall operate as a waiver of the Company's lien (if any) on that share.

19. Enforcement on Lien

- 19.1. The Company may sell any share subject to a lien, in such manner as the Board may decide, if any amount payable on the share is due and is not paid within 14 clear days after a notice has been served on the holder or any person entitled by transmission to the share demanding payment of that amount and giving notice of intention to sell in default.
- 19.2. To give effect to any sale under this Article, the Board may authorise a person to transfer the share sold to, or in accordance with the directions of, the purchaser and the transferee shall not be bound to see to the application of the purchase money; nor shall his title to the share be affected by any irregularity in or invalidity of the proceedings connected with the sale.
- 19.3. The net proceeds after payment of the costs of the sale by the Company of any share on which it has a lien, shall be applied in or towards satisfaction of the amount due and any residue shall (subject to a like lien for any amounts not presently payable as existed on the share before the sale and on surrender, if required by the Company, for cancellation of the certificate for the shares sold) be paid to the holder or person entitled by transmission to the share immediately before the sale.

20. Purchase of the Company's Shares

The Company may, subject to and in accordance with the provisions of the Companies Law, purchase or undertake to purchase, provide finance and or assistance or undertake to provide finance and/or assistance directly or indirectly with respect to the purchase of its shares or securities which may be converted into shares of the Company or which confer rights upon the holders thereof to purchase shares of the Company.

21. Depository Interests

- 21.1. The Directors shall, subject always to the Companies Law, any other applicable laws and regulations and the facilities and requirements of any Relevant System and these Articles, have power to implement and/or approve any arrangements they may, in their absolute discretion, think fit in relation to (without limitation) the evidencing of title to and transfer of interests in shares in the Company in the form of depository interests or similar interests, instruments or securities, and to the extent such arrangements are so implemented, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in the Company represented thereby. The Directors may from time to time take such actions and do such things as they may, in their absolute discretion, think fit in relation to the operation of any such arrangements.
- 21.2. Subject to the Companies Law, the Board may permit shares (or interests in shares) to be held in uncertificated form and to be transferred by means of a Relevant System of holding and transferring shares (or interests in shares) in uncertificated form. Where the Board permits shares (or interests in such shares) to be held in uncertificated form, Article 21.4 and Article 21.6 shall commence to have effect immediately prior to the time at which the Operator of the Relevant System concerned permits the class of shares (or interests in such shares) to be a Participating Security.
- 21.3. Conversion of shares held in certificated form into shares (or interest in such shares) held in uncertificated form, and *vice versa*, may be made in such manner as the Board may in its absolute discretion think fit (subject to the facilities and requirements of the Relevant System).
- 21.4. Shares in the Company that fall within a certain class shall not form a separate class of shares from other shares in that class because any share in that class is held in uncertificated form or is permitted in accordance with the regulations of the Relevant System to become a Participating Security.
- 21.5. In relation to any class of shares (or interest in such shares) which is, for the time being, a Participating Security, and for so long as such class remains a Participating Security, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:
- 21.5.1. the holding of shares (or interest in such shares) of that class in uncertificated form;
- 21.5.2. the transfer of title to shares (or interest in such shares) of that class by means of a Relevant System; or
- 21.5.3. the requirements of the Relevant System.

and, without prejudice to the generality of this Article, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with the maintenance, keeping or entering up by the Operator of the Relevant System, so long as that is permitted or required by the regulations governing the Relevant System, of an Operator register of securities in respect of shares of that class in uncertificated form.

- 21.6. Without prejudice to the generality of Article 21.4 and notwithstanding anything contained in these Articles, where any class of shares (or interest in such shares) is in a Relevant Class:
- 21.6.1. the register relating to the Relevant Class shall be maintained at all times in such place as may be determined by a Board resolution; and
  - 21.6.2. unless the Directors otherwise determine, shares of the Relevant Class held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings.
- 21.7. Where any class of shares (or interest in such shares) is a Participating Security and the Company is entitled under the Companies Law or these Articles to sell, transfer, dispose of, forfeit, re-allot, accept the surrender of or otherwise enforce a lien over a share (or interest in such share) held in uncertificated form, the Company shall be entitled, subject to the Companies Law and these Articles and the facilities and requirements of the Relevant System:
- 21.7.1. to require the holder of that uncertificated share (or interest in such share) by notice to change that share (or interest in such shares) into certificated form within the period specified in the notice and to hold that share in certificated form so long as required by the Company;
  - 21.7.2. to require the holder of that uncertificated share (or interest in such share) by notice to give any instructions necessary to transfer title to that share by means of the Relevant System within the period specified in the notice;
  - 21.7.3. to require the holder of that uncertificated share (or interest in such share) by notice to appoint any person to take any steps, including without limitation the giving of any instructions by means of the Relevant System, necessary to transfer that share within the period specified in the notice;
  - 21.7.4. to take any action that the Board considers appropriate to achieve the sale, transfer, disposal of, forfeiture, re-allotment or surrender of that share (or interest in such share) or otherwise to enforce a lien in respect of it; and
  - 21.7.5. to assume that the entries on any record of securities maintained by it in accordance with the regulations governing the Relevant System and regularly reconciled with the relevant Operator register of securities are a complete and accurate reproduction of the particulars entered in the Operator register of securities and shall accordingly not be liable in respect of any act or thing done or omitted to be done by or on behalf of the Company in reliance upon such assumption; in particular, any provision of these Articles which requires or envisages that action will be taken in reliance on information contained in the register shall be construed to permit that action to be taken in reliance on information contained in any relevant record of securities (as so maintained and reconciled).

22. Redeemable Shares

The Company may, subject to applicable law, issue redeemable shares and redeem the same or issue conditional securities with such conditions so as such securities may be cancelled or revoked or may be considered to have been cancelled or revoked upon the fulfilment of such conditions.

## **TRANSFER OF SHARES**

### **23. Registration of Transfer**

- 23.1. No transfer of shares in certificated form shall be registered unless a proper written instrument of transfer (in any customary form or any other form satisfactory to the Board) has been submitted to the Company (or its transfer agent), together with the share certificate(s) and such other evidence of title as the Board may reasonably require. Until the transferee has been registered in the Shareholder Register (or with the transfer agent) in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof. The Board may, from time to time, prescribe a fee for the registration of a transfer.
- 23.2. The Board may, in its absolute discretion and without giving any reason for its decision, refuse to register any transfer of a share not fully paid up or any transfer of a share on which the Company has a lien provided that the refusal is not such as to prevent dealings in shares from taking place on an open and proper basis. The Board may also refuse to register a transfer of a share (whether fully paid or not):
  - 23.2.1. to an entity which is not a legal or natural person; or
  - 23.2.2. to be held jointly by more than four persons.
- 23.3. If the Board refuses to register a transfer of a share, it shall within two months after the date on which the transfer was lodged send to the transferee notice of the refusal.
- 23.4. Without derogating from the aforesaid, in exceptional circumstances approved by the London Stock Exchange plc or any other successor body carrying on its functions, the Board may refuse to register any transfer of shares, provided that their refusal does not disturb the market.
- 23.5. The registration of transfers may only be suspended during weekends and public holidays in Israel and the United Kingdom.

### **24. Record Date for Notices of General Meetings and Other Action**

- 24.1. Notwithstanding any provision of these Articles to the contrary, and to allow the Company to determine the Shareholders entitled to notice of, or to vote at, any Annual or Extraordinary General Meeting or any adjournment thereof, or to express consent to or dissent from any corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of, or to take or be the subject to, any other action, the Board may fix, a record date, which shall not be more than 21 days, or any longer period required or permitted under the Companies Law, nor less than four days, or any longer period required under the Companies Law, before the date of such meeting or other action. A determination of Shareholders of record entitled to notice of or to vote at a

meeting shall apply to any adjournment of the meeting, provided, however, that the Board may fix a new record date for the adjourned meeting.

- 24.2. One or more Shareholders of the Company holding, at least ten per cent of the voting rights at the General Meeting may, pursuant to the Companies Law, request that the Board include a subject in the agenda of a General Meeting to be held in the future, provided that it is appropriate to discuss such a matter in the general meeting. Any such request must be in writing, must include all information related to subject matter and the reason that such subject is proposed to be brought before the General Meeting and must be signed by the Shareholder or Shareholders making such request. In addition, subject to the Companies Law and these Articles, the Board may include such subject in the agenda of a General Meeting only if the request has been delivered to the Secretary not later than 60 days and not more than 120 days prior to the General Meeting in which the subject is to be considered by the Shareholders. Each such request shall also set forth:

24.2.1. the name and address of the Shareholder making the request;

24.2.2. a representation that the Shareholder is a holder of record of shares of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting;

24.2.3. a description of all arrangements or understandings between the Shareholder and any other person or persons (naming such person or persons) in connection with the subject which is requested to be included in the agenda; and

24.2.4. a declaration that all the information that is required under the Companies Law and any other applicable law to be provided to the Company in connection with such subject, if any, has been provided. Furthermore, the Board, may, in its discretion to the extent it deems necessary, request that the Shareholders making the request provide additional information necessary so as to include a subject in the agenda of a General Meeting, as the Board may reasonably require.

