
EXTRACTS FROM THE ARTICLES OF ASSOCIATION OF BLUE LABEL TELECOMS

The following is an unaltered extract from the Articles of Association of Blue Label Telecoms:

13. DIRECTORS

- 13.1** Until otherwise determined by a meeting of members, the number of directors shall not be less than 4 (four).
- 13.2** The directors shall have power at any time and from time to time to appoint any person as a director; either to fill a casual vacancy or as an addition to the board, but so that the total number of the directors shall not at any time exceed the maximum number fixed. Subject to the provisions of Article 16.2, any person appointed to fill a casual vacancy or as an addition to the board shall retain office only until the next following annual general meeting of the company and shall then retire and be eligible for re-election.
- 13.3** The appointment of a director shall take effect upon compliance with the requirements of the Statutes.
- 13.4** The shareholding qualification for directors and alternate directors may be fixed, and from time to time varied, by the company at any meeting of members and unless and until so fixed no qualification shall be required.
- 13.5** The remuneration of the executive directors shall from time to time be determined by in sub-committee by an appointed quorum of non-executive directors, when appropriate assisted by independent advisors. The remuneration of non-executive directors shall be approved by the company in general meeting.
- 13.6** The directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof, and if any director shall be required to perform extra services or to go or to reside abroad or otherwise shall be specially occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of the directors which may be either in addition to or in substitution for the remuneration provided for in Article 13.5.
- 13.7** The continuing directors may act, notwithstanding any casual vacancy in their body, so long as there remain in office not less than the prescribed minimum number of directors duly qualified to act; but if the number falls below the prescribed minimum, the remaining directors shall not act except for the purpose of filling such vacancy or calling general meetings of shareholders.
- 13.8** A director shall cease to hold office as such:
- 13.8.1** if he becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors; or
 - 13.8.2** if he becomes of unsound mind; or
 - 13.8.3** if (unless he is not required to hold a share qualification) he has not duly qualified himself within 2 (two) months of his appointment or if he ceases to hold the required number of shares to qualify him for office; or
 - 13.8.4** if he is absent from meetings of the directors for 6 (six) consecutive months without leave of the directors and is not represented at any such meetings during such 6 (six) consecutive months by an alternate director and the directors resolve that the office be vacated, provided that the directors shall have power to grant any director leave of absence for any or an indefinite period; or
 - 13.8.5** if he is removed under Article 13.16; or
 - 13.8.6** 1 (one) month or, with the permission of the directors earlier, after he has given notice in writing of his intention to resign; or
 - 13.8.7** if he shall pursuant to the provisions of the Statutes be disqualified or cease to hold office or be prohibited from acting as director.

- 13.9** The company and the directors shall comply with the provisions of the Statutes with regard to the disclosure of the interests of directors in contracts or proposed contracts; subject thereto, no director or intending director shall be disqualified by his office from contracting with the company, either with regard to such office or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the company, in which any director shall be in any way interested, be or be liable to be avoided, nor shall any directors so contracting or being so interested be liable to account to the company for any profit realised by any such contract or arrangement by reason of such director holding that office or of the fiduciary relationship thereby established.
- 13.10** No director shall, as a director, vote in respect of any contract or arrangement in which he is so interested as aforesaid, and if he does so vote, his vote shall not be counted, nor shall he be counted for the purpose of any resolution regarding the same in the quorum present at the meeting, but these prohibitions shall not apply to:
- 13.10.1** any contract or dealing with a company or partnership or corporation of which the directors of the company or any of them may be directors, members, managers, officials or employees or otherwise interested;
 - 13.10.2** any contract by or on behalf of the company to give to the directors or any of them any security by way of indemnity or in respect of advances made by them or any of them;
 - 13.10.3** any contract to subscribe for or to underwrite or sub-underwrite any shares in or debentures or obligations of the company or any company in which the company may in any way be interested;
 - 13.10.4** any resolution to allot shares in or debentures or obligations of the company to any director of the company or to any matter arising out of or consequent upon any such resolution;
 - 13.10.5** any contract for the payment of commission in respect of the subscription for such shares, debentures or obligations.

The above prohibitions may at any time or times be suspended or relaxed to any extent by the company in general meeting.

- 13.11** A director, notwithstanding his interest, may be counted in the quorum present at any meeting whereat any other director is appointed to hold any office or place of profit under the company or whereat the terms of any such appointment are arranged, and he may vote on any such appointment or arrangement notwithstanding that at such meeting his own appointment or an arrangement in connection therewith is a matter before the board of directors.
- 13.12** Any general notice given to the directors of the company by a director to the effect that he is a member of a specified company or firm shall comply with the provisions of the Statutes.
- 13.13** For the purpose of this Article an alternate director shall not be deemed to be interested in any contract or arrangement merely because the director for whom he is an alternate is so interested.
- 13.14** Nothing in this Article contained shall be construed so as to prevent any director as a member from taking part in and voting upon all questions submitted to a general meeting whether or not such director shall be personally interested or concerned in such questions.
- 13.15** A director may be employed by or hold any office of profit under the company or under any subsidiary company in conjunction with the office of director; other than that of auditor of the company or of any subsidiary company, and upon such terms as to appointment, remuneration and otherwise as the directors may determine, and any remuneration so paid may be in addition to the remuneration payable in terms of Article 13.5 or 13.6: Provided that the appointment of a director in any other capacity in the company and his remuneration must be determined by a disinterested quorum of directors.
- 13.16** Subject to the provisions of the Statutes, a majority of directors may remove a director at a directors meeting before the expiration of his period of office and by an ordinary resolution elect another person in his stead. The person so elected shall hold office until the next following annual general meeting of the company and shall then retire and be eligible for re-election.

14. REGISTER AND SUB-REGISTER

- 14.1** The directors shall cause a register of members of the company to be maintained. The register of members shall be kept up to date by recording therein any change of particulars of any member forthwith after receipt of written notice from the member of such change.

- 14.2** The company shall cause to be entered into its register of members in respect of each of the holders of securities held in certificated form:
- 14.2.1** such holder's full names and address;
 - 14.2.2** a record of securities held with reference to the class of securities, amounts paid and the numbers of the certificates in respect thereof;
 - 14.2.3** the date(s) upon which the name of a person has been entered in the register as member; and
 - 14.2.4** the date upon which a person has ceased to be a member.
- 14.3** The company shall cause to be entered in its register of members in respect of every class of securities, the total number of securities held in uncertificated form.
- 14.4** Subject to the provisions of the Act, the company may request the participant concerned to furnish it with such details of uncertificated securities in the company as are reflected in the sub-register maintained by that participant.
- 14.5** A member who wishes to inspect a sub-register may do so only through the company in terms of section 113 of the Companies Act. On inspection, the company shall be required to cause the sub-register to be produced, which reflects at least the details referred to in sections 105 and 133 of the Companies Act.
- 14.6** Subject to such restrictions as may be prescribed by the directors from time to time, the register of members shall be available for inspection by the members.
- 14.7** With the exception of sub-registers, which shall not be closed for any period of time, if the company is not listed on the JSE, the register of members may, upon notice given by advertisement in the gazette, and such other notice in a local newspaper as the company may determine, be closed during such period as the company may determine not exceeding in the whole 60 (sixty) days in each year. If the company is listed on the JSE, the company shall comply with the JSE Listings Requirements in regard to the closing of the transfer books and register of members and any branch register.

15. ROTATION OF DIRECTORS

- 15.1** At the first annual general meeting all of the directors shall retire, and at the annual general meeting held in each year thereafter 1/3 (one-third) of the directors, or if their number is not a multiple of 3 (three), then the number nearest to, but not less than 1/3 (one-third) shall retire from office, provided that in determining the number of directors to retire no account shall be taken of any director who by reason of the provisions of Article 16.2 is not subject to retirement. The directors so to retire at each annual general meeting shall be firstly those retiring in terms of Article 13.2 and secondly those referred to in terms of Article 13.16 and lastly those who have been longest in office since their last election or appointment. As between directors of equal seniority, the directors to retire shall, in the absence of agreement, be selected from among them by lot: Provided that notwithstanding anything herein contained, if, at the date of any annual general meeting any director will have held office for a period of 3 (three) years since his last election or appointment he shall retire at such meeting, either as one of the directors to retire in pursuance of the foregoing or additionally thereto. A retiring director shall act as a director throughout the meeting at which he retires. The length of time a director has been in office shall, save in respect of directors appointed or elected in terms of the provisions of Articles 13.2 and 13.16, be computed from the date of his last election or appointment.
- 15.2** Retiring directors shall be eligible for re-election. No person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election to the office of director at any general meeting unless, not less than 7 (seven) days nor more than 14 (fourteen) days before the day appointed for the meeting, there shall have been given to the company secretary notice in writing by some member duly qualified to be present and vote at the meeting for which such notice is given of the intention of such member to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.
- 15.3** Subject to Article 15.2 the company in general meeting may fill the vacated offices by electing a like number of persons to be directors and may fill any other vacancies. In electing directors the provisions of the Statutes shall be complied with.
- 15.4** If at any general meeting at which an election of directors ought to take place, the place of any retiring director is not filled, he shall if willing continue in office until the dissolution of the annual general meeting in the next year; and so on from year to year until his place is filled, unless it shall be determined at such meeting not to fill such vacancy.
- 15.5** For the purposes of this Article 15, "director" shall mean a non-executive director.

16. MANAGING DIRECTORS

- 16.1** The directors may from time to time appoint one or more of their number to be managing director or joint managing directors of the company or to be the holder of any other executive office in the company, including for the purposes of these Articles the offices of chairperson (subject to the JSE Listing Requirements) and may, subject to any contract between him or them and the company, from time to time terminate his or their appointment and appoint another or others in his or their place or places.
- 16.2** A managing director may be appointed by contract for a maximum period of 3 (three) years at any one time and he shall be subject to retirement by rotation and be taken into account in determining the rotation of retirement of directors, except during the period of any such contract. The managing director shall be eligible for reappointment at the expiry of any period of appointment. Subject to the terms of his contract, he shall be subject to the same provisions as to removal as the other directors and if he ceases to hold the office of director from any cause he shall *ipso facto* cease to be a managing director.
- 16.3** A director appointed in terms of the provisions of Article 16.1 to the office of managing director of the company, or to any other executive office in the company, may be paid in addition to the remuneration payable in terms of Article 13.5 or 13.6, such remuneration – not exceeding a reasonable maximum in each year – in respect of such office as may be determined by a disinterested quorum of the directors.
- 16.4** The directors may from time to time entrust and confer upon a managing director or other executive officer for the time being such of the powers and authorities vested in them as they think fit, and may confer such powers and authorities for such time and to be exercised for such objects and purposes and upon such terms and conditions and with such restrictions as they may think expedient and they may confer such powers and authorities either collaterally with, or to the exclusion of, and in substitution for, all or any of the powers and authorities of the directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers and authorities. A managing director appointed pursuant to the provisions hereof shall not be regarded as an agent or delegate of the directors and, after powers have been conferred upon him by the directors in terms hereof, he shall be deemed to derive such powers directly from this Article.

17. PROCEEDINGS OF DIRECTORS

- 17.1** The directors may meet for the despatch of business, adjourn and otherwise regulate their meetings as they think fit, and may determine the quorum necessary for the transaction of business. Until otherwise determined 5 (five) directors shall form a quorum. A director may at any time and the company secretary upon the request of a director shall convene a meeting of the directors. The directors may determine what period of notice shall be given of meetings of directors and may determine the medium of giving such notice which may include telephone, telegram, telex, e-mail (electronic mail) or telefax. A director who is not within the Republic shall not be entitled to notice of any such meeting, but notice shall be given to all duly appointed alternate directors who may at the time be within the Republic.
- 17.2** Questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes, the chairperson shall not have a second or casting vote.
- 17.3** The directors may elect a chairperson of their meetings and one or more deputy chairmen to preside in the absence of the chairperson, and may determine a period, not exceeding 1 (one) year, for which they are to hold office, but if no such chairperson or deputy chairperson is elected or if at any meeting neither the chairperson nor a deputy chairperson is present at the time appointed for holding the same, the directors shall choose one of their number to be chairperson of such meeting.
- 17.4** A meeting of the directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under these Articles or the regulations of the company for the time being vested in or exercisable by the directors generally.
- 17.5** Subject to the Statutes -
- 17.5.1** a resolution in writing, signed by all the directors, including through the medium of telefax or other form of electronic transmission where the directors' consent thereto can be verified, shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted.
- 17.5.2** in the case of matters requiring urgent resolution or, if for any reason it is impracticable to meet or pass a resolution as contemplated in Article 17.1, proceedings may be conducted by utilising video conference or telephone conference facilities, provided that the required quorum is met. A resolution agreed to by a majority of the directors participating during the course of such proceedings shall be as valid and effectual as if it had been passed at a meeting of the directors duly called and constituted. The company secretary shall as soon as is reasonably possible after such meeting by video or telephone conference has been held, be notified thereof by the relevant parties to the meeting, and the company secretary shall prepare a written minute thereof.

- 17.6** Any resolution referred to in Article 17.5.1 may consist of several documents, each signed by one or more directors or their alternates in terms of these Articles.
- 17.7** Any resolution referred to in Article 17.5.1 shall be deemed (unless the contrary is stated therein) to have been passed on the date upon which it was signed by the last director or alternate required to sign it and where it states a date as being the date of its signature by any director or alternate that document shall be *prima facie* evidence that it was signed by that director or alternate on that date.

19. ALTERNATE DIRECTORS

- 19.1** Any director shall have the power to nominate another person approved by the board to act as alternate director in his place during his absence or inability to act as such director; and on such appointment being made, the alternate director shall, in all respects, be subject to the terms and conditions existing with reference to the other directors of the company. A person may be appointed as alternate to more than one director. Where a person is alternate to more than one director or where an alternate director is a director; he shall have a separate vote, on behalf of each director he is representing in addition to his own vote, if any, provided that the alternate director so acting will only be counted as one for purposes of establishing a quorum.
- 19.2** The alternate directors, whilst acting in the place of the directors who appointed them, shall exercise and discharge all the duties and functions of the directors they represent. The appointment of an alternate director shall cease on the happening of any event which, if he were a director; would cause him to cease to hold office in terms of these Articles or if the director who appointed him ceases to be a director; or gives notice to the company secretary of the company that the alternate director representing him shall have ceased to do so. An alternate director shall look to the director who appointed him for his remuneration.

20. POWERS OF DIRECTORS

- 20.1** The management of the company shall be vested in the directors who, in addition to the powers and authorities by these Articles expressly conferred upon them, may exercise all such powers, and do all such acts and things, as may be exercised or done by the company and are not hereby or by the Statutes expressly directed or required to be exercised or done by the company in general meeting (including without derogating from the generality of the foregoing or from the rights of the members, the power to resolve that the company be wound up), but subject nevertheless to such management and control not being inconsistent with these Articles or with any resolution passed at any general meeting of the members in accordance therewith; but no resolution passed by the company in general meeting shall invalidate any prior act of the directors which would have been valid if such resolution had not been passed. The general powers given by this Article shall not be limited or restricted by any special authority or power given to the directors by any other Article.
- 20.2** It is hereby declared pursuant to the provisions of the Statutes that although the directors shall have power to enter into a provisional contract for the sale or alienation of the undertaking of the company, or the whole or the greater part of the assets of the company, such provisional contract shall become binding on the company only in the event of the specific transaction proposed by the directors being approved by a resolution passed by the company in general meeting.
- 20.3** The directors shall have the power to delegate to any person or persons any of their powers and discretions and to give to any such person or persons power of sub-delegation.
- 20.4** Without in any way limiting or restricting the general powers of the directors to grant pensions, allowances, gratuities and bonuses to officers or ex-officers, employees or ex-employees of the company or the dependants of such persons, it is hereby expressly declared that the directors may from time to time without any further sanction or consent of the company in general meeting, but subject to the Statutes, grant pensions, gratuities or other allowances to any person or to the widow or dependants of any deceased person in respect of services rendered by him to the company as managing director, executive director, general manager or manager, or in any other office or employment under the company, notwithstanding that he may continue to be or be elected a director or may have been a director of the company, of such amounts, for such period, whether for life or for a definite period or for a period terminable on the happening of any contingency or event, and generally upon such terms and conditions as the directors in their discretion may from time to time think fit. For the purpose of this Article, the expression "executive director" shall mean a director appointed to an executive office in the company and receiving in addition to his fees as a director salary or remuneration for additional services whether under a service agreement or otherwise. The directors may authorise the payment of such donations by the company to such religious, charitable, public or other bodies, clubs, funds or associations or persons as may seem to them advisable or desirable in the discretion of the directors.

25. CAPITALISATION

Subject to the statutes, the company in general meeting or the directors may at any time and from time to time pass a resolution that it is expedient to capitalise any sum forming part of the undivided profits standing to the credit of the company's reserve fund, or any sum in the hands of the company and available for dividend, or any sum carried to reserves as the result of a sale or revaluation of the assets of the company or part thereof, or any sum received by way of premium on the issue of any shares, debentures or debenture stock of the company, and that any such sum or sums be set free for distribution and be appropriated to and amongst the members, either with or without deduction for income tax rateably, according to their rights and shareholdings in such manner as the resolution may direct, provided that no such distribution shall be made by the company unless recommended by the directors, and the directors shall, in accordance with such resolution, apply such sum or sums in paying up fully paid shares or debentures or debenture stock of the company and appropriate such shares, debentures or debenture stock to or distribute the same amongst the holders of such shares rateably according to their shareholding thereof respectively as aforesaid, or otherwise deal with such sum or sums as provided for in such resolution. Where any difficulty arises in respect of such distribution the directors may settle the same as they think expedient (but they may not issue fractional certificates and fractions which would otherwise have been distributed shall be consolidated and sold for the benefit of the members who would have been entitled to the fractions), fix the value for distribution of any fully paid shares, debentures or debenture stock, make cash payments to any holders of shares on the footing of the value so fixed in order to adjust rights, and vest any shares or assets in trustees upon such trusts for the persons entitled in the appropriation or distribution as may seem just and expedient to the directors. When deemed requisite a contract shall be entered into and filed in accordance with the Statutes, and the directors may appoint any person to sign such contract on behalf of the persons entitled in the appropriation or distribution, and such appointments shall be effective and the contract may provide for the acceptance by the holders of the shares to be allotted to them respectively in satisfaