

**THE ISRAELI COMPANIES LAW, 5759-1999**

A COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

**SIMIGON LTD.**  
(the "**Company**")

**DULY ADOPTED ON AUGUST 31, 2006**

Effective upon consummation of the admission of the entire issued and to be issued share capital of the Company to trading on AIM, a market operated by the London Stock Exchange, plc.

**GENERAL PROVISIONS**

**INTERPRETATION**

- 1 In these Articles the following terms shall bear the meanings set opposite them, unless the context otherwise requires:

**TERMS**

**MEANINGS**

Applicable Law

The Companies Law, the Israeli Companies Ordinance (New Version) 1983 (the "**Companies Law**"), the Securities Law, 5738-1968 and all laws and regulations applicable to the Company that do not conflict with the mandatory provisions of the Companies Law, and rules of any stock market in which the Company's shares are registered for trading as shall be in force from time to time and to the extent applicable to the Company.

Articles

these Articles of Association as may be amended from time to time.

Auditor

as defined under the Companies Law.

Board of Directors  
or the Board

the board of Directors of the Company.

CEO

Chief Executive Officer, also referred to under the Companies Law as the general manager.

Class Meeting

a meeting of the Shareholders of a class of shares.

Company

SIMIGON LTD.

Equity Securities	shall mean a Relevant Share (other than a bonus share) or a right to subscribe for or to convert securities into, Relevant Shares in the Company, other than a Relevant Share which is or is to be held by a person who acquires them in pursuance of a Share Scheme or which is to be allotted in pursuance of such a scheme.
External Directors	shall mean Directors appointed and serving in accordance with the provisions of the Companies Law.
General Meeting	either an Annual General Meeting or Special Meeting of the Shareholders.
Office Holder	as such term is defined under the Companies Law.
Ordinary Shares	the Company's Ordinary Shares, NIS 0.01 par value each.
Register of Shareholders	shall mean the shareholders register that is to be kept pursuant to the Companies Law or, if in addition to the said shareholders register, the Company shall keep a branch register or registers, any such branch register, as the case may be, maintained by or on behalf of the Company.
Relevant Shares	shall mean shares in the Company other than shares which as respects dividends and capital carry a right to participate only up to a specified amount in a distribution.
Share Scheme	shall mean a scheme for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of: (a) the bona fide present or former employees, directors, consultants or some service providers of the Company, the Company's subsidiary or holding company or a holding company or a subsidiary of the Company's holding company; or (b) the wives, husbands, widows or children or step-children under the age of 18 of such current or former employees, directors, consultants or service providers employees. For these purposes, a company is a subsidiary of another company, its "holding company" if that other company: (a) holds a majority of the voting rights in it; or (b) is a member of it and has the right to appoint or remove a majority of its board of directors; or (c) is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it, or if it is a subsidiary of a company which is itself a subsidiary of that other company.
Shareholder	as such term is defined under the Companies Law.

Simple Majority	a majority of more than fifty percent (50%) of the voting power represented at the meeting in person or by proxy and voting on the relevant resolutions, not including abstentions
Special Resolution	a majority of seventy five percent (75%) or more of the voting power represented at the meeting in person or by proxy and voting on the relevant resolutions, not including abstentions
The Law or the Companies Law	the Israeli Companies Law, 5759 – 1999, as amended from time to time, and the regulations promulgated thereunder.
The Office	the registered office of the Company as may be re-located from time to time.

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1.1 Unless the subject or the context otherwise requires: words and expressions defined in the Companies Law in force 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 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 Object and Purpose of the Company

2.1 The object and purpose of the Company shall in addition to those objects and purposes be as set forth in the Company's Memorandum of Association (if any), as the same shall be amended from time to time in accordance with Applicable Law, be to carry on any business and to perform any act which is not prohibited by Applicable Law.

2.2 In accordance with Section 11(a) of the Companies Law, the Company may donate reasonable amounts to a worthy cause. The Board of Directors may determine the amounts of the donations, the purpose or category of purposes for which the donations are to be made, and the identity of the recipient of any such donation.

## 3 Limitation of Liability

The liability of the Shareholders is limited to the full payment of the nominal value of the shares in the Company first allotted to them or his predecessors and which remains unpaid, and only to that amount, subject to the provisions of these Articles and Applicable Law.

## SHARE CAPITAL

### 4 Share Capital

The authorized share capital of the Company is 1,000,000 New Israeli Shekels divided into 100,000,000 Ordinary Shares.

### 5 Increase of Share Capital

5.1 The Company may, from time to time, by a Shareholders' resolution, whether or not all the shares then authorized have been issued, and whether or not all the shares theretofore issued have been called up for payment, increase its share capital by the creation of new shares. Any such increase shall be in such amount and shall 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.

5.2 Except to the extent otherwise provided in such resolution, such new shares shall be subject to all the provisions applicable to the shares of the original share capital.

### 6 Rights of the Ordinary Shares

The powers, preferences, rights, restrictions and other matters relating to the Ordinary Shares are as provided in these Articles, including, *inter alia*, subject to Article 22, the right to be notified of and to attend General Meetings ; for each share held and fully paid up, the right to one vote at all meetings of Shareholders; and to share equally, on a per share basis, in such distributions of dividends or bonus shares as may be declared by the Board of Directors in accordance with these Articles and the Companies Law, and upon liquidation or dissolution of the Company, in the assets of the Company legally available for distribution to Shareholders after payment of all debts and other liabilities of the Company, in accordance with the terms of these Articles and Applicable Law. All Ordinary Shares shall rank *pari passu* in all respects with each other. Warrants and options shall not be considered as shares for the purposes of these Articles.

### 7 Special Rights; Modifications of Rights

7.1 The Company may, from time to time, subject to the provisions of Applicable Law and these Articles, provide for shares with such preferred or deferred rights or rights of redemption or other special rights and/or such restrictions, whether in regard to dividends, voting, repayment of share capital or otherwise, as may be stipulated in the resolution or other instrument authorising such new shares.

#### 7.2

7.2.1 If at any time the share capital is divided into different classes of shares, the rights attached to any class, unless otherwise provided by the terms of issue of the shares of that class, may be modified only upon the approval of a separate Class Meeting of the Shareholders of the shares of such class by way of Simple Majority.

7.2.2 The provisions of these Articles relating to General Meetings shall, *mutatis mutandis*, apply to any separate Class Meeting of the Shareholders of a particular class.

7.2.3 Unless otherwise provided by these Articles, the increase in an authorised class of shares, or the issuance of additional shares thereof out of the authorised and unissued share capital, or the issuance of shares of a new class, shall not be deemed, for purposes of this Article 7.2, to vary, modify or abrogate the rights attached to the previously issued shares of such class or of any other class.

## 8 Consolidation, Subdivision, Cancellation and Reduction of Share Capital

8.1 The Company may, from time to time, by Shareholders' resolution (subject, however, to the provisions of Article 7.2 hereof and to Applicable Law):

8.1.1 consolidate and divide all or any of its issued or unissued share capital into shares of larger nominal value than its existing shares,

8.1.2 subdivide its shares (issued or unissued) or any of them, into shares of smaller nominal value than is fixed by these Articles (subject, however, to the provisions of the Companies Law), and the Shareholders' resolution whereby any share is subdivided may determine that, as among the Shareholders' holding in shares resulting from such subdivision, one or more of the shares may, as compared with the others, have any such preferred or deferred rights or rights of redemption or other special rights, or be subject to any such restrictions, as the Company has power to attach to unissued or new shares,

8.1.3 cancel any shares which, at the date of the adoption of such resolution, have not been allotted yet, provided that the Company has made no commitment to any person to allot such shares, and diminish the amount of its share capital by the amount of the shares so cancelled, or

8.1.4 reduce its share capital and any reserved fund for redemption of capital in any manner, and with and subject to any incident authorized, and approval required, by the Companies Law.

8.2 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 of Directors may settle any difficulty which may arise with regard thereto, as it deems fit, including, *inter alia*, resorting to one or more of the following actions:

8.2.1 determine, as to the Shareholders' holding in shares so consolidated, which issued shares shall be consolidated into each share of larger nominal value;

8.2.2 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;

- 8.2.3 to the extent as may be permitted by Applicable Law, redeem or purchase such shares or fractional shares sufficient to preclude and remove fractional share holdings;
  - 8.2.4 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 of Directors 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 8.2.4.
- 8.3 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.

9 Redeemable Shares

The Company may, subject to Applicable Law, issue redeemable shares and redeem the same on such terms and in such manner as shall be determined by the Board of Directors. Redeemable shares shall not constitute part of the Company's capital, except as provided in the Companies Law.

**SHARES**

10 Issuance of Share Certificates; Replacement of Lost Certificates

- 10.1 Share certificates shall be issued, upon the written request of a Shareholder, and shall state on them the written name of the Company and shall bear the signature of two Directors, or of one Director and of the Secretary of the Company, or of any other person or persons authorized thereto by the Board of Directors or such other form of authentication as the Board may determine having regard to the terms of issue and the requirements of Applicable Law and shall specify the number, class and distinguishing numbers (if any) of the shares to which it relates and the amount paid up on them.
- 10.2 Notwithstanding Article 11, each Shareholder of fully paid-up shares of the Company shall be entitled to one numbered certificate for all the shares of any class registered in his name, each of which shall state the number of shares represented by the certificate and their serial number.
- 10.3 A share certificate registered in the names of two or more persons shall be delivered to the person first named in the Register of Shareholders in respect of such co-ownership and the Company shall not be obliged to issue more than one certificate to all the joint Shareholders.
- 10.4 If a share certificate is defaced, lost or destroyed, it may be replaced, upon payment of such fee, and upon the furnishing of such evidence of ownership and such indemnity or guarantee, as the Board of Directors may, in its discretion deem fit.

## Depository Interests

The Board is authorised to make such arrangements as it may think fit in order to enable shares in the Company to be represented by and exchanged for depository interests which are eligible to be held and transferred in uncertificated form in a computer based system whether located in Israel or in any other country. Any such arrangement shall be notified to the Shareholders in such manner as the Board may decide.

## 12 Registered Shareholders

12.1 Except as otherwise provided in these Articles, the Company shall be entitled to treat the registered Shareholder as the absolute owner thereof, and, accordingly, shall not, except as ordered by a court of competent jurisdiction, or as required by the Companies Law, be bound to recognize any equitable or other claim to, or interest in such share on the part of any other person.

12.2 Subject to and in accordance with Applicable Law, the Board may elect to maintain one or more Registers of Shareholders outside of Israel in addition to its principal Register of Shareholders, and each such register shall be deemed a Register of Shareholders for purposes of these Articles and 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 register or registers.

## 13 Calls on Shares

13.1 The Board of Directors may, from time to time, make such calls as it may deem fit upon a Shareholder in respect of any sum unpaid in respect of shares held by such Shareholder which is not, by the terms of allotment or issue thereof or otherwise, payable at a fixed time, and such Shareholder shall pay the amount of every call so made upon him (and of each instalment thereof if the same is payable in instalments), to the person and at the time and place designated by the Board of Directors. Unless otherwise stipulated in the resolution of the Board of Directors (and in the notice hereafter referred to), each payment in response to a call shall be deemed to constitute a pro rata payment by a Shareholder on account of all shares held by that Shareholder in respect of which such call was made.

13.2 Notice of any call shall be given in writing to the Shareholder 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 of Directors may, by notice in writing to such Shareholder, revoke such call in whole or in part, extend such time fixed for payment thereof, or designate a different person to whom and/or place at which payment is to be made. In the event of a call payable in instalments, only one notice thereof need be given.

13.3 If, by the terms of allotment or issue 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 payable by virtue of a call duly made by the Board of Directors and of which due notice had been given in accordance with this Article 13, and all the provisions herein contained

with respect to such calls shall apply to each such amount (and the non payment thereof).

- 13.4 Joint Shareholders shall be jointly and severally liable to pay all calls in respect thereof and all interest payable thereon.
- 13.5 Any amount that has been called for payment but which is not paid when due 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 Israel), and at such time(s) as the Board of Directors may prescribe.
- 13.6 Upon the allotment of shares, the Board of Directors may provide for differences among the allottees of such shares as to the amount of calls and/or the times of payment thereof.

#### 14 Prepayment

With the approval of the Board of Directors, any Shareholder may pay to the Company any amount not yet payable in respect of his shares, and the Board of Directors may approve the payment by the Company 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 of Directors. The Board of Directors 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 14 shall derogate from the right of the Board of Directors to make any call before or after receipt by the Company of any such advance.

#### 15 Forfeiture and Surrender

- 15.1 If any Shareholder fails to pay any amount payable by virtue of a call, or interest thereon as provided for herein, on or before the day fixed for payment of the same, the Company, by resolution of the Board of Directors, may at any time thereafter, so long as the said amount (or any portion thereof) or interest (or any portion thereof) remains unpaid, forfeit all or any of the shares in respect of which such payment has been called for. Any expense incurred by the Company in attempting to collect any such amount or interest, including, *inter alia*, attorneys' fees and costs of legal proceedings, shall be added to, and shall, for all purposes (including the accrual of interest thereon), constitute a part of the amount payable to the Company in respect of such call.
- 15.2 Upon the adoption of a resolution of forfeiture of a Shareholders' share, the Board of Directors shall cause notice thereof to be given to such Shareholder, which notice shall state that, in the event of the failure to pay the entire amount so payable within a period stipulated in the notice (which period shall not be less than fourteen (14) days and which may be extended by the Board of Directors), such shares shall be ipso facto forfeited, provided, however, that, prior to the expiration of such period, the Board of Directors may nullify such resolution of forfeiture, but no such nullification shall prevent the Board of Directors from adopting a further resolution of forfeiture in respect of the non-payment of the same amount.



- 15.3 Whenever shares are forfeited as herein provided, all dividends theretofore declared in respect thereof and not actually paid shall be deemed to have been forfeited at the same time.
- 15.4 The Company, by resolution of the Board of Directors, may accept the voluntary surrender of any share. A surrendered share shall be treated as if it had been forfeited.
- 15.5 Any share forfeited or surrendered as provided herein shall become dormant shares and the property of the Company, and the same, subject to the provisions of these Articles, may be sold, re-allotted or otherwise disposed of as the Board of Directors deems fit.
- 15.6 Any Shareholder whose shares have been forfeited or surrendered shall cease to be a Shareholder in respect of the forfeited or surrendered shares, but shall, notwithstanding, be liable to pay, and shall forthwith pay, to the Company, all calls, interest and expenses owing upon or in respect of such shares at the time of forfeiture or surrender, together with interest thereon from the time of forfeiture or surrender until actual payment, at the rate prescribed in Article 13.5 above, and the Board of Directors, in its discretion, may enforce the payment of such moneys, or any part thereof, but shall not be under any obligation to do so. In the event of such forfeiture or surrender, the Company, by resolution of the Board of Directors, may accelerate the date(s) of payment of any or all amounts then owing by the Shareholder in question (but not yet due) in respect of all shares owned by such Shareholder, solely or jointly with another.
- 15.7 The Board of Directors may at any time, before any share so forfeited or surrendered shall have been sold, re-allotted or otherwise disposed of, nullify the forfeiture or surrender on such conditions as it deems fit, but no such nullification shall prevent the Board of Directors from re-exercising its powers of forfeiture pursuant to this Article 15.
- 15.8 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the amount of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.
- 15.9 A declaration in writing by a director or secretary of the Company that a share in the Company has been duly forfeited on the date stated in the declaration shall be conclusive evidence of the facts stated therein against all persons claiming to be entitled to the share.

16 Lien

- 16.1 Except to the extent the same may be waived or subordinated in writing, the Company shall have a first and paramount lien upon all the shares registered in the name of each Shareholder (without regard to any equitable or other claim or interest in such shares on the part of any other person), and upon the proceeds of the sale thereof, for his debts or other liabilities to the Company arising from any amount payable by such Shareholder in respect of any unpaid or partly paid share, solely or jointly with another, whether or not such debt or liability shall have already matured. Such lien shall extend to all dividends from time to time declared in respect of such share. Unless

otherwise provided, the registration by the Company of a transfer of shares shall be deemed to be a waiver on the part of the Company of the lien (if any) existing on such shares immediately prior to such transfer.

- 16.2 The Board of Directors may cause the Company to sell any shares subject to such lien when any such debt or other liability in respect of such shares has matured, in such manner as the Board of Directors may deem fit, but no such sale shall be made unless such debt or liability has not been satisfied within fourteen (14) days after written notice of the intention to sell shall have been served on such Shareholder, his executors or administrators.
- 16.3 The net proceeds of any such sale, after payment of the costs thereof, shall be applied in or toward satisfaction of the debts or other liabilities of such Shareholder in respect of such shares (whether or not the same have matured), or any specific part of the same (as the Board may determine), and the remainder (if any) shall be paid to the Shareholder, his executors, administrators or assigns.

17 Sale after Forfeiture or Surrender or in Enforcement of Lien

Upon any sale of a share after forfeiture or surrender or for enforcing a lien, the Board may appoint any person to execute an instrument of transfer of the share so sold and cause the purchaser's name to be entered in the Register of Shareholders in respect of such share, and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Shareholders in respect of such shares, the validity of the sale shall not be impeached by any person or affected by any defect or illegality in the sale proceedings, and the sole remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

18 Allotment of Shares

- 18.1 Subject to the Companies Law, these Articles (including, but not limited to, Articles 18.2, 18.3 below) and the terms of any resolution creating new shares, (a) the unissued shares from time to time shall be under the control of the Board which may allot the same to such persons, against cash or for such other consideration which is not cash, with such restrictions and conditions, in excess of their nominal value, at their nominal value or at a discount to their nominal value and/or with payment of commission and at such times as the Board shall deem appropriate and (b) the Board shall have the power to cause the Company to grant to any person rights, options, or warrants to acquire from the Company any unissued shares, in each case on such terms as the Board shall deem appropriate. The Board may, subject to and in accordance with the provisions of the Companies Law, delegate such powers to a Board committee or to the CEO of the Company.
- 18.2 Subject to the provisions of Article 18.3 below, the Company shall not allot any Equity Securities to any person for cash unless it shall first have made an offer to each holder of Relevant Shares to allot to him on the same or more favourable terms a proportion of those Equity Securities which is as nearly as practical equal to the proportion in nominal value held by him of the aggregate number of Relevant Shares

in issue on the record date for such allotment, but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in their exclusive discretion to deal with fractional entitlements or legal or practical problems under Applicable Law or the applicable requirements of any regulatory authority or stock exchange in any jurisdiction.

- 18.3 The Company may at any time and from time to time resolve by a Special Resolution of Shareholders, referring to this Article 18.3, that the Directors be empowered to allot Equity Securities for cash as if Article 18.2 did not apply to such allotment and such power shall (unless varied or cancelled by a Special Resolution passed at an intervening general meeting) expire on the date specified in such resolution save that the Company shall be entitled before such expiry to make an offer or agreement which would or might require Equity Securities to be allotted after such expiry and the Directors shall be entitled to allot Equity Securities in pursuance of such offer or agreement as if such authority had not expired.

## **TRANSFER OF SHARES**

- 19 Effectiveness and Registration
- 19.1 Subject to Article 11 above, no transfer of shares shall be registered unless a proper instrument of transfer (in form and substance satisfactory to the Board of Directors and signed by or on behalf of the transferor and (except in the case of a fully paid share) by or on behalf of the transferee) has been submitted to the Company or its agent, together with any share certificate(s) and such other evidence of title as the Board of Directors may reasonably require. Until the transferee has been registered in the Register of Shareholders in respect of the shares so transferred, the Company may continue to regard the transferor as the owner thereof. The Board of Directors may not prescribe a fee for the registration of a transfer.
- 19.2 The Board of Directors 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 of Directors may also refuse to register a transfer of a share (whether fully paid or not):
- 19.2.1 to an entity which is not a legal or natural person; or
- 19.2.2 to be held jointly by more than four persons.
- 19.3 If the Board of Directors 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.
- 19.4 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 of Directors may refuse to register any transfer of shares, provided that their refusal does not disturb the market.

- 19.5 The registration of transfers may only be suspended during weekends and public holidays in Israel and the United Kingdom.

## **TRANSMISSION OF SHARES**

### 20 Decedents' Shares

- 20.1 In case of a share registered in the names of two or more Shareholders, the Company may recognize the survivor(s) as the sole owner(s) thereof unless and until the provisions of Article 20.2 have been effectively invoked.
- 20.2 Any person becoming entitled to a share in consequence of the death of any person, upon producing evidence of the grant of probate or letters of administration or declaration of succession or an inheritance order (or such other evidence as the Board of Directors may reasonably deem sufficient that he sustains the character in respect of which he proposes to act under this Article or of his title), 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. However, nothing herein shall release the estate of a deceased Shareholder (whether sole or joint Shareholder) of a share from any obligation to the Company with respect to any share held by the deceased.

### 21 Receivers and Liquidators

- 21.1 The Company may recognize the receiver or liquidator of any corporate Shareholder in winding-up or dissolution, or the receiver or trustee in bankruptcy of any Shareholder, as being entitled to the shares registered in the name of such Shareholder.
- 21.2 The receiver or liquidator of a corporate Shareholder in winding-up or dissolution, or the receiver or trustee in bankruptcy of any Shareholder, upon producing such evidence as the Board of Directors may deem sufficient as to his authority to act in such capacity or under this Article or of his title, shall with the consent of the Board of Directors (which the Board of Directors may grant or refuse in its absolute discretion), be registered as a Shareholder in respect of such shares, or may, subject to the regulations as to transfer herein contained, transfer such shares.

### 22 SHAREHOLDER NOTIFICATION REQUIREMENTS

- 22.1 Without prejudice to and in addition to any obligation to disclose under Israeli law, where a shareholder either:
- (a) to his knowledge acquires a notifiable interest in Ordinary Shares, or ceases to have a notifiable interest in such Ordinary Shares; or
  - (b) becomes aware that he has acquired a notifiable interest in the Ordinary Shares or that he has ceased have a notifiable interest in Ordinary Shares in which he has previously interested; or
  - (c) to his knowledge, had a notifiable interest before and after the acquisition or disposal of an interest in Ordinary Shares, but the percentage levels of his interest immediately before and

immediately after that time are not the same. For these purposes "percentage level" means the percentage figure found by expressing the aggregate nominal value of all the shares comprised in the Ordinary Share capital in which the person has an interest immediately before or (as the case may be) immediately after the acquisition or disposal as a percentage of the total nominal value of the entire issued Ordinary Share capital and rounding that figure down, if it is not a whole number, to the next whole number,

he shall notify the Company of his interest.

- 22.2 For the purposes of Article 22.1, a Shareholder has a notifiable interest at any time when the aggregate par value of the Ordinary Shares in which he is interested is equal to or more than 3 per cent. of the issued and outstanding Ordinary Shares of the Company. Any reference to Ordinary Shares in this Article 22 excludes Ordinary Shares that are Dormant Shares (as defined in the Companies Law).
- 22.3 Any notification under Article 22.1 shall identify the Shareholder so interested, the nature and extent of his interest, and the date on which he acquired or ceased to hold a notifiable interest or on which there was an increase or decrease in the percentage level of his notifiable interest.
- 22.4 The Board may by notice in writing (a "**Disclosure Notice**") require any person whom the Board knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which the Disclosure Notice is issued, has been interested in Ordinary Shares to indicate whether or not it is the case and, where that person holds any interest in any such Ordinary Shares, to give such further information as may be required by the Board.
- 22.5 Any Disclosure Notice may require the person to whom it is addressed to give particulars of his own present interest in Ordinary Shares.
- 22.6 A Disclosure Notice shall require any information given in response to the notice to be given in writing within such reasonable time (not being less than twenty-one days) as may be specified in the Disclosure Notice.
- 22.7 For the purposes of this Article 22, a person who is interested in a right to subscribe for or convert into Ordinary Shares shall be deemed to be interested in Ordinary Shares and references to interests in Ordinary Shares shall include any interest whatsoever in such Ordinary Shares including, without limitation, a right to control directly or indirectly the exercise of any right conferred by the holding of Ordinary Shares alone or in conjunction with any person and the interest of any person shall be deemed to include the interest of any other person deemed to be acting in conjunction as aforesaid.
- 22.8 A Disclosure Notice which has taken effect under Article 22.4 shall remain in effect in accordance with its terms following a transfer of the Ordinary Shares to which it relates unless and until the Board determines otherwise and notifies the holder accordingly.
- 22.9 If the holder of, or any person appearing to be interested in Ordinary Shares has been served with a Disclosure Notice, and in respect of such Ordinary Shares (the "**Default Ordinary Shares**"), has been in default

(in whole or in part) for the relevant period in supplying the Company with the information required by the Disclosure Notice, subject to Israeli law and notwithstanding anything to the contrary in these Articles, the restrictions referred to in sub-section 22.10 below shall apply. Those restrictions shall cease to apply the trading day after the earlier of:

- (a) due compliance to the satisfaction of the Board with the Disclosure Notice; or
- (b) receipt by the Company of a notice that the stockholding has been sold to a third party under an arm's length transfer; or
- (c) the decision of the Board to waive those restrictions in whole or in part.

22.10 The restrictions referred to in sub-section 22.9 above are as follows:

- (a) if the Default Ordinary Shares in which any one person is interested, or appears to the Company to be interested represents less than 0.25 per cent. of the issued and outstanding Ordinary Shares, the holders of the Default Ordinary Shares shall not be entitled to vote those Default Ordinary Shares at a general meeting of the Company, either personally or by proxy; or
- (b) if the Default Ordinary Shares in which any one person is interested, or appears to the Company to be so interested represents at least 0.25 per cent. of the issued and outstanding Ordinary Shares, the holders of the Default Ordinary Shares shall not be entitled in respect of those Default Ordinary Shares;
  - (i) to attend and vote at a general meeting of the Company either personally or by proxy; or
  - (ii) to receive any dividend (including bonus shares/ stock dividend); or
  - (iii) to transfer or agree to transfer any such Default Ordinary Shares or any rights in them (subject to Article 22.11).

22.11 The restrictions in sub-section 22.10(b) above shall not prejudice the right of either the shareholder holding the Default Ordinary Shares or, if different, any person having a power of sale over such stock to sell or agree to sell such stock under an arm's length transfer.

22.12 If any dividend or other distribution is withheld under sub-section 22.10(b) above, the shareholder shall be entitled to receive it (without any interest, linkage differentials or any other additional compensation or penalty) as soon as practicable after the restrictions contained in sub-section 22.10(b) cease to apply.

22.13 If, while any of the restrictions referred to above apply to Ordinary Shares, other Ordinary Shares are issued as of right pursuant to the

rights attached to such Ordinary Shares, the same restrictions shall apply to those other Ordinary Shares as if they were Default Ordinary Shares.

For the purposes of this Article 22:

an "**arm's length transfer**" in relation to any Ordinary Shares is a transfer pursuant to:-

a sale of the whole of the beneficial ownership of the Ordinary Shares to a bona fide third party unconnected with the shareholder or with any person appearing to be interested in such stock including any such sale on a recognised investment exchange or on any stock exchange outside the United Kingdom on which the stock is listed or normally traded;

"**interest**" in a person means beneficial ownership of any securities of such person;

"**person**" means any individual, firm, partnership, association, company or other entity;

the "**relevant period**" shall be the period set out in the Disclosure Notice;

the percentage of the issued Ordinary Shares referred to in Article 22.10 shall be calculated by reference to the Ordinary Shares in issue at the time when the Disclosure Notice is given; and

a person shall be treated as appearing to be interested in any Ordinary Shares if the Company has given to the shareholder holding such share a Disclosure Notice and either (i) the shareholder has named the person as being interested in the Ordinary Shares or (ii) (after taking into account any response to any Disclosure Notice and any other relevant information) the Company knows or has reasonable cause to believe that the person in question is or may be interested in the Ordinary Shares of the Company.

- 22.14 Where a Disclosure Notice is served on a Depositary under Article 22.4 and the Depositary fails to comply for any reason with the Disclosure Notice, the provisions of Articles 22.9 and 22.10 of this Article 22 will only be implemented by the Company in relation to those Default Ordinary Shares in respect of which there has been a failure, and will not be implemented in relation to any other Ordinary Shares in the Company held by the Depositary. A "**Depositary**" in this Article 22.14 means any person who is a shareholder in the Company by virtue of it holding Ordinary Shares as trustee for those who have elected to hold Ordinary Shares in the Company in dematerialised form through depositary interests.

## **GENERAL MEETINGS**

### 23 Annual General Meeting

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 general meeting) and at such place either within or without the State of Israel as may be determined by the Board of



Directors. Such general meetings shall be called "Annual General Meetings".

24 Special Meetings

All general meetings other than Annual General Meetings shall be called "**Special Meetings**." The Board of Directors may, whenever it deems fit, convene a Special General Meeting at such time and place, within or without the State of Israel, as may be determined by the Board of Directors, and shall be obliged to do so upon a requisition in writing in accordance with Sections 63(b)(1) or (2) and 63(c) of the Companies Law. Any request for convening a meeting must specify the purposes for which the meeting is to be called, shall be signed by the persons requesting the meeting, and shall be delivered to the Company's registered offices.

25 Agenda

Subject to the Companies Law, the Board of Directors shall determine the agenda of any General Meeting. The Board may resolve to adjourn any General Meeting. In addition, subject to the Companies Law, the Board of Directors may accept a request of a Shareholder to include a subject in the agenda of a General Meeting, only if the request also sets forth: (a) his name and address; (b) a representation that the Shareholder is a Shareholder 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; (c) 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 said subject; and (d) a declaration that all the required information 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. In addition, if such subject includes a nomination of Directors in accordance with these Articles, the request shall also set forth the consent of each nominee to serve as a Director of the Company if so elected and a declaration signed by him declaring that there is no limitation under the Companies Law for his appointment. Furthermore, the Board of Directors, 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.

26 Transfer of Power among Organs

Subject to the provisions of the Companies Law, the General Meeting may assume powers conferred on another organ of the Company, and may resolve that the powers granted to the general manager be transferred to the Board of Directors, for any particular matter or for a specific period of time.

27 Notice of General Meetings

- 27.1 Notice of a General Meeting shall be given in such manner as mandated by the Companies Law.



- 27.2 The Notice will specify the place, date and hour of the General Meeting, and shall set forth the agenda of the General Meeting as well as every other detail required by the Companies Law.
- 27.3 With the consent of all Shareholders entitled to be notified thereof, a General Meeting may be convened upon shorter notice or without any notice and in such manner, generally, as shall be approved by such Shareholders.
- 27.4 Non-receipt of any such notice shall not invalidate any resolution passed or the proceedings held at that meeting, provided that such notice shall have been sent to the registered address of such Shareholder as it appears on the Company's Register of Shareholders.

28 Manner of General Meeting

- 28.1 The Board may both prior to and during any General or Class Meeting make any arrangements and/or impose any restrictions which it considers appropriate to ensure the security and/or the orderly conduct of any such General or Class Meeting, including, without limitation, arranging for any person attending any such General or Class Meeting to be searched, for items of personal property which may be taken into any such General or Class Meeting to be restricted and for any person (whether or not a member of the Company) who refuses to comply with any such arrangements or restrictions to be refused entry to or excluded from any such General or Class Meeting.
- 28.2 The chairman of the meeting shall take such action as he thinks fit to promote the orderly conduct of the business of the General or Class Meeting as laid down in the notice of the general or class meeting, including, without limitation, asking any person or persons (whether or not a member or members of the Company) to leave the General or Class Meeting and, if necessary, having such person or persons excluded from the General or Class Meeting. The decision of the chairman of the meeting on matters relating to the orderly conduct of a General or Class Meeting and on any other matters of procedure or arising incidentally from the business of the General or Class Meeting shall be final as shall be his determination, acting in good faith, as to whether any matter is of such nature. Nothing in this Article 28.2 shall limit any other power vested in the chairman of the meeting.
- 28.3 The Board may make such arrangements as it shall in its absolute discretion consider to be appropriate for any of the following purposes:
- 28.3.1 to ensure the safety of people attending at any such place; or
- 28.3.2 to facilitate attendance at such General or Class Meeting or adjournment;
- and may from time to time vary any such arrangements or make new arrangements in their place. Such arrangements may include, without prejudice to the generality of the foregoing, the issue of tickets or the use of some random means of selection or otherwise as the Board shall consider to be appropriate.
- 28.4 The Board may, in its absolute discretion, resolve to enable persons entitled to attend a General or Class 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 or Class Meeting in question, and that meeting shall be duly constituted and its proceedings valid, provided that the chairman of the general or class meeting to ensure that Shareholders attending at all the meeting places are able to:

28.4.1 participate in the business for which the meeting has been convened;

28.4.2 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; and

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

## 29 Record Date for Notices of General Meetings

29.1 Notwithstanding any other contrary provision of these Articles and subject to Applicable Law, the Board may fix a date, not more than forty (40) days and not less than four (4) days prior to the date of any General Meeting of the Shareholders, as the date on which Shareholders entitled to notice of and to participate and vote at such meeting shall be determined, and all persons who were Shareholders of record of voting shares on such date and no others shall be entitled to notice of and to participate and vote at such meeting. A determination of Shareholders of record entitled to notice of and to participate and vote at any meeting shall apply to any adjournment of such meeting, provided, however, that the Board may fix a new record date for the adjourned meeting.

29.2 Any Shareholder or Shareholders of the Company holding at least one percent (1%) of the voting rights in the General Meeting may, pursuant to the Companies Law, request that the Board include a subject in the agenda of a General and/or Class meeting to be held in the future. Any such request must:

29.2.1 be in writing;

29.2.2 include all information relevant to the subject matter and the reason that such subject is proposed to be brought before the General and/or Class Meeting;

29.2.3 be signed by the Shareholder or Shareholders making such request;

29.2.4 be in relation to a subject matter which is appropriate for consideration by the Company in a general or class meeting; and

29.2.5 comply with the requirements as to form and content set out in Article 25 hereinabove.

- 29.3 If the chairman of the Board shall determine, acting in good faith, that any of the provisions of Article 29.2 has not been properly satisfied with respect to a request purportedly given pursuant to the said Article, he/she shall be entitled (on behalf of the Company) to refuse to allow any resolution contained in such request to be considered at a General and/or Class meeting of the Company (as the case may be).

## **PROCEEDINGS AT GENERAL MEETINGS**

### 30 Quorum

- 30.1 Two or more holders of Ordinary Shares (not in default in payment of any sum referred to in Article 35.1 hereof), present in person or by proxy shall constitute a quorum at General Meetings. No business shall be transacted at a General Meeting, or at any adjournment thereof, unless the requisite quorum is present when the meeting proceeds to business.
- 30.2 If within half an hour from the time set for the meeting a quorum is not present, in person or by proxy, the meeting shall stand adjourned to the same day in the next week, at the same time and place, or, if set forth in the original notice of the meeting or in a new notice given in the manner prescribed in Article 27 hereinabove at least 3 days prior to the date of the adjourned meeting, to such day and at such time and place as the Board of Directors may indicate in a notice to the Shareholders as aforesaid. No business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called. At such adjourned meeting, if a quorum is not present, in person or by proxy, any one (1) shareholder (not in default as aforesaid) present in person or by proxy, shall constitute a quorum (subject to rules and regulations, if any, applicable to the Company). Notwithstanding anything in this Article 30 to the contrary, if the meeting was convened upon requisition pursuant to Section 63 or 64 of the Companies Law, the quorum requirement at any adjournment thereof shall be governed by the provisions of the Companies Law.

### 31 Chairman

The chairman, if any, of the Board of Directors shall preside as chairman at every General Meeting of the Company. If there is no such chairman, or if at any meeting he is not present within fifteen (15) minutes after the time fixed for holding the meeting or is unwilling to act as chairman or has notified the Company that he will not attend such meeting, the Shareholders present and entitled to vote, (or their proxies) shall choose a Board member, or if no Board member be present or if all the Board members present decline to take the chair, they shall choose a Shareholder or a proxy holder of a Shareholder present to be chairman of the meeting. The office of chairman shall not, by itself, entitle the Shareholder thereof to vote at any General Meeting nor shall it entitle such Shareholder to a second or casting vote (without derogating, however, from the rights of such chairman to vote as a holder of Ordinary Shares 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 Unless otherwise required by the Companies Law or as expressly specified herein, a Shareholders resolution shall be deemed adopted if approved by the holders of a Simple Majority.
- 32.2 Subject to the provisions of the Companies Law, alteration or amendment of these Articles shall require a Special Resolution.
- 32.3 A Shareholders resolution approving a merger (as defined in the Companies Law) of the Company shall be deemed adopted if approved by the holders of a Simple Majority.
- 32.4 Every question submitted to a General Meeting shall be decided by a show of hands, but if a written ballot is demanded by any Shareholder present in person or by proxy and entitled to vote at the meeting, the same shall be decided by such ballot. A written ballot may be demanded before the proposed resolution is voted upon or immediately after the declaration by the chairman of the results of the vote by a show of hands. If a vote by written ballot is taken after such declaration, the results of the vote by a show of hands shall be of no effect, and the proposed resolution shall be decided by such written ballot. The demand for a written ballot may be withdrawn at any time before the same is conducted, in which event another Shareholder present in person or by proxy and entitled to vote at the meeting may then demand such written ballot. The demand for a written ballot shall not prevent the continuance of the meeting for the transaction of business other than the question on which the written ballot has been demanded.
- 32.5 A declaration by the chairman of the meeting that a resolution has been carried unanimously, or carried by a particular majority, or rejected, and an entry to that effect in the minute book of the Company, shall constitute *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

33 Power to Adjourn

- 33.1 The chairman of a General Meeting at which a quorum is present may, with the approval 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 any meeting, discussion or resolution with respect to a matter that is on the agenda, from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting except business which might lawfully have been transacted at the meeting as originally called, and have not been resolved upon in the original meeting.
- 33.2 If a meeting was adjourned for a period less than 21 days, without a change in its agenda, a notice with respect to the date of such meeting shall be given as soon as possible, but no later than 72 hours before such meeting. Whenever a meeting is adjourned for more than 21 days, notice of the adjourned meeting shall be given in the same manner as

in the case of the original meeting. Save as aforesaid, no Shareholder shall be entitled to any notice of an adjournment or of the business to be transacted at an adjourned meeting.

34 Voting Power

Subject to the provisions of Article 35.1 and subject to any provision hereof conferring special rights as to voting, or restricting the right to vote, every holder of Ordinary Shares shall have one vote for each share held by him of record, on every resolution, without regard to whether the vote hereon is conducted by a show of hands, by written ballot or by any other means.

35 Voting Rights

35.1 No holder of Ordinary Shares shall be entitled to vote at any General Meeting or any Class 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.

35.2 A company or other corporate body being a holder of Ordinary Shares of the Company may, by resolution of its directors or any other managing body thereof, authorize any person to be its representative at any meeting of the Company. 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) shall be delivered to him.

35.3 Any holder of Ordinary Shares 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 35.2.

35.4 If two or more persons are registered as joint holders of any Ordinary 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 Register of Shareholders.

35.5 The Board of Directors may determine, in its discretion, the matters, if any, that may be voted upon by written ballot to the Company (without attendance in person or by proxy), as shall be permitted by Applicable Law, at a General Meeting, in addition to the matters listed in Section 87(a) of the Companies Law.

35.6 The matters that may be voted on by proxy shall include all matters permitted to be voted on by proxy under the Applicable Law and any other matter designated by the Board as permitted to be voted on by proxy.

## PROXIES

### 36 Instrument of Appointment

- 36.1 The instrument appointing a proxy shall be in writing in any usual or customary form or such other form as may be approved by the Board of Directors from time to time in compliance with the Applicable Law. It shall be duly signed by the appointer or his duly authorized attorney or, if such appointer is a company or other corporate body, under its common seal or stamp or the hand of its duly authorized agent(s) or attorney(s).
- 36.2 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 its registered office, or at its principal place of business or at the offices of its registrar and/or transfer agent or at such place as the Board of Directors may specify) not less than Forty-Eight (48) hours before the time fixed for the meeting at which the person named in the instrument proposes to vote, unless otherwise determined by the chairman of the meeting.
- 36.3 The Board may cause the Company to send, by post or otherwise, instruments of proxy of Shareholders for use at any General Meeting or Class Meeting.

### 37 Effect of Death of Appointor or Revocation of Appointment

A vote cast pursuant to an instrument appointing a proxy shall be valid notwithstanding the previous death of the appointing Shareholder (or of his attorney-in-fact, if any, who signed such instrument), or the revocation of the appointment or the transfer of the share in respect of which the vote is cast, provided no written notification of such death, revocation or transfer shall have been received by the Company or by the chairman of the meeting before such vote is cast and provided, further, that the appointing Shareholder, if present in person at said meeting, may revoke the appointment by means of a writing, oral notification to the chairman, or otherwise.

### 38 Multiple Proxies

A Shareholder is entitled to vote by a separate proxy with respect to each share held by him provided that each proxy shall have a separate letter of appointment containing the serial number of the share(s) with respect to which the proxy is entitled to vote. Where valid but differing instruments of proxy are delivered in respect of the same share for use at the same meeting, the instrument which is delivered last (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other(s) as regards that share. However, if the Board or some other person as may be authorised by the Board for such purpose is unable to determine which was the last delivered, none of them shall be treated as valid in respect of that share. Delivery of an instrument appointing a proxy shall not preclude a Shareholder from attending and voting in person at the meeting, in which event such instrument of proxy shall be automatically revoked.

## **BOARD OF DIRECTORS**

### 39 Powers of Board of Directors

#### 39.1 In General

In addition to all powers and authorities of the Board of Directors as specified in the Companies Law, the oversight of the management of the business of the Company shall be vested in the Board of Directors, 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 hereby or by law required to be exercised or done by the Company in a General Meeting or by the CEO under his express or residual authority. The authority conferred on the Board of Directors by this Article 39 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 in 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 of Directors which would have been valid if such regulation or resolution had not been adopted.

#### 39.2 Borrowing Power

Subject to Articles 39.2.1 to 39.2.8 (inclusive) below, the Board of Directors may from time to time, in its discretion, cause the Company to borrow or secure the payment of any sum or sums of money for the purposes of the Company, and may secure or provide for the repayment of such sum or sums in such manner, at such times and upon such terms and conditions in all respects as it deems fit, and, in particular, by the issuance of bonds, perpetual or redeemable debentures, debenture stock, or any mortgages, charges, or other securities on the undertaking or the whole or any part of the property of the Company, both present and future, including its uncalled or called but unpaid capital for the time being.

39.2.1 The Board of Directors shall restrict the borrowings of the Company so as to secure that the aggregate principal amount outstanding at any time in respect of all borrowings by the Company (exclusive of any borrowings for working capital and/or performance guarantees that are in respect of, and secured by revenues arising from, all and any contracts entered into by the Company) less cash deposited will not, without the previous sanction of the Company in general meeting, exceed:

(a) 60% of revenue; or

(b) any higher limit fixed by a resolution of the Shareholders which is applicable at the relevant time.

39.2.2 In Article 39.2.1, "revenue" means the value of sales of goods or services provided by the Company and accounted for under International Financial Reporting Standards generally accepted accounting principles in relation to the immediately preceding financial year of the Company.



39.2.3 The limit imposed under Article 39.2.1 shall be deemed not to have been breached until the amount of borrowings has exceeded that limit for 30 consecutive days. This paragraph overrides all other provisions of this Article 39.2.

39.2.4 A certificate or report by the Company's auditors:

- (a) as to the amount of revenue or the amount of borrowings;  
or
- (b) to the effect that the limit imposed under Article 39.2.1 was not exceeded or breached at a particular date;

shall be conclusive evidence as to that amount or fact.

39.2.5 If the Company has joint auditors, references in Article 39.2.1 to the Company's auditors are to any of the joint auditors.

39.2.6 No lender or other person dealing with the Company need enquire whether the limit imposed under Article 39.2.1 above has been or will be complied with.

39.2.7 A borrowing or security resulting in a breach of the limit in Article 39.2.1 shall not be void; nor shall it be voidable at the instance of the Company.

### 39.3 Reserves

The Board of Directors 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 of Directors, in its absolute discretion, shall deem fit, 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 of Directors may from time to time deem fit.

## 40 Exercise of Powers of Directors

- 40.1 A meeting of the Board of Directors at which a quorum is present (in person, by means of a conference call or any other device allowing each Director participating in such meeting to hear all the other Directors participating in such meeting) shall be competent to exercise all the authorities, powers and discretions vested in or exercisable by the Board of Directors.
- 40.2 A resolution proposed at any meeting of the Board of Directors shall be deemed adopted if approved by a majority of the directors present when such resolution is put to a vote and voting thereon. Each Director shall have a single vote.
- 40.3 A resolution in writing signed by all Directors then in office and lawfully entitled to vote thereon (as conclusively determined by the chairman of



the Board of Directors) or a resolution to which all such Directors have given their consent to approve without convening for the purpose of discussing the matter so resolved (by letter, telegram, telex, facsimile or otherwise), shall be deemed to have been unanimously adopted by a meeting of the Board of Directors duly convened and held. Any such resolution may consist of several documents in like form, each signed by one or more Directors. Such resolution in writing (including facsimile) shall be effective as of the last date appearing on the resolution, or if the resolution is signed in two or more counterparts, as of the last date appearing on the counterparts.

#### 41 Delegation of Powers

41.1 The Board of Directors may, subject to the provisions of the Companies Law, delegate some of its powers to board committees, each consisting of two or more persons (all of who must be Directors), and it may from time to time revoke such delegation or alter the composition of any such committee. Any committee so formed (in these Articles referred to as a "**Committee of the Board of Directors**"), shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board of Directors. The meetings and proceedings of any such Committee of the Board of Directors shall, *mutatis mutandis*, be governed by the provisions herein contained for regulating the meetings of the Board of Directors, so far as not superseded by any regulations adopted by the Board of Directors under this Article. Unless otherwise expressly provided by the Board of Directors in delegating powers to a Committee of the Board of Directors, such Committee shall not be empowered to further delegate such powers. In accordance with and subject to the Companies Law, the remuneration committee of the Board (if any) shall have the full power and authority to approve the terms of compensation of the office holders of the Company, other than office holders who are also Directors.

41.2 Without derogating from the provisions of Article 57, the Board of Directors may, subject to the provisions of the Companies Law, from time to time appoint a Secretary to the Company, as well as officers, agents, employees and independent contractors, as the Board of Directors may deem fit, and may terminate the service of any such person. The Board of Directors may, subject to the provisions of the Companies Law, determine the powers and duties, as well as the salaries and emoluments, of all such persons, and may require security in such cases and in such amounts as it deems fit.

41.3 The Board of Directors 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 of directors may deem fit, and may also authorize any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

#### 42 Number of Directors

The Board of Directors shall consist of such number of Directors (not less than three (3) nor more than nine (9)), as may be determined by Shareholders resolution of the Company.

43 Election and Removal of Directors

43.1 The members of the Board of Directors shall be called Directors, and they shall be elected and removed in accordance with the provisions of this Article, provided, however, that to the extent that any provisions in these Articles of Association relating to Directors conflict with the provisions of the Companies Law relating to External Directors, the provisions of the Companies Law shall apply to External Directors.

43.2

43.2.1 At each Annual General Meeting, one-third of the Directors in office at the opening of business on the date of the notice calling the relevant Annual General Meeting or, if their number is not three or a multiple of three, then the number nearest to but not exceeding one-third, or if their number is less than three then one of them, shall retire from office. A Director retiring at a meeting shall retain office until the dissolution of such meeting.

43.2.2 The Directors to retire at each annual general meeting shall include those Directors who have never been elected at a general meeting of the Company, such of the Directors who wish to retire and not offer themselves for re-election (if any) together with, to the extent that the number of such Directors is insufficient to meet the number required to retire under Article 43.2.1, such of the Directors who have been longest in office as are necessary to meet such number. As between two or more who have been in office an equal length of time, the Director(s) to retire shall (in default of agreement between them) be determined by lot. The length of time a Director has been in office shall be computed from his last election, re-election or appointment when he has previously vacated office. A retiring Director shall be eligible for re-election. Directors shall be elected (or re-elected) at any general meeting by the vote of the Shareholders of a Simple Majority voting on the election (or re-election) of Directors. The Shareholders shall be entitled to remove any Director(s) from office by a Shareholders' resolution, all subject to Applicable Law. The Company at any general meeting including one at which any Directors retire in the manner aforesaid may, subject to any resolution reducing the number of Directors, fill up the vacated offices by electing a like number of persons to be Directors and may fill up any other vacancies.

43.3 If at any general meeting at which an election of Directors ought to take place the places of the retiring Directors are not filled up, then, subject to any resolution reducing the number of Directors, the retiring Directors, or such of them as have not had their places filled up, shall, if willing, continue in office until the dissolution of the annual general meeting in the next year, unless, as regards any particular Director, a

resolution for his re-election shall have been put to the meeting and lost.

- 43.4 Notwithstanding anything to the contrary herein, the term of a Director may commence as of a date later than the date of the Shareholders' resolution electing said Director, if so specified in said Shareholders' resolution.

44 Nominations to the Board

- 44.1 Nominations for the election of Directors may be made by the Board or by a Committee of the Board or, subject to the Companies Law and to the provisions of Articles 29.2, by any Shareholder.

- 44.2 Notwithstanding the provisions of Article 44.1, no person shall be nominated or appointed to the office of a Director if such person is disqualified, under the Companies Law, from being appointed as a Director.

- 44.3 A Director's term (including that of an External Director) shall begin either on the date of his appointment to the Board or at such later date designated in the resolution appointing such Director.

45 Casual Appointments of Directors

The Board may at any time appoint any other person as a Director, whether to fill a vacancy or as an addition to the then current number of Directors provided that the total number of Directors shall not at any time exceed the maximum number of Directors set out in Article 42. Any Director so appointed shall hold office until the next Annual General Meeting, unless he was removed from office earlier, by a Shareholders' resolution as set forth in Article 43.2.2 hereinabove, or by the Board.

46 Qualification of Directors

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

47 Continuing Directors in the Event of Vacancies

In the event of one or more vacancies in the Board of Directors, the continuing Directors may continue to act in every matter and may temporarily fill any such vacancy until the next Annual General Meeting, provided, however, that if they number less than the minimum number set forth in Article 42 hereof, they may only act in an emergency, and may call a General Meeting of the Company for the purpose, among others, of electing Directors to fill any or all vacancies.

48 Vacation of Office

- 48.1 The office of a Director shall be vacated automatically, *ipso facto*:

48.1.1 upon his death;

48.1.2 if he is found to be legally incompetent;

- 48.1.3 if he becomes bankrupt;
  - 48.1.4 if he is prevented by Applicable Law from serving as a Director of the Company or if his directorship expires pursuant to the Law (including the provisions of Section 228 of the Law);
  - 48.1.5 If the Board of Directors terminates his office in accordance with section 231 or 232 of the Companies Law;
  - 48.1.6 If a court order is given in accordance with section 233 of the Companies Law;
  - 48.1.7 If he is removed from office by a Shareholder Resolution as set forth in Article 43.2.2 hereinabove;
  - 48.1.8 If his period of office has been terminated in accordance with the provisions of these articles;
  - 48.1.9 If the director resigns in accordance with Article 48.2 below.
- 48.2 In addition, the office of a Director shall be vacated by his written resignation. Such resignation shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.
- 48.3 The office of an External Director shall be vacated only in accordance with the provisions for the vacation of office and the removal of External Directors according to the Law.

49

#### Remuneration of Directors

No Director shall be paid any remuneration by the Company for his services as Director except as may be approved pursuant to the provisions of the Companies Law. Except as otherwise provided by Applicable Law, reimbursement of expenses incurred by a Director in carrying out his duties as such shall be made pursuant to the policy of the Board of Directors in effect from time to time. Subject to such approvals as required by the Law, the Board may grant special remuneration to any director who serves on any Committee, or who otherwise performs any special or extra services to or at the request of the Company.

50

#### Conflict of Interests

Subject to the provisions of the Companies Law, the Company may enter into any contract or otherwise transact any business with any Director in which contract or business such Director has a personal interest, directly or indirectly; and may enter into any contract or otherwise transact any business with any third party in which contract or business a Director has a personal interest, directly or indirectly.

51

#### Approval of certain Related Parties transactions

A transaction between the Company and an office holder, including transactions concerning compensation of non-director Office Holders, and a transaction between the Company and a third person in which an

Office Holder of the Company has a personal interest, which is not an extraordinary transaction as such term is defined under the Companies Law, will require only the approval of the Board or a committee of the Board of Directors. Except to the extent permitted under the Companies Law, a Director or other office holder shall neither participate in deliberations concerning or vote upon a resolution approving a transaction with the Company in which he has a personal interest.

52

#### Alternate Directors

- 52.1 Subject to the provisions of the Companies Law, a Director may, by written notice to the Company, appoint a natural person who is not a Director as an alternate for himself (in these Articles referred to as "**Alternate Director**"), remove such Alternate Director and appoint another Alternate Director in place of any Alternate Director appointed by him whose office has been vacated for any reason whatsoever. Unless the appointing Director, by the instrument appointing an Alternate Director or by written notice to the Company, limits such appointment to a specified period of time or restricts it to a specified meeting or action of the Board of Directors, or otherwise restricts its scope, the appointment shall be for an indefinite period, but will expire upon the expiration of the appointing Director's term, and shall be for all purposes.
- 52.2 Any notice given to the Company pursuant to Article 52.1 shall become effective on the date fixed therein, or upon the delivery thereof to the Company, whichever is later.
- 52.3 An Alternate Director shall have all the rights and obligations of the Director who appointed him, provided, however, that he may not in turn appoint an alternate for himself, and provided further that an Alternate Director shall have no standing at any meeting of the Board of Directors or any committee thereof while the Director who appointed him is present.
- 52.4 The appointment of an alternate Director does not negate the responsibility of the appointing Director and such responsibility shall continue to apply to such appointing Director - taking into account the circumstances of the appointment.
- 52.5 An Alternate Director shall be responsible for his or her own acts and defaults as provided in the Law and any other applicable law.
- 52.6 The office of an Alternate Director shall be vacated under the circumstances, *mutatis mutandis*, set forth in Article 48, and such office shall ipso facto be vacated if the Director who appointed such Alternate Director ceases to be a Director.
- 52.7 Notwithstanding Article 52.1, (i) no person shall be appointed as the Alternate Director for more than one Director and (ii) except as otherwise specifically permitted by the Companies Law, no External Director may appoint an Alternate Director.
- 52.8 A director may be appointed as an Alternate Director to a member of a Committee, provided that the candidate to be appointed as an Alternate

Director does not already serve on such Committee, and provided further, that if such candidate is to serve as an Alternate Director for an External Director, then such candidate should be an External Director with either accounting and financial qualification or professional qualification, as the director for whom he shall be substituting

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

53

### Meetings

- 53.1 The Board of Directors may meet and adjourn its meetings and otherwise regulate such meetings and proceedings as the Board of Directors deems fit, provided, however, that the Board of Directors must meet at least once every calendar quarter and not less than five (5) times per calendar year. Notice of the meetings of the Board of Directors shall be sent to each Director at the last address that the Director provided to the Company, or via telephone, facsimile or e-mail message, at least ninety-six (96) hours (or such shorter notice as all the Directors may agree) before the meeting. The Directors may waive the necessity of such notice either beforehand or retrospectively.
- 53.2 Board meetings may be convened at any time by the chairman of the Board. In addition, any Director may at any time, and the Secretary, upon the request of such Director, shall, convene a meeting of the Board of Directors, but not less than ninety-six (96) hours written notice shall be given of any meeting so convened, provided, that the Board of Directors may convene a meeting without such prior notice with the consent of all of the Directors.
- 53.3 The notice of a meeting of the Board of Directors shall describe the agenda for such meeting in reasonable detail and every other detail as required by the Companies Law.
- 53.4 Notwithstanding anything contained to the contrary in these Articles, failure to deliver notice to a Director of any such meeting in the manner required hereby may be waived (in advance or retroactively) 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 (in advance or retroactively) by all Directors entitled to participate at such meeting and to whom notice was not duly given. The presence of a Director at any such meeting shall be deemed due receipt of a prior notice or a waiver of any such notice requirement by such Director.
- 53.5 Subject to all of the other provisions of these Articles concerning meetings of the Board, the Board may meet by telephone conference call or other communication equipment so long as each participating director can hear, and be heard by, each other participating director. The directors participating in this manner shall be deemed to be present in person at such meeting and shall be entitled to vote or be counted in a quorum accordingly.
- 53.6 Subject to the Companies Law, a resolution in writing signed by all of the Directors then in office and lawfully entitled to vote thereon or to which all of the Directors have given their written consent (by letter, telegram, facsimile, email or otherwise) shall be deemed to have been unanimously adopted by a meeting of the Board of Directors duly convened and held.

54 Quorum

Unless otherwise unanimously decided by the Board of Directors, a quorum at a meeting of the Board of Directors shall be constituted by the presence, in person or by telephone or other communication equipment, of a majority of Directors then in office who are lawfully entitled to participate in the meeting (as conclusively determined by the chairman of the Board of Directors), provided that, if at any time there is only one Director in office, the quorum shall be one Director for any meeting convened solely for one or more of the purposes set out in Article 47. If within a half hour (or within such longer time as the chairman of the meeting may decide) from the time appointed for the holding of the Board meeting a quorum is not present, the Board meeting shall stand adjourned to the same day in the next week at the same time and place.

If at any adjourned Board meeting a quorum is not present within half an hour (or within such longer time as the chairman of the meeting may decide) from the time appointed for holding the meeting, the Board meeting shall be adjourned in accordance with the provisions of this Article 54. No business shall be transacted at a meeting of the Board unless the requisite quorum is present.

55 Chairman of the Board of Directors

The Board of Directors may from time to time elect one of its members to be the chairman of the Board of Directors, remove such chairman from office and appoint another in its place. The chairman of the Board of Directors shall preside at every meeting of the Board of Directors, 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. The chairman shall not have a casting vote in the event of a tied vote.

56 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 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.

### **GENERAL MANAGER**

57 General Manager

57.1 Subject to the Articles and the Law, the Board of Directors may from time to time appoint one or more persons, whether or not Directors, as General Manager(s) of the Company and may confer upon such person(s), and from time to time modify or revoke, such title(s) (including Managing Director, President, Chief Executive Officer, Director General or any similar or dissimilar title) and such duties and



authorities of the Board of Directors as the Board of Directors may deem fit, subject to such limitations and restrictions as the Board of Directors may from time to time prescribe. Such appointment(s) may be either for a fixed term or without any limitation of time, and the Board of Directors may from time to time (subject to the provisions of the Companies Law or the rules of any stock exchange upon which the securities of the Company are listed and of any contract between any such person and the Company) fix his or their salaries and emoluments, remove or dismiss him or them from office, or assume his or their authorities with respect to a specific matter or period of time.

- 57.2 A General Manager may hire, fix the salaries and emoluments of, and remove or dismiss other hire, employee or consultant of the Company, all subject to the policies adopted by the Board of Directors from time to time. Subject to the Companies Law, the Board of Directors may appoint a remuneration committee that will recommend to the Board of Directors with respect of officers of the Company and their respective terms of employment, all subject to the policies adopted by the Board of Directors from time to time.

## **MINUTES**

58 Minutes

- 58.1 Minutes of each General Meeting and of each meeting of the Board of Directors or of a committee of the Board of Directors shall be recorded and duly entered in books provided for that purpose. Such minutes shall, in all events, set forth the names of the persons present at the meeting and all resolutions adopted thereat.
- 58.2 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 AND BONUS SHARES**

59 Declaration and Distribution of Dividends and bonus shares.

- 59.1 Subject to the provisions of the Companies Law, the Board of Directors may from time to time decide upon distribution of dividends or bonus shares, declare, and cause the Company to distribute, such dividend or bonus shares as may appear to the Board of Directors to be justified.
- 59.2 Subject to the Companies Law and to the provisions of these Articles, the Board of Directors shall determine the time for distribution of such dividends or bonus shares, and the record date for determining the Shareholders entitled thereto, provided such date shall be the date such distribution was resolved upon or at such later date as shall be determined by, or pursuant to a resolution of the Board of Directors, but shall not be prior to the date of such resolution and no Shareholder who shall be registered in the Register of Shareholders with respect to any shares after the record date so determined shall be entitled to share in any such dividend with respect to such shares.



60 Amount Distributed by Way of Dividends or Bonus Shares

Subject to Article 22 and the rights of the Shareholders of shares with preferred rights as to dividends and bonus shares, any dividend or bonus shares distributed by the Company shall be allocated among the Shareholders entitled thereto in proportion to the nominal amounts paid up on their respective holdings of the shares in respect of which such dividend or bonus shares are being distributed without taking into account the premium paid up for the shares. The amount paid up on account of a share which has not yet been called for payment or fallen due for payment and upon which the Company pays interest to the Shareholder shall not be deemed for the purposes of this Article, to be a sum paid on account of the share.

61 Interest and linkage differentials

No dividend shall carry interest or accrue linkage differentials as against the Company.

62 Payment in Kind

62.1 A dividend may be paid, wholly or partly, by the distribution of specific assets and, in particular, by distribution of paid-up shares, debentures or debenture stock of any other company or in any one or more such ways.

62.2 The Board may resolve that:

62.2.1 any monies, investments, or other assets forming part of the undivided profits of the Company standing to the credit of the reserve fund, or to the credit of any reserve fund for the redemption of capital or to the credit of a reserve fund for the revaluation of real estate or other assets of the Company or any other reserve fund or investment funds or assets in the hands of the Company and available for dividends or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalised and distributed among such of the Shareholders as would be entitled to receive the same if distributed by the way of dividend and in the same proportion on the basis that they become entitled thereto as capital;

62.2.2 all or any part of such capitalised fund be applied on behalf of such Shareholders in paying up in full, either at nominal or at such premiums as the resolution may provide, any unissued shares or debentures or debenture stock of the Company which shall be distributed accordingly or in or towards the payment, in full or in part, of the uncalled liability on any issued shares or debentures or debenture stock;

62.2.3 such distribution or payment shall be accepted by such Shareholders in full satisfaction of their share and interest in the said capitalised sum.

63 Implementation of Powers under Article 62

For the purpose of giving full effect to any resolution under Article 62 or to any distribution of bonus shares and without derogating from the provisions of Article 8, the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and, in particular, may issue certificates for fractional amounts of shares or other securities and may fix the value for distribution of any specific assets and may determine that cash payments shall be made to any Shareholder 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 capitalised fund as may seem expedient to the Board. Where required, a proper contract shall be filed in accordance with Section 291 of the Companies Law and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund.

64 Dividends on Unpaid Shares

64.1 Without derogating from Article 60, the Board may give an instruction which shall prevent the distribution of a dividend to the Shareholders of shares, the full amount payable in respect of which has not been paid up.

64.2 The Board may deduct from any dividend payable to any Shareholder all sums of money (if any) presently payable by such Shareholder to the Company on account of calls or otherwise in relation to the shares of the Company.

65 Retention of Dividends

65.1 The Board of Directors may retain any dividend or other moneys payable or property distributable in respect of a share in respect of which any person is, under Articles 20 or 21, entitled to become a Shareholder, or which any person is, under said Articles, entitled to transfer, until such person shall become a Shareholder in respect of such share or shall transfer the same.

65.2 The Board may retain any dividend or other monies 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.

66 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 of Directors for the benefit of the Company until claimed, and shall be subject to the provisions of article 62 hereinabove. 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, and any dividend unclaimed after a period of seven (7) years from the date of declaration of such dividend, and any such other moneys unclaimed after a like period from the date the same were payable, shall be

forfeited and shall revert to the Company, provided, however, that the Board of Directors may, at its discretion, cause the Company to pay any such dividend or such other moneys, or any part thereof, to a person who would have been entitled thereto had the same not reverted to the Company.

67 Mechanics of Payment

67.1 Any dividend 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 Shareholders of such share or are entitled jointly thereto in consequence of the death or bankruptcy of the Shareholder or otherwise, to any one of such persons or to his bank account), or to such person and at such 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. Every such check or warrant shall be sent at the risk of the person entitled to the money represented thereby.

67.2 For the purpose of implementing any resolution concerning distribution of dividends, bonus shares or any other distribution, the Board of Directors may settle, as it deems fit, any difficulty that may arise with respect to the distribution, including to determine the value for the purpose of the said distribution of certain assets, and to decide that payments in cash shall be made to the Shareholders based on the value so determined, and to determine provisions with respect to fractions of shares or with respect to the non-payment of small sums.

## **AUDIT AND AUDITORS**

68 Audit

The Company's fiscal year shall commence on 1 January and shall end on the following 31 December. At least once 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.

69 Outside Auditor

The outside auditor of the Company shall be appointed by Shareholder resolution and shall serve until the next Annual General Meeting or for a longer period - but no longer than until the third Annual Meeting after the meeting at which the Auditor has been appointed, or until its earlier removal or replacement by Shareholder Resolution. The same outside auditor may be re-appointed. The Board of Directors shall have the authority to fix, in its discretion, the remuneration of the auditor for audit and any other services, or to delegate such authority to a committee thereof, provided that the Board of Directors reports such remuneration (including payments and undertakings of the Company towards the Auditor) to the Annual General Meeting.

70 Internal Auditor

The internal auditor of the Company shall be appointed by the Board of Directors and shall be subject to the administrative supervision of the chairman of the Board and shall present all its proposed periodic work plans to the Audit Committee of the Board of Directors, which shall have the authority to approve them subject to any modifications in its discretion.

**RIGHTS OF SIGNATURE**

71 Rights of Signature

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.

**NOTICES**

72 Notices

- 72.1 Any written notice or other document may be served by the Company upon any Shareholder either personally, or by facsimile transmission, or by sending it by prepaid mail (airmail or overnight air courier if sent to an address on a different continent from the place of mailing) addressed to such Shareholder at his address as described in the Register of Shareholders or such other address as he may have designated in writing for the receipt of notices and other documents. 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 of the Company at the principal office of the Company, or by facsimile transmission, or by sending it by prepaid registered mail (airmail or overnight air courier if posted outside Israel) to the Company at its registered office. Any such notice or other document shall be deemed to have been served (i) in the case of mailing, three (3) days after it has been posted, or when actually received by the addressee if sooner than three (3) days, after it has been posted; (ii) in the case of overnight air courier, on the second Business Day following the day sent; (iii) in the case of personal delivery, on the date such notice was actually tendered in person to such Shareholder (or to the Secretary or the General Manager); (iv) in the case of facsimile transmission, on the date on which the sender receives automatic electronic confirmation that such notice was successfully transmitted. The publication date and the date of the meeting shall be counted as part of the days comprising any notice period. If a notice is, in fact, received by the addressee, it shall be deemed to have been duly served, when received, notwithstanding that it was defectively addressed or failed, in some respect, to comply with the provisions of this Article 72.1. Notwithstanding the foregoing, the accidental omission to give notice of a meeting to any Shareholders, or the non-receipt of such notice or any other notice sent to such Shareholder, shall not invalidate the proceedings at such meeting, or any resolution(s) adopted by such meeting, or any other proceedings based upon the said notice.

- 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 Register of Shareholders, and any notice so given shall be sufficient notice to the Shareholders of such share.
- 72.3 Any Shareholder whose address is not described in the Register of Shareholders, and who shall not have designated in writing an address for the receipt of notices, shall not be entitled to be notified in any way by the Company.
- 72.4 Notwithstanding anything to the contrary herein, notice by the Company of a General Meeting which is published in two (2) daily newspapers in the State of Israel, if at all, shall be deemed to have been duly given on the date of such publication to any Shareholder whose address as registered in the Register of Shareholders (or as designated in writing for the receipt of notices and other documents) is located in the State of Israel.
- 72.5 Notwithstanding anything to the contrary contained in these Articles and subject to the provisions of the Companies Law, any notice to a Shareholder may be served as a general notice to all Shareholders in accordance with applicable rules and regulations of any stock exchange upon which the Company's shares are listed.
- 72.6 Subject to Applicable Law, any Shareholder, Director or any other person entitled to receive notice in accordance with these Articles or law may waive notice, in advance or retroactively, in a particular case or type of cases or generally and, if so, notice will be deemed as having been duly served and all proceedings or actions for which the notice was required will be deemed valid.

### **EXCULPATION, INSURANCE AND INDEMNITY**

#### 73 Exculpation, Indemnity and Insurance

- 73.1 For purposes of these Articles, the term "Office Holder" shall mean every Director and every officer of the Company, including, without limitation, each of the persons defined as "*Nosei Misra*" in the Companies Law.
- 73.2 Subject to the provisions of the Companies Law, the Company may exculpate an Office Holder in advance and retroactively from all or any of the Office Holder's liability for damage resulting from the Office Holder's breach of his duty of care to the Company, to the fullest extent permitted under the Companies Law.
- 73.3 The Company may insure the liability of an Office Holder, to the fullest extent permitted under the Companies Law.
- 73.4 The Company may indemnify an Office Holder, in advance and retroactively, to the fullest extent permitted under the Companies Law.
- 73.5 Without derogating from the generality of the aforesaid under this Article 73 hereinabove and subject to the provisions of the Companies Law, the Company may indemnify an Office Holder in respect of an obligation or expense specified below imposed on the Office Holder or

incurred by him in respect of an act performed in his capacity as an Office Holder, as follows:

73.5.1 a financial obligation imposed on him in favor of another person by a court judgment, including a compromise judgment or an arbitrator's award approved by court;

73.5.2 reasonable legal fees, including attorney's fees, incurred by an Office Holder in consequence of an investigation or proceeding filed against him by an authority that is authorize to conduct such investigation or proceeding, and that resulted without filing an indictment against him/her and without imposing on him/her financial obligation in lieu of a criminal proceeding, or that resulted without filing an indictment against him/her but with imposing on him a financial obligation as an alternative to a criminal proceeding in respect of an offense that does not require the proof of criminal intent.

For the purposes of this Articles -

A proceeding that ended without an indictment in a matter in respect of a which an investigation was conducted, means – closing the case pursuant to Section 62 of the Criminal Procedure Act [Combined Version] 5742 – 1982 (the "**Criminal Procedure Act**") or a stay of proceedings by the Administrator General pursuant to Section 231 of the Criminal Procedure Act;

"Financial obligation in lieu of a criminal proceeding", means – a financial obligations imposed by law as an alternative to a criminal proceeding, including an administrative fine pursuant to the Administrative Offenses Act 5746 – 1985, a fine with respect to an offense which was defined as a "finable offense" under the Criminal Procedure Act, a monetary sanction or a ransom.

73.5.3 reasonable litigation expenses, including attorneys' fees, incurred by an Office Holder or charged to the Office Holder by a court, in a proceeding instituted against the Office Holder by the Company or on its behalf or by another person, or in a criminal charge from which the Office Holder was acquitted, or in a criminal proceeding in which the Office Holder was convicted of an offense that does not require proof of criminal intent.

73.5.4 any other obligation or expenses in respect of which it is permitted or will be permitted under the Companies Law to indemnify an Office Holder.

The Company may undertake to indemnify an Office Holder for events specified in this Article 73.5 above, **(aa)** prospectively, provided that such undertaking for future events as set forth in Article 73.5.1, must be limited to events which in the Boards' opinion are foreseeable at the time of giving the indemnity undertaking in view of the Company's actual business, and in such amount or standard as the Board deems reasonable under the circumstances; and that such undertaking will specify the events that in the Boards' opinion are foreseeable in view of the Company's actual business at the time of the undertaking and

the amount or the standards that the Board deemed reasonable under the circumstances, and **(bb)** retroactively.

- 73.6 Without derogating from the generality of the aforesaid under this Article 73 hereinabove and subject to the provisions of the Companies Law, the Company may enter into a contract for the insurance of all or part of the liability of any Office Holder imposed on the Office Holder in respect of an act performed in his capacity as an Office Holder, in respect of each of the following:
- 73.6.1 a breach of his duty of care to the Company or to another person;
- 73.6.2 a breach of his duty of loyalty to the Company, provided that the Office Holder acted in good faith and had reasonable cause to assume that such act would not prejudice the interests of the Company; or
- 73.6.3 a financial obligation imposed on him in favor of another person.
- 73.6.4 any other event in respect of which it is permitted or will be permitted under the Companies Law to insure the liability of an Office Holder.
- 73.7 Subject to the provisions of the Companies Law, the provisions of Article 73 above are not intended, and shall not be interpreted, to restrict the Company in any manner in respect of the procurement of insurance and/or in respect of indemnification and/or in respect of exculpation (i) in connection with 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, and/or (ii) in connection with any Office Holder to the extent that such insurance and/or indemnification and/or exculpation is not specifically prohibited under the Companies Law; provided that the procurement of any such insurance and/or the provision of any such indemnification and/or exculpation shall be approved by the Audit Committee and by the Board of Directors of the Company, and/or (iii) in connection with Office Holders in other companies. The Company may enter into a contract with regard to exculpation, indemnification, and insurance of Office Holders serving on behalf of the Company in companies controlled by the Company, affiliated or associated companies of the Company or any other company in which the Company has some interest, to the fullest extent permitted under the Companies Law, and the provisions of these Articles relating to exculpation, indemnification and insurance of Office Holders in the Company shall, *mutatis mutandis*, apply to such Office Holders in such companies.

## **WINDING UP**

74

### Winding Up

- 74.1 A resolution adopted in a General Meeting approved by 75% of the voting shares represented at such meeting in person or by proxy is required to approve the winding up of the Company.
- 74.2 If the Company be wound up, then, subject to Applicable Law and to the rights of the Shareholders 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 nominal value of their respective holdings of the shares fully paid up in respect of which such distribution is being made, provided, however, that if a class of shares has no nominal value, then the assets of the Company available for distribution among the Shareholders shall be distributed to them in proportion of their respective holdings of the shares in respect of which such distribution is made.

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