#### **TRANSMISSION OF SHARES**

25. Transmission on Death

25.1. In case of death of a registered holder of a share registered in the names of two or more holders, the Company may recognise the survivor(s) as the sole owner(s) thereof unless and until the provisions of Article 25.2 have been effectively invoked.

25.2. Any person becoming entitled to a share in consequence of the death of any Shareholder, upon producing evidence of the grant of probate or letters of administration or declaration of succession (or such other evidence as the Board may reasonably deem sufficient), shall be registered as a Shareholder in respect of such share, or may, subject to the regulations as to transfer herein contained, transfer such share.

#### **GENERAL MEETINGS**

26. Annual General Meeting

- 26.1. An Annual General Meeting shall be held once in every calendar year at such time (within a period of not more than fifteen (15) months after the last preceding Annual General Meeting) and at such place either within or without the State of Israel as may be determined by the Board.
- 26.2. Subject to the provisions of these Articles and the Companies Law, the function of the Annual General Meeting shall be to elect the members of the Board, including External Directors; to receive and consider the Company's financial statements; to appoint the Company's auditors and to determine their remuneration; and to transact any other business which under these Articles or the Companies Law are to be transacted at a General Meeting.

27. Extraordinary General Meetings

All General Meetings other than Annual General Meetings shall be called "**Extraordinary General Meetings**". The Board may, whenever it deems fit, convene an Extraordinary General Meeting at such time and place, within or outside the State of Israel, as may be determined by the Board, and shall be obliged to do so upon a requisition in writing in accordance with Section 63 of the Companies Law.

28. Notice of General Meetings; Omissions to Give Notice

- 28.1. Not less than 21 days' prior notice, or 35 days' prior notice to the extent required under regulations promulgated under the Companies Law, shall be given of every General Meeting. Each such notice shall specify the place and the day and hour of the meeting and the general nature of each item to be acted upon thereat, said notice to be given to all members who would be entitled to attend and vote at such meeting. Anything therein to the contrary notwithstanding, with the consent of all members entitled to vote thereon, a resolution may be proposed and passed at such meeting although a lesser notice than hereinabove prescribed has been given.
- 28.2. The accidental omission to give notice of a meeting to any member, or the non-receipt of notice sent to such member, shall not invalidate the proceedings at such meeting.

29. Manner of Meeting

- 29.1. The Board may, in its absolute discretion, resolve to enable persons entitled to attend a General Meeting to do so by simultaneous attendance and participation at the principal meeting place and a satellite meeting place or places anywhere in the world and the Shareholders present in person, by proxy or by written ballot at satellite meeting places shall be counted in the quorum for and entitled to vote at the General Meeting in question, and that meeting shall be duly constituted and its proceedings valid, provided that the chairman of the General Meeting is satisfied that adequate facilities are available throughout the General Meeting to ensure that Shareholders attending at all the meeting places are able to:
  - 29.1.1. participate in the business for which the meeting has been convened;
  - 29.1.2. hear all persons who speak (whether by the use of microphones, loudspeakers audio-visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place(s); and



29.1.3. be heard by all other persons so present in the same way.

### **PROCEEDINGS AT GENERAL MEETINGS**

#### **30. Quorum**

- 30.1. No business shall be transacted at a General Meeting, or at any adjournment thereof, unless the quorum required under these Articles for such General Meeting or such adjourned meeting, as the case may be, is present when the meeting proceeds to business.
- 30.2. The quorum for a General Meeting shall, for all purposes, be two or more Shareholders (not in default in payment of any sum referred to in Article 37.1 hereof) holding, in the aggregate, at least 25% of the voting rights in the issued share capital of the Company, present in person or by proxy within half an hour from the time stipulated for the commencement of the meeting.
- 30.3. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon requisition under sections 64 or 65 of the Companies Law, shall be dissolved, but in any other case it shall be adjourned to the same day in the next week, at the same time and place, or to such day and at such time and place as the chairman may determine. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally convened. If a quorum as referred to in Article 30.2 is not present at the adjourned meeting within half an hour from the time appointed for the meeting, the quorum shall be reduced to two or more Shareholders present in person or by proxy.
- 30.4. The Board may determine, in its discretion, the matters that may be voted upon at the meeting by proxy or written ballot in addition to the matters listed in section 87(a) to the Companies Law.

#### **31. Chairman**

- 31.1. The Chairman of the Board shall act as Chairman of every General Meeting of the Company. If there is no Chairman of the Board and the Board has not determined that another individual shall act as Chairman of the meeting as aforesaid, or if the proposed Chairman is not present fifteen minutes after the time set for the meeting, or if that person does not wish to act as Chairman of the meeting, the Shareholders present at the meeting shall themselves or by their proxies elect a Shareholder or a proxy present at the meeting to act as Chairman of the meeting.
- 31.2. The office of Chairman shall not, by itself, entitle the holder thereof to vote at any General Meeting nor shall it entitle such holder to a second or casting vote (without derogating, however, from the rights of such Chairman to vote as a Shareholder or proxy of a Shareholder if, in fact, he is also a Shareholder or such proxy).

#### **32. Adoption of Resolutions at General Meetings**

- 32.1. Subject to the provisions of these Articles and to applicable law, a resolution shall be decided by a poll and deemed adopted if approved by the holders of a simple majority of

the voting power represented at the meeting in person or by proxy and voting on such resolution.

32.2. Reserved.

32.3. Reserved.

32.4. A declaration by the chairman of the meeting that a resolution has been carried unanimously, or carried by a particular majority, or lost, and an entry to that effect in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

32.5. Notwithstanding any of the other provisions of these Articles, any resolution to consummate a Merger, as defined in section 1 of the Companies Law, shall require the approval of the holders of at least a majority of the voting power of the Company. For the avoidance of doubt, any amendment to this Article 32.5 shall require the approval of the holders of at least a majority of the voting power of the Company.

33. Procedure on a Poll

33.1. The chairman of the General Meeting shall direct the manner in which a poll shall be conducted. He may appoint scrutineers, who need not also be Shareholders, and may fix a date, time and place for declaring the result of the poll.

33.2. Any poll on the election of a chairman of a meeting or on any question of adjournment shall be taken at the General Meeting and without adjournment. A poll on any other question shall be taken at such date, time and place as the Chairman of the General Meeting directs, either at once or after an interval or adjournment (but not more than 30 days after the date of the meeting).

34. Reserved.

35. Power to Adjourn

35.1. The chairman of a General Meeting at which a quorum is present may, with the consent of the holders of a majority of the voting power represented in person or by proxy and voting on the question of adjournment (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called.

35.2. It shall not be necessary to give any notice of an adjournment, whether pursuant to Article 30.3 or Article 35.1, unless the meeting is adjourned for twenty one (21) days or more, in which event notice thereof shall be given in the manner required for the meeting as originally called.

36. Voting Power

- 36.1. The voting rights set out in Article 37.3 are subject to the provisions of Article 37.1 and subject to any provision hereof conferring special rights as to voting, or restricting the right to vote, upon which any shares may have been issued or may for the time being be held.
- 36.2. Every Shareholder who is entitled to vote on a resolution and who is present in person or by a duly appointed proxy shall have one vote for every voting share he holds. A Shareholder entitled to more than one vote need not, if he votes (whether in person or by proxy), use all his votes or cast all the votes he uses in the same way.

37. Voting Rights

- 37.1. No Shareholder shall be entitled to vote at any General Meeting (or be counted as a part of the quorum thereat), unless all calls and other sums then payable by him in respect of his shares in the Company have been paid, but this Article 37.1 shall not apply to separate General Meetings of the holders of a particular class of shares pursuant to Article 5 (Variation of Rights).
- 37.2. A company or other entity being a Shareholder of the Company may duly authorize any person to be its representative at any meeting of the Company or to execute or deliver a proxy on its behalf. Any person so authorized shall be entitled to exercise on behalf of such Shareholder all the power which the latter could have exercised if it were an individual Shareholder. Upon the request of the chairman of the meeting, written evidence of such authorization (in form acceptable to the chairman of the meeting) shall be delivered to him/her prior to the conclusion of the meeting.
- 37.3. Any Shareholder entitled to vote may vote either personally or by proxy (who need not be a Shareholder of the Company), or, if the Shareholder is a company or other corporate body, by a representative authorized pursuant to Article 37.2.
- 37.4. If two or more persons are registered as joint holders of any share, the vote of the senior who tenders a vote, in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s); and for this purpose seniority shall be determined by the order in which the names stand in the Shareholders Register.

**PROXIES**

38. Instrument of Appointment

- 38.1. The instrument appointing a proxy shall be in writing and shall be substantially in the following form:

"I \_\_\_\_\_ of \_\_\_\_\_  
(Name of Shareholder) (Address of Shareholder)

being a shareholder of ● hereby appoint

\_\_\_\_\_ of \_\_\_\_\_  
(Name of Proxy) (Address of Proxy)

as my proxy to vote for me and on my behalf at the General Meeting of the Company to be held on the \_\_\_\_ day of \_\_\_\_\_, and at any adjournment(s) thereof.

Signed this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Signature of Appointer)"

or in any usual or common form or in such other form as may be approved by the Board. It shall be duly signed by the appointer or his duly authorized attorney or, if such appointer is a company or other entity, under its common seal or stamp or the hand of its duly authorized agent(s) or attorney(s). Upon the request of the Company, written evidence of such authorization (in form acceptable to the Company) shall be delivered to the Company prior to the conclusion of the meeting.

- 38.2. The instrument appointing a proxy (and the power of attorney or other authority, if any, under which such instrument has been signed) shall be delivered to the Company (at such place or one of such places as may be specified for that purpose in or by way of a note to in any document accompanying the notice convening the General Meeting (or, if no place is so specified, at the registered office of the Company) specified for that purpose in such document) not less than twenty-four (24) hours before the time fixed for the meeting. Notwithstanding the above, the chairman shall have the right to waive the time requirement provided above with respect to all instruments of proxies and to accept any and all instruments of proxy received prior to the beginning of a General Meeting.

39. Effect of Death of Appointer or Transfer of Share or Revocation of Appointment

- 39.1. A vote cast in accordance with an instrument appointing a proxy shall be valid notwithstanding the prior death or bankruptcy of the appointing Shareholder (or of his attorney-in-fact, if any, who signed such instrument), or the transfer of the share in respect of which the vote is cast, unless written notice of such matters shall have been received by the Company or by the chairman of such General Meeting prior to such vote being cast.

- 39.2. An instrument appointing a proxy shall be deemed revoked:

39.2.1. upon receipt by the Company or the chairman, subsequent to receipt by the Company of such instrument, of written notice signed by the person signing such instrument or by the Shareholder appointing such proxy cancelling the appointment thereunder (or the authority pursuant to which such instrument was signed) or of an instrument appointing a different proxy (and such other documents, if any, required under Article 38.2 for such new appointment), provided such notice of cancellation or instrument appointing a different proxy were so received at the place and within the time for delivery of the instrument revoked thereby as referred to in Article 38.2 hereof; or

39.2.2. if the appointing Shareholder is present in person at the meeting for which such instrument of proxy was delivered, upon receipt by the chairman of such meeting of written notice from such Shareholder of the revocation of such appointment, or if and when such Shareholder votes at such meeting. A vote cast in accordance with an instrument appointing a proxy shall be valid

notwithstanding the revocation or purported cancellation of the appointment, or the presence in person or vote of the appointing Shareholder at a meeting for which it was rendered, unless such instrument of appointment was deemed revoked in accordance with the foregoing provisions of this Article 39.2 at or prior to the time such vote was cast.

## **BOARD OF DIRECTORS**

### 40. Powers of the Board of Directors

#### 40.1. General

The management of the business of the Company shall be vested in the Board, which may exercise all such powers and do all such acts and things as the Company is authorized to exercise and do, and are not by these Articles or by law required to be exercised or done by the Company by action of the Shareholders at a General Meeting. The authority conferred on the Board by this Article 40 (Powers of Board) shall be subject to the provisions of the Companies Law, these Articles and any regulation or resolution consistent with these Articles adopted from time to time by the Company by action of the Shareholders at a General Meeting, provided, however, that no such regulation or resolution shall invalidate any prior act done by or pursuant to a decision of the Board which would have been valid if such regulation or resolution had not been adopted.

#### 40.2. Borrowing Power

The Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and assets both present and future and uncalled capital, or any part thereof, and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or its parent undertaking (if any) or any subsidiary undertaking of the Company or of any third party.

#### 40.3. Reserves

The Board may, from time to time, set aside any amount(s) out of the profits of the Company as a reserve or reserves for any purpose(s) which the Board, in its absolute discretion, shall deem fit, including without limitation, capitalization and distribution of bonus shares, and may invest any sum so set aside in any manner and from time to time deal with and vary such investments and dispose of all or any part thereof, and employ any such reserve or any part thereof in the business of the Company without being bound to keep the same separate from other assets of the Company, and may subdivide or redesignate any reserve or cancel the same or apply the funds therein for another purpose, all as the Board may from time to time think fit.

### 41. Exercise of Powers of Board of Directors

41.1. A meeting of the Board at which a quorum is present (whether in person, by conference call or by any other device allowing the participating Directors to hear each other simultaneously) shall be competent to exercise all the authorities, powers and discretions vested in or exercisable by the Board.

- 41.2. A resolution proposed at any meeting of the Board shall be deemed adopted if approved by a majority of the Directors then in office who are lawfully entitled to participate in the meeting and vote thereunder and present when such resolution is put to a vote and voting thereon.
- 41.3. A resolution may be adopted by the Board without convening a meeting (i) if all Directors then in office and lawfully entitled to vote thereon (as conclusively determined by the Chairman of the Board) have given their consent (in any manner whatsoever) not to convene a meeting, in which case the resolution shall be adopted if approved by a majority of the Directors entitled to vote thereon (as determined as aforesaid), or (ii) as a resolution in writing signed by all of the Directors then in office and lawfully entitled to vote thereon (as determined as aforesaid). The Chairman of the Board shall sign any resolutions adopted pursuant to sub-article (i) above, including the decision to adopt such resolutions without a meeting.

42. Delegation of Powers

- 42.1. Any Committee of the Board shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board. The meetings and proceedings of any such Committee of the Board shall, mutatis mutandis, be governed by the provisions herein contained for regulating the meetings of the Board, so far as not superseded by any regulations adopted by the Board under this Article 42 (Delegation of Powers). Unless otherwise expressly provided by the Board in delegating powers to a Committee of the Board, such Committee shall not be empowered to further delegate such powers.
- 42.2. Without derogating from the provisions of Article 55 (Chief Executive Officer and President), the Board may from time to time appoint a Secretary, as well as officers, agents, employees and independent contractors, as the Board deems fit, and may terminate the service of any such person. The Board may, subject to the provisions of the Companies Law, determine the powers and duties of all such persons, and may require security in such cases and in such amounts as it deems fit.
- 42.3. The Board may from time to time, by power of attorney or otherwise, appoint any person, company, firm or body of persons to be the attorney or attorneys of the Company at law or in fact for such purpose(s) and with such powers, authorities and discretions, and for such period and subject to such conditions, as it deems fit, and any such power of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board deems fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretion vested in him.

43. Number of Directors

The Board of Directors of the Company shall consist of not less than three Directors nor more than eight Directors.

44. Election and Removal of Directors

- 44.1. Subject to the provisions of these Articles and the Companies Law, Directors shall be elected at the Annual General Meeting or an Extraordinary Meeting of the Company by

the vote of the holders of a majority of the voting power represented at such meeting in person or by proxy and voting on the election of directors and each Director shall serve, subject to Article 47 (Vacation of Office) hereof and with respect to a Director appointed pursuant to Article 46 (Continuing Directors in the Event of Vacancies) hereof subject to such Article, and, in each case, subject to his earlier removal pursuant to this Article 44 (Election and Removal of Directors), for a fixed term not lesser than three (3) years as resolved from time to time by the Annual General Meeting or an Extraordinary Meeting of the Company. The term of the Directors acting as of the date of these Articles is three (3) years as of the date of these Articles; Subject to the minimum term set forth above, the number of new Directors to be appointed to the Board instead of dismissed Directors, excluding External Directors, shall not be in excess of two (2) Directors per calendar year.

44.2. Nominations for the election of Directors may be made by the Board or a committee appointed by the Board.

44.3. Subject to Article 44.1 above, the General Meeting may, by a vote of the holders of at least 50 per cent of the voting power represented at the meeting, remove any Director(s) from office, and elect Directors instead of Directors so removed or fill any Vacancy, however created, in the Board unless such Vacancy was filled by the Board under Article 46 (Continuing Directors in the Event of Vacancies).

44.4. In the event of any contradiction between the provisions of this Article 44 (Election and Removal of Directors) and the provisions of the Companies Law relating to the election, removal and term of External Directors, the applicable provisions of the Companies Law shall govern, and the External Directors shall be elected, removed and hold office in accordance with the provisions of the Companies Law.

44.5. Substitute Director

44.5.1. Each member of the Board may, with the consent of the Board, appoint for himself a stand-in (hereafter — “**Substitute Director**”), provided that someone who has been appointed as a Substitute Director for another director and/or someone who already holds office as a director of the Company may not be appointed as a Substitute Director. The appointment or termination of office of a Substitute Director shall be made in a written document with the signature of the Director who appointed him, but in any case the office of a Substitute Director shall come to an end if one of the events set out in the provisions of Article 47 (Vacation of Office) below occurs to the Substitute Director or if the office of the member of the Board for whom he acts as stand-in becomes vacant for any reason whatsoever.

44.5.2. A Substitute Director shall have the same status as a Director and he shall be subject to all the provisions of the Companies Law and the provisions of these Articles, apart from the provisions concerning the appointment and/or dismissal of a Director provided in these Articles. The appointment of a Substitute Director shall be in accordance with the provisions of Sections 237 and 238 of the Companies Law.

45. Qualification of Directors

No person shall be disqualified to serve as a Director by reason of his not holding shares in the Company or by reason of his having served as a Director in the past.

46. Continuing Directors in the Event of Vacancies

46.1. In the event that a Vacancy is created in the Board, the continuing Directors may continue to act in every matter, and, in addition, may appoint Directors to temporarily hold office and fill any such Vacancy, until approval of such appointment(s) by the next General Meeting. Notwithstanding the preceding sentence, in the event of Vacancy of an External Director, the Company shall call a General Meeting to elect a new External Director or take such other action as required under the Companies Law;

46.2. (As long as the number of Directors is less than the maximum number of Directors permitted under Article 43 (Number of Directors), the continuing Directors may appoint additional Directors, up to the maximum number permitted under Article 43 (Number of Directors), to hold office until the next Annual General Meeting following such appointment by the continuing Directors.

47. Vacation of Office

47.1. The office of a Director shall be vacated, *ipso facto*, upon his or her death, or if he or she are dismissed, or if he or she becomes bankrupt, or if the Director is a company, upon its winding-up, or if he is found by a court guilty of any of the felonies listed in section 226 of the Companies Law or if he is convicted of an offence as stated in Section 232 of the Companies Law, or pursuant to a decision of a court as provided in Section 233 of the Companies Law, or in accordance with the terms of an engagement letter entered into by the Director and the Company with approval of the Board.

47.2. The office of a Director may also be vacated by the written resignation of the Director. Such resignation shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later. Such written resignation shall include the reasons that lead the Director to resign from his office.

48. Remuneration of Directors

A Director and an External Director shall be paid remuneration by the Company for his services as Director to the extent such remuneration shall have been approved by the relevant committee of the Board in accordance with the Companies Law.

49. Conflict of Interest

Subject to the provisions of the Companies Law, no Director shall be disqualified by virtue of his office from holding any office or place of profit in the Company or in any company in which the Company shall be a Shareholder or otherwise interested, or from contracting with the Company as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in any way interested, be voided, nor, other than as required under the Companies Law, shall any Director be liable to account to the Company for any profit arising from any such office or place of profit or realized by any such contract or arrangement by reason only of such Director's holding that office or of the fiduciary relations thereby established, but the nature of his interest, as well as any material fact or document, must be disclosed by him at the meeting of the Board at which the contract or



arrangement is first considered, if his interest then exists, or, in any other case, at no later than the first meeting of the Board after the acquisition of his interest.

## **PROCEEDINGS OF THE BOARD OF DIRECTORS**

### 50. Meetings

50.1. The Board may meet and adjourn its meetings and otherwise regulate such meetings and proceedings in accordance with the Company's needs, provided, however, that the Board must meet at least once every three calendar months.

50.2. Any Director may at any time, and the Secretary, upon the request of such Director, shall, convene a meeting of the Board, but not less than two days' notice shall be given of any meetings so convened. Notice of any such meeting shall be given to all the Directors and may be given orally, by telephone, in writing or by mail, email or facsimile. Notwithstanding anything to the contrary herein, failure to deliver notice to a director of any such meeting in the manner required hereby may be waived by such Director, and a meeting shall be deemed to have been duly convened notwithstanding such defective notice if such failure or defect is waived prior to action being taken at such meeting, by all Directors entitled to participate at such meeting to whom notice was not duly given as aforesaid.

### 51. Resolutions in Writing

A resolution in writing signed by the chairman of the Board, or of a committee, provided that all the members of the Board or a committee have agreed to adopt such resolution without convening a meeting, shall be valid for every purpose as a resolution adopted at a Board or committee meeting, as the case may be, that was duly convened and held. In place of a Director the aforesaid resolution may be signed and delivered by his attorney.

### 52. Quorum

Until otherwise unanimously decided by the Board, a quorum at a meeting of the Board shall be constituted by the presence in person, by telephone conference or by other means by which all Directors may hear and be heard of a majority of the Directors then in office who are lawfully entitled to participate in the meeting. No business shall be transacted at a meeting of the Board unless the requisite quorum is present (in person or by telephone conference or by other means by which all directors may hear and be heard) when the meeting proceeds to business. The quorum to re-convene an adjourned meeting shall be two Directors.

### 53. Chairman of the Board of Directors

Subject to the provisions of the Company's Law the Board may from time to time, elect one of its members to be the chairman of the Board, remove such chairman from office and appoint others in his or her place. The chairman of the Board shall preside at every meeting of the Board, but if there is no such Chairman, or if at any meeting he is not present within fifteen (15) minutes of the time fixed for the meeting or if he is unwilling to take the chair, the Directors present shall choose one of their number to be the chairman of such meeting.

### 54. Validity of Acts Despite Defects

Subject to the provisions of the Companies Law all acts done bona fide at any meeting of the Board of Directors, or of a Committee of the Board of Directors, or by any person(s) acting as Director(s), shall, notwithstanding that it may afterwards be discovered that there was some immaterial defect in the appointment of the participants in such meetings or any of them or any person(s) acting as aforesaid, or that they or any of them were disqualified, be as valid as if there were no such defect or disqualification.

### **CHIEF EXECUTIVE OFFICER AND PRESIDENT**

55. Chief Executive Officer, Chief Financial Officer and President

The Board may from time to time appoint one or more persons, whether or not Directors, as Chief Executive Officer or officers, general manager or managers, or President of the Company and may confer upon such person(s), and from time to time modify or revoke, such title(s) and such duties and authorities of the Board as the Board may deem fit, subject to such limitations and restrictions as the Board may from time to time prescribe. Unless otherwise determined by the Board, the Chief Executive Officer shall have authority with respect of the management of the Company in the ordinary course of business. Such appointment(s) may be either for a fixed term or without any limitation of time, and the Board may from time to time (subject to the provisions of the Companies Law and of any contract between any such person and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

### **MINUTES**

56. Minutes

56.1. Minutes of each General Meeting and of each meeting of the Board or of any Committee of the Board shall be recorded and duly entered in books provided for that purpose, and shall be held by the Company at its principal place of office or its registered office or such other place as shall have been determined by the Board. Such minutes shall, in all events, set forth the names of the persons present at the meeting and all resolutions adopted thereat.

56.2. Any minutes as aforesaid, if purporting to be signed by the chairman of the meeting or by the chairman of the next Succeeding meeting, shall constitute *prima facie* evidence of the matters recorded therein.

### **DIVIDENDS**

57. Declaration and Payment of Dividends

The Board may, subject to the applicable provisions of the Companies Law, from time to time declare, and cause the Company to pay, such dividend as may appear to the Board to be justified by the profits of the Company. The Board shall determine the time for payment of such dividends, both interim and final, and the record date for determining the Shareholders entitled thereto.

58. Amount Payable by Way of Dividends

Subject to the provisions of these Articles and subject to any rights or conditions attached at that time to any share in the capital of the Company granting preferential, special or deferred rights or not granting any rights with respect to dividends, the profits of the Company which shall be declared as dividends shall be distributed according to the proportion of the nominal value paid up on account of the shares held at the date so appointed by the Company, without regard to the premium paid in excess of the nominal value, if any. No amount paid or credited as paid on a share in advance of calls shall be treated for purposes of this Article 58 (Amount payable by way of Dividends) as paid on a share.

59. Interest

No dividend shall carry interest against the Company.

60. Payment by Specie

60.1. Upon the determination of the Board, the Company:

60.1.1. may cause any monies, investments, or other assets forming part of the undivided profits of the Company, standing to the credit of a reserve fund, or to the credit of a reserve fund for the redemption of capital, or in the hands of the Company and available for dividends, or representing premiums received on the issuance of shares and standing to the credit of the share premium account, to be capitalized and distributed among such of the Shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportion, on the footing that they become entitled thereto as capital, or may cause any part of such capitalized fund to be applied on behalf of such Shareholders in paying up in full, either at par or at such premium as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in payment, in full or in part, of the uncalled liability on all issued shares or debentures or debenture stock if such liability exists, on a pro rata basis; and

60.1.2. may cause such distribution or payment to be accepted by such Shareholders in full satisfaction of their interest in the said capitalized sum.

61. Implementation of Powers under Article 60

For the purpose of giving full effect to any resolution under Article 60 (Payment in Specie), and without derogating from the provisions of Article 6.2 hereof, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and, in particular, may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any members upon the footing of the value so fixed, or that fractions of less value than the nominal value of one share may be disregarded in order to adjust the rights of all parties, and may vest any such cash, shares, debentures, debenture stock or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board.

62. Dividend on Unpaid Shares

The Board may give an instruction which shall prevent the distribution of a dividend to the registered holders of share the full nominal amount of which has not been paid up.

63. Retention of Dividends

63.1. The Board may retain any dividend or other moneys payable or property distributable in respect of a share on which the Company has a lien, and may apply the same in or toward satisfaction of the debts, liabilities, or engagements in respect of which the lien exists.

63.2. The Board may retain any dividend or other moneys payable or property distributable in respect of a share in respect of which any person is, under these Articles, entitled to become a Shareholder, or which any person is, under these Articles, entitled to transfer, until such person shall become a Shareholder in respect of such share or shall transfer the same.

64. Unclaimed Dividends

All unclaimed dividends or other moneys payable in respect of a share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. The payment by the Directors of any unclaimed dividend or such other moneys into a separate account shall not constitute the Company a trustee in respect thereof. The principal (and only the principal) of an unclaimed dividend or such other moneys shall be, if claimed, paid to the person entitled thereto.

65. Mechanics of Payment

The Board may fix the mechanics for payment of dividends as it deems fit. However, if nothing to the contrary is provided in the resolution of the Board, than all dividends or other moneys payable in cash in respect of a share may be paid by check or warrant sent through the post to, or left at, the registered address of the person entitled thereto or by transfer to a bank account specified by such person (or, if two or more persons are registered as joint holders of such share or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, to the joint holder whose name is registered first in the Shareholder Register or his bank account or the person who the Company may then recognize as the owner thereof or entitled thereto under Article 25 (Transmission on Death) hereof, as applicable, or such person's bank account), or to such person and at such other address as the person entitled thereto may by writing direct. Every such check or warrant shall be made payable to the order of the person to whom it is sent, or to such person as the person entitled thereto as aforesaid may direct, and payment of the check or warrant by the banker upon whom it is drawn shall be a good discharge to the Company.

66. Receipt from a Joint Holder

If two or more persons are registered as joint holders of any share or are entitled jointly thereto in consequence of the death or bankruptcy of the holder or otherwise, any one of them may give effectual receipts for any dividend or other moneys payable or property distributable in respect of such share.

## ACCOUNTS

67. Books of Account

The Board shall cause accurate books of account to be kept in accordance with the provisions of the Companies Law and of any other applicable law. Such books of account shall be kept at the Registered Office of the Company, or at such other place or places as the Board of Directors may think fit, and they shall always be open to inspection by all Directors. No Shareholder, not being a Director, shall have any right to inspect any account or book or other similar document of the Company, except as conferred by law or authorised by the Board or by resolution of the Shareholders.

68. Audit

At least once in every fiscal year the accounts of the Company shall be audited and the correctness of the profit and loss account and balance sheet certified by one or more duly qualified auditors ("**Auditor(s)**").

69. Auditors

The appointment, authorities, duties, responsibilities, rights, remuneration and powers of the Auditor(s) shall be fixed by applicable law and under these Articles, provided, however, that in exercising their authority to fix the remuneration of the Auditor(s), the Shareholders in General Meeting may act (and in the absence of any action in connection therewith shall be deemed to have so acted), to authorize the Board to fix such remuneration subject to such criteria or standards, if any, as may be provided in the resolution relating to such act, and if no such criteria or standards are so provided, such remuneration shall be fixed in an amount commensurate with the volume and nature of the services rendered by the Auditor(s).

#### **BRANCH REGISTERS**

70. Branch Registers

Subject to and in accordance with the provisions of sections 130 to 139, inclusive, of the Companies Law and to all orders and regulation issued thereunder, the Company may cause branch registers to be kept in any place outside the State of Israel as the Board may think fit, and, subject to all applicable requirements of law, the Board may from time to time adopt such rules and procedures as it may think fit in connection with the keeping of such branch registers.

#### **RIGHTS OF SIGNATURE, STAMP, AND SEAL**

71. Rights of Signature, Stamp and Seal

71.1. The Board of Directors shall be entitled to authorize any person or persons (who need not be Directors) to act and sign on behalf of the Company, and the acts and signature of such person(s) on behalf of the Company shall bind the Company insofar as such person(s) acted and signed within the scope of his or their authority.

71.2. The Board may provide for a seal. If the Board so provides, it shall also provide for the safe custody thereof. Such seal shall not be used except by the authority of the Board and in the presence of the person (s) authorised to sign on behalf of the Company, who shall sign every instrument to which such seal is affixed.

## NOTICES

### 72. Notices

- 72.1. Any written notice or other document may be served by the Company upon any Shareholder either personally or by sending it by prepaid mail (airmail if sent internationally) addressed to such member at his address as described in the Shareholder Register. Any written notice or other document may be served by any Shareholder upon the Company by tendering the same in person to the Secretary or the general manager or Chief Executive Officer of the Company at the principal office of the Company or by sending it by prepaid registered mail (airmail if posted outside the State of Israel) to the Company at its registered address. Any such notice or other document shall be deemed to have been served two Business Days after it has been posted (seven Business Days if posted internationally), or when actually tendered in person, to such Shareholder (or to the Secretary or the general manager), whichever is earlier. Notice sent by email or facsimile shall be deemed to have been served two Business Days after the notice is sent to the addressee, or when in fact received, whichever is earlier, notwithstanding that if it was defectively addressed or failed, in some other respect, to comply with the provisions of this Article 72.1.
- 72.2. All notices to be given to the Shareholders shall, with respect to any share to which persons are jointly entitled, be given to whichever of such persons is named first in the Shareholder Register, and any notice so given shall be sufficient notice to the holders of such share.
- 72.3. If requested by the Company, each Shareholder shall provide the Company with the Shareholder's full street and mailing address, as well, if available with facsimile number and email address. Any Shareholder whose address is not set out in the Shareholder Register, and who shall not have designated in writing delivered to the Company an address for the receipt of notices, shall not be entitled to receive any notice from the Company.

## DISCLOSURE OF INTERESTS

### 73. Shareholders Notification Requirements

- 73.1. If at any time the Company shall have any of its Ordinary Shares admitted to trading on AIM, the provisions of Chapter 5 the DTRs (as amended from time to time) (**DTR 5**) relating to the disclosure of voting rights shall apply to the Company, its Ordinary Shares and persons interested in those Ordinary Shares as if the Company were an "issuer" for the purposes of DTR 5 and as if the provisions of DTR 5 were set out in full herein and accordingly the vote holder and issuer notification rules set out in DTR 5 shall apply to the Company and each holder of Ordinary Shares in the Company.
- 73.2. Each Shareholder shall comply with the requirements of DTR 5 and shall notify the Company where its voting rights exceed, reach or fall below the thresholds of 3%, 4%, 5%, 6%, 7%, 8% 9%, 10% and each 1% threshold thereafter up to 100%.
- 73.3. If it shall come to the notice of the Directors that any Shareholder has not, within the requisite period, made or, as the case may be, procured the making of any notification required by Article 73.1 and Article 73.2, the Company may (at the absolute discretion of

the Directors) at any time thereafter by notice (for the purposes of Article 73.1 to Article 73.15 inclusive, a “**restriction notice**”) to such Shareholder direct that, in respect of the Ordinary Shares in relation to which the default has occurred (for the purposes of Article 76.1 to Article 73.16 inclusive, the “**default shares**” which expression shall include any further Ordinary Shares which are issued in respect of any default shares), the Shareholder shall not be entitled to be present or to vote on any question, either in person or by proxy, at any General Meeting of the Company or separate general meeting of the holders of any class of Ordinary Shares, or to be reckoned in a quorum.

73.4. Where the default shares represent at least 0.25 per cent of the issued Ordinary Shares of the same class as the default shares, then the restriction notice may also direct that:

73.4.1. any dividend or any part thereof or other monies which would otherwise be payable on or in respect of the default shares shall be withheld by the Company; shall not bear interest against the Company; and shall be payable (when the restriction notice ceases to have effect) to the person who would but for the restriction notice have been entitled to them; and/or

73.4.2. where an offer of the right to elect to receive Ordinary Shares instead of cash in respect of any dividend or part thereof is or has been made by the Company, any election made thereunder by such Shareholder in respect of such default shares shall not be effective; and/or

73.4.3. no transfer of any of the Ordinary Shares held by such Shareholder shall be recognised or registered by the Directors unless:

73.4.3.1. the transfer is a permitted transfer (as set out in Article 73.15); or

73.4.3.2. the Shareholder is not himself in default as regards supplying the requisite information required under Article 73.1 and Article 73.2 and, when presented for registration, the transfer is accompanied by a certificate by the Shareholder in a form satisfactory to the Directors to the effect that after due and careful enquiry the Shareholder is satisfied that none of the Ordinary Shares the subject of the transfer are default shares.

Upon the giving of a restriction notice its terms shall apply accordingly.

73.5. The Company shall send a copy of the restriction notice to each other person appearing to be interested in the Ordinary Shares the subject of such notice, but the failure or omission by the Company to do so shall not invalidate such notice.

73.6. Any restriction notice shall have effect in accordance with its terms until not more than seven days after the Directors are satisfied that the default in respect of which the restriction notice was issued no longer continues but shall cease to have effect in relation to any Ordinary Shares which are validly transferred by such Shareholder pursuant to Article 73.4.3. The Company may (at the absolute discretion of the Directors) at any time give notice to the Shareholder cancelling, or suspending for a stated period the operation of, a restriction notice in whole or in part.

73.7. Notwithstanding the time limits for disclosure set out in DTR 5, the Company is required by Rule 17 of the AIM Rules for Companies to announce via a regulatory information service, all the information contained in any vote holder notification “without delay”.

73.8. For the purposes of Article 73.8 to Article 73.16 inclusive:

73.8.1. **“Relevant Share Capital”** means the Company's issued share capital of any class carrying rights to vote in all circumstances at general meetings of the Company;

and for the avoidance of doubt:

73.8.1.1. where the Company's share capital is divided into different classes of Ordinary Shares, references to Relevant Share Capital are to the issued share capital of each such class taken separately; and

73.8.1.2. any adjustment or restriction of voting rights (whether temporary or otherwise) in respect of Ordinary Shares comprised in issued share capital of the Company of any such class does not affect the application of Article 73.8 to Article 73.16 inclusive in relation to interests in those or any other Ordinary Shares comprised in that class;

73.8.2. **“interest”** means, in relation to the Relevant Share Capital, any interest of any kind whatsoever in any Ordinary Shares comprised therein (disregarding any restraints or restrictions to which the exercise of any right attached to the interest in the Ordinary Share is, or may be, subject) and without limiting the meaning of “interest” a person shall be taken to have an interest in an Ordinary Share if:

73.8.2.1. he enters into a contract for its purchase by him (whether for cash or other consideration); or

73.8.2.2. not being the registered holder, he is entitled to exercise any right conferred by the holding of the Ordinary Share or is entitled to control the exercise or non-exercise of any such right (and for these purposes a person is entitled to exercise or control the exercise of a right conferred by the holding of Ordinary Shares if he has a right (whether subject to conditions or not) the exercise of which would make him so entitled, or is under an obligation (whether subject to conditions or not) the fulfilment of which would make him so entitled); or

73.8.2.3. he is a beneficiary of a trust where the property held on trust includes an interest in the Ordinary Share; or

73.8.2.4. he has a right to call for delivery of the Ordinary Share to himself or to his order; or

73.8.2.5. he has a right to acquire an interest in the Share or is under an obligation to take an interest in the Ordinary Share; or



73.8.2.6. he has a right to subscribe for the Ordinary Share,

whether in any case the contract, right or obligation is absolute or conditional, legally enforceable or not and evidenced in writing or not, and it shall be immaterial that an Ordinary Share in which a person has an interest is unidentifiable. Persons having a joint interest are treated as each having that interest.

73.8.3. a person is taken to be interested in any Ordinary Shares in which his spouse, siblings, parents, grandparents, descendants, spouse's descendants and the spouses of any such people are interested;

73.8.4. a person is taken to be interested in Ordinary Shares if a body corporate is interested in them and:

73.8.4.1. that body or its directors are accustomed to act in accordance with his directions or instructions; or

73.8.4.2. he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that body,

and for the purposes of this paragraph 73.8.4 a person is treated as entitled to exercise or control the exercise of voting power if:

73.8.4.2.1. another body corporate is entitled to exercise or control the exercise of that voting power, and he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that body corporate; or

73.8.4.2.2. he has a right (whether or not subject to conditions) the exercise of which would make him so entitled, or he is under an obligation (whether or not subject to conditions) the fulfilment of which would make him so entitled; and

73.8.5. an interest in Ordinary Shares may arise from an agreement between two or more persons that includes provision for the acquisition by any one or more of them of interests in Ordinary Shares. Articles 73.8 to Article 73.16 apply to such an interest if:

73.8.5.1. the agreement includes provision imposing obligations or restrictions on any one or more of the parties to it with respect to their use, retention or disposal of their interests in the Ordinary Shares acquired in pursuance of the agreement (whether or not together with any other interests of theirs in the Ordinary Shares to which the agreement relates); and

73.8.5.2. an interest in the Company's shares is in fact acquired by any of the parties in pursuance of the agreement,

and the reference above to the “use of” interests in Ordinary Shares is to the exercise of any rights or of any control or influence arising from those interests (including the right to enter into an agreement for the exercise, or for control of the exercise, of any of those rights by another person). Once an interest in Ordinary Shares has been acquired in pursuance of the agreement, Articles 73.8 to Article 73.16 continue to apply to the agreement so long as the agreement continues to include provisions of any description mentioned above. This applies irrespective of whether or not any further acquisitions of interests in the Ordinary Shares take place in pursuance of the agreement, any change in the persons who are for the time being parties to it or any variation of the agreement.

References in this paragraph 73.8.5 to the agreement include any agreement having effect (whether directly or indirectly) in substitution for the original agreement, and “**agreement**” includes any agreement or arrangement and references to provisions of an agreement include undertakings, expectations or understandings operative under an arrangement, and any provision whether express or implied and whether absolute or not. This paragraph 73.8.5 does not apply to an agreement that is not legally binding unless it involves mutuality in the undertakings, expectations or understandings of the parties to it; or to an agreement to underwrite or sub-underwrite an offer of Ordinary Shares, provided the agreement is confined to that purpose and any matters incidental to it.

- 73.9. Each party to an agreement to which Article 73.8.5 applies is treated as interested in all Ordinary Shares in which any other party to the agreement is interested apart from the agreement (whether or not the interest of the other party was acquired, or includes any interest that was acquired, in pursuance of the agreement). For those purposes an interest of a party to such an agreement in Ordinary Shares is an interest apart from the agreement if he is interested in those Ordinary Shares otherwise than by virtue of the application of Article 73.8.5 (and this Article 73.9) in relation to the agreement. Accordingly, any such interest of the person (apart from the agreement) includes for those purposes any interest treated as his under Article 73.8.3 or Article 73.8.4 (family or corporate interests) or by the application of section Article 73.8.5 (and this Article 73.9) in relation to any other agreement with respect to Ordinary Shares to which he is a party. A notification with respect to his interest in Ordinary Shares made to the Company under Article 73.11 by a person who is for the time being a party to an agreement to which section Article 73.8.5 applies must:
- 73.9.1. state that the person making the notification is a party to such an agreement;
  - 73.9.2. include the names and (so far as known to him) the addresses of the other parties to the agreement, identifying them as such, and
  - 73.9.3. state whether or not any of the Ordinary Shares to which the notification relates are Ordinary Shares in which he is interested by virtue of Article 73.8.5 (and this Article 73.9) and, if so, the number of those Ordinary Shares.
- 73.10. The provisions of Articles 73.8 to Article 73.16 inclusive are in addition to, and separate from, any other rights or obligations arising at law or otherwise. The Company may by notice in writing request any person whom the Company knows or has reasonable cause

to believe to be interested or, at any time during the three years immediately preceding the date on which the notice is issued, to have been interested, in Ordinary Shares comprised in the Relevant Share Capital (an “**Article 73 Notice**”):

- 73.10.1. to confirm that fact or (as the case may be) to state whether or not it is the case; and
  - 73.10.2. if he holds, or has during that time held, any such interest, to give such further information as may be requested in accordance with this Article 73 (Shareholder Notification Requirements ).
- 73.11. An Article 73 Notice may require the person to whom it is addressed:
- 73.11.1. to give particulars of his own past or present interest in Ordinary Shares comprised in the Relevant Share Capital (held by him at any time during the three year period mentioned in Article 73.10);
  - 73.11.2. where the interest is a present interest and any other interest in the Ordinary Shares subsists or, in any case, where another interest in the Ordinary Shares subsisted during that three year period at any time when his own interest subsisted, to give (so far as lies within his knowledge) such particulars with respect to that other interest as may be requested by the notice including (without limitation):
    - 73.11.2.1. the identity of persons interested in the Ordinary Shares in question; and
    - 73.11.2.2. whether persons interested in the same Ordinary Shares are or were parties to an agreement or arrangement relating to either the acquisition by one or more of them of interests in Ordinary Shares or the exercise of any rights conferred by the holding of the Ordinary Shares; and
  - 73.11.3. where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.
- 73.12. An Article 73 Notice shall request any information given in response to the notice to be given in writing within such time as may be specified in the notice, being a period of not less than 14 days following service thereof.
- 73.13. The provisions of Article Articles 73.8 to Article 73.16 inclusive apply in relation to a person who has or previously had, or is or was entitled to acquire, a right to subscribe for Ordinary Shares which would on issue be comprised in Relevant Share Capital as it applies in relation to a person who is or was interested in Ordinary Shares so comprised; and references above in this section to an interest in Ordinary Shares so comprised and to Ordinary Shares so comprised are to be read accordingly in any such case as including respectively any such right and Ordinary Shares which would on issue be so comprised.
- 73.14. For the purposes of Article 73.8 to Article 73.13 inclusive a person shall be treated as appearing to be interested in any Ordinary Shares if:

- 73.14.1. the Shareholder holding such Ordinary Shares has given to the Company a notification whether following service of an Article 73 Notice or otherwise which names such person as being so interested; or
  - 73.14.2. after taking into account any such notification as is referred to in paragraph 73.14.1 above or any other relevant information in the possession of the Company the Directors know or have reasonable cause to believe that the person in question is or may be interested in the Ordinary Shares.
- 73.15. For the purposes of Article 73.1, Article 73.2 or Article 73.8 to Article 73.14 inclusive, a transfer of Ordinary Shares is a permitted transfer only if:
- 73.15.1. it is a transfer by way of, or in pursuance of, acceptance of a takeover offer for the Company meaning an offer to acquire all the Ordinary Shares, or all the Ordinary Shares of any class or classes (other than Ordinary Shares which at the date of the offer are already held by the offeror or persons acting in concert with the offeror), being an offer on terms which are the same in relation to all the Ordinary Shares to which the offer relates or, where those Ordinary Shares include Ordinary Shares of different classes, in relation to all the Ordinary Shares of each class; or
  - 73.15.2. the Directors are satisfied that the transfer is made pursuant to a bona fide sale of the whole of the beneficial ownership of the Ordinary Shares to a third party not connected with the transferring Shareholder or with any other person appearing to the Directors to be interested in such Ordinary Shares.
- 73.16. The Company shall maintain a register of interested parties to which the provisions of these Articles shall apply *mutatis mutandis* and whenever in pursuance of a requirement imposed on a Shareholder as aforesaid the Company is informed of an interested party, the identity of the interested party and the nature of the interest shall be promptly inscribed therein together with the date of the request. The register kept under this Article must be kept available for inspection at the Company's registered office and must be open to inspection by any person without charge. Any person is entitled, on request and on payment of such reasonable fee as the Directors may prescribe, to be provided with a copy of any entry in the register. A request to inspect or obtain a copy of the register must contain the following information:
- 73.16.1. in the case of an individual, his name and address;
  - 73.16.2. in the case of an organisation, the name and address of an individual responsible for making the request on behalf of the organisation;
  - 73.16.3. the purpose for which the information is to be used; and
  - 73.16.4. whether the information will be disclosed to any other person, and if so:
    - 73.16.4.1. where that person is an individual, his name and address;
    - 73.16.4.2. where that person is an organisation, the name and address of an individual responsible for receiving the information on its behalf; and

73.16.4.3. the purpose for which the information is to be used by that person.

### SHARE CONTROL LIMITS

#### 74. Permitted Acquisition

- 74.1. At any time when the Company is not subject to the City Code or any successor regime (whether statutory or non-statutory) governing the conduct of takeovers and mergers in the UK, the provisions of Article 73 (Shareholder Notification Requirements) and Article 74 (Permitted Acquisition) and Article 75 (Power to Sell Excess Shares and Implement the City Code) shall have effect.
- 74.2. A person must not, in circumstances in which that person would thereby effect, or purport to effect, a Prohibited Acquisition (as defined below), unless such action(s) qualifies as a Permitted Acquisition (as defined below):
- 74.2.1. acting by himself or with persons determined by the independent non-executive directors to be acting in concert (as defined in the City Code) seek to acquire shares (whether by a series of transactions over a period of time or otherwise), which carry 30 per cent or more of the voting rights attributable to the shares in the capital of the Company, or;
- 74.2.2. acting by himself or with persons determined by the independent non-executive directors to be acting in concert, hold not less than 30 per cent but not more than 50 per cent of the voting rights attributable to the shares in the capital of the Company and seek to acquire, by himself, or with persons determined by the independent non-executive directors to be acting in concert, additional shares which, taken together with the shares held by the persons determined by the independent non-executive directors to be acting in concert with him, increases his voting rights.
- 74.3. An acquisition is a “**Permitted Acquisition**” if:
- 74.3.1. the independent non-executive directors consent to the acquisition (even if, in the absence of such consent, the acquisition would be a Prohibited Acquisition (as defined below));
- 74.3.2. the acquisition is made in circumstances in which the City Code, if it applied to the Company, would require an offer to be made in accordance with rule 9 of the City Code as if it so applied, and such offer is made and not subsequently withdrawn;
- 74.3.3. the acquisition arises from the repayment of a stock borrowing arrangement (on arms’ length commercial terms),
- 74.3.4. the acquisition is made by the Depository, or
- 74.3.5. as a consequence of the Company redeeming or purchasing its own shares, there is a resulting increase in the percentage of the voting rights attributable to the

shares held by a person or persons determined by the independent non-executive directors to be acting in concert and such an increase would constitute a breach of the limits set out in provisions of these Articles.

- 74.4. An acquisition is a “**Prohibited Acquisition**” if rules 4, 5, 6, or 8 of the City Code would, in whole or in part, apply to the acquisition if the Company were subject to the City Code and the acquisition were made (or if not yet made, would if and when made be) in breach of or would otherwise not comply with rules 4, 5, 6 or 8 of the City Code.

75. Power to Sell Excess Shares and Implement The City Code

- 75.1. Where the independent non-executive directors have reason to believe that any acquisition has taken place in contravention of the above provision of these Articles, the independent non-executive directors may do all or any of the following:

75.1.1. require any member or persons appearing or purporting to be interested in any shares in the Company to provide such information as the independent non-executive directors consider appropriate to determine any of the matters set out in this provision of these Articles, including without limitation the issue of an Article 73 Notice;

75.1.2. make such determinations under this Article as they think fit;

75.1.3. determine that some or all of the shares held by such members which carry more than 30 per cent of the voting rights attributable to the shares in the Company (“**Excess Shares**”) must be sold;

75.1.4. determine that some or all of the Excess Shares will not carry any voting right or right to any dividends or other distributions from a particular time for a definite or indefinite period; or

75.1.5. take such other action as they think fit for the purposes of this Article, including:

75.1.6. prescribing rules (not inconsistent with these Articles);

75.1.7. setting deadlines for the provision of information;

75.1.8. drawing adverse inferences where information requested is not provided;

75.1.9. making final or interim determinations;

75.1.10. executing documents on behalf of a member;

75.1.11. converting any Excess Shares held in uncertificated form into certificated form or vice versa;

75.1.12. paying costs and expenses out of proceeds of sale; and

75.1.13. changing any decision or determination or rule previously made.

- 75.2. The independent non-executive directors have full authority to determine the application of this Article, including as to the deemed application of the whole or any part of the City Code. Such authority shall include all discretion that vested in the UK Panel of Takeovers and Mergers as if the whole or any part of the City Code applied including without limitation, the determination of conditions and consents, the consideration to be offered and any restrictions on the exercise of control. Any resolution or determination of, or decision or exercise of any discretion or power by, the Board or any Director or by the chairman of any meeting acting in good faith under or pursuant to this Article shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever. The independent nonexecutive directors shall not be required to give any reasons for any decision, determination or declaration taken or made in accordance with this Article.
- 75.3. Any one or more of the independent non-executive directors may act as the attorney of any member in relation to the execution of documents and other actions to be taken for the sale of Excess Shares.

#### **EXEMPTION, INSURANCE AND INDEMNITY**

#### **76. Exemption, Indemnity and Insurance**

##### **76.1. Exemption From Liability**

Subject to the provisions of the Companies Law, the Company may exempt an Office Holder in advance from all or part of such Office Holder's responsibility or liability for damages caused to the Company due to any breach of such Office Holder's duty of care towards the Company to the maximum extent permitted by law. Notwithstanding, the Company shall not exempt a director in advance from its responsibility or liability towards the Company due to a breach of such director's duty of care in distribution.

##### **76.2. Indemnification**

76.2.1. Subject to the provisions of the Companies Law and the Securities Law, the Company may indemnify an Office Holder to the fullest extent permitted by the Companies Law and the Securities Law, with respect to the following liabilities, expenses and payments, provided that such liabilities, expenses and payments were incurred by such Office Holder in such Office Holder's capacity as an Office Holder of the Company:

76.2.1.1. a financial obligation imposed on an Office Holder pursuant to a court judgment in favour of another person, including a judgment imposed on such Office Holder in a settlement or in an arbitration decision that was approved by a court of law;

76.2.1.2. reasonable litigation expenses, including legal fees, incurred by an Office Holder as a result of criminal inquiry or an investigation or proceeding instituted against such Office Holder by a competent authority, which inquiry or investigation or proceeding has ended without the filing of an indictment and without an imposition of financial liability in lieu of a criminal proceeding, or has ended in the

imposition of a financial obligation in lieu of a criminal proceeding without the filing of an indictment for an offense that does not require proof of mens rea (the phrases "proceeding that has ended without the filing of an indictment" and "financial obligation in lieu of a criminal proceeding" shall have the meanings ascribed to such phrases in section 260(a)(1a) of the Companies Law);

- 76.2.1.3. reasonable legal expenses, including attorney's fees, which the Office Holder incurred or with which the Office Holder was charged by a court of law, in a proceeding brought against the Office Holder, by the Company or on its behalf or by another person, or in a criminal prosecution in which the Office Holder was acquitted, or in a criminal prosecution in which the Office Holder was convicted of an offense that does not require proof of mens rea (criminal intent);
  - 76.2.1.4. payments which the Office Holder is obligated to make to an injured party as set forth in section 52(54)(a)(1)(a) of the Securities Law, and legal expenses, including attorney's fees, that the Office Holder incurred in connection with a proceeding under Chapters H'3, H'4 or I'1 of the Securities Law;
  - 76.2.1.5. Reasonable expenses incurred by an Office Holder in connection with an Administrative Proceeding, including legal expenses and attorneys' fees;
  - 76.2.1.6 Expenses incurred by the Office Holder in connection with a proceeding as permitted under chapter G'1 of the Economic Competition Law, 5748-1988; and
  - 76.2.1.7 Any other liability that may be indemnified under the law.
- 76.2.2. Subject to the provisions of the Companies Law and the Securities Law, the Company may undertake to indemnify an Office Holder in advance with respect to:
- 76.2.2.1. financial obligations as specified in Article 76.2.1.1, provided, that the undertaking is limited to categories of events which, in the opinion of the Board can be foreseen, based on the Company's actual activities at the time the undertaking to indemnify is given, and in amounts set by the Board as reasonable; and
  - 76.2.2.2. expenses, fees and payments as specified in Article 76.2.1.2 to Article 76.2.1.6 inclusive. Subject to the provisions of the Companies Law and the Securities Law, the Company may also undertake to indemnify an Office Holder retroactively for expenses, fees and payments as specified in Article 76.2.1.2 to Article 76.2.1.6 inclusive.
- 76.2.3. An indemnification undertaking in advance or after the event as aforesaid may be given even if at the time of the indemnification the person being indemnified has ceased to hold office as an officer in the company.



76.2.4. An indemnification undertaking in advance or after the event as aforesaid may relate also to an office held by an officer of the company, at its request, as a director in another company in which the company holds shares, directly or indirectly, or in which the company has an interest of some kind.

In this Article 76 (Indemnity, Insurance and Exemption) “**Administrative Proceeding**” - means proceedings according to Chapters H’3 (Imposition of Monetary Sanctions by the ISA), H’4 (The Imposition of Administrative Enforcement Measures by the Administrative Enforcement Committee), or I’1 (Arrangement to Prevent the Initiation of Proceedings or to Conclude Proceedings) to the Securities Law, as shall be amended from time to time.

76.3. Insurance

76.3.1. Subject to the provisions of the Companies Law and the Securities Law, the Company may enter into a contract to insure an Office Holder for all or part of the liability that may be imposed on such Office Holder in connection with an act performed by such Office Holder in such Office Holder’s capacity as an Office Holder of the Company, with respect to each of the following:

76.3.1.1. breach of his duty of care to the Company or to another person;

76.3.1.2. breach of his fiduciary duty to the Company, provided that the Office Holder acted in good faith and had reasonable grounds to assume that the action in question would not prejudice the interests of the Company;

76.3.1.3. a financial obligation imposed on him in favour of another person; and

76.3.1.4. expenses incurred by the Office Holder in connection with a proceeding as permitted under Chapter G’1 of the Economic Competition Law, 5748-1988.

76.3.2. Subject to the provisions of the Companies Law and the Securities Law, the Company may also enter into a contract to insure an Office Holder for a payment which the Office Holder is obligated to make to an injured party as set forth in section 52(54)(a)(1)(a) of the Securities Law and legal expenses, including attorney’s fees, that the Office Holder incurred in connection with a proceeding under Chapters H’3, H’4 or I’1 of the Securities Law.

76.4. The Company shall not indemnify, exculpate or insure any Office Holder under any of the following circumstances:

76.4.1. a breach of fiduciary duty, except, with respect to indemnification and insurance, to the extent that the Office Holder acted in good faith and had a reasonable basis to believe that the act would not prejudice the company;

76.4.2. a breach of duty of care committed intentionally or recklessly, excluding a breach arising out of the negligent conduct of the Office Holder;

76.4.3. an act or omission committed with intent to derive illegal personal benefit; or

76.4.4. a fine, civil fine, financial sanction or levied against the Office Holder.

76.5. Any amendment to the Companies Law and the Securities Law adversely affecting the right of any Office Holder to be indemnified or insured pursuant to this Article 76 (Indemnity, Insurance and Exemption) shall be prospective in effect, and shall not affect the Company's obligation or ability to indemnify or insure an Office Holder for any act or omission occurring prior to such amendment, unless otherwise provided by the Companies Law and the Securities Law.

76.6. The provisions of this Article 76 (Indemnity, Insurance and Exemption) are not intended, and shall not be interpreted so as to restrict the Company, in any manner in respect of the procurement of insurance and/or indemnification and/or exculpation, in favour of any person who is not an Office Holder, including, without limitation, any employee, agent, consultant or contractor of the Company who is not an Office Holder.

#### **WINDING UP**

77. Winding Up

A resolution to wind up the Company shall only be valid if passed by Shareholders voting in favour who hold not less than 75 per cent of the voting rights represented at the meeting in person or by proxy and voting thereon. If the Company is wound up, then subject to applicable law and to the rights of the holders of shares with special rights upon winding up, the assets of the Company available for distribution among the Shareholders shall be distributed to them in proportion to the respective holdings of the shares in respect of which such distribution is being made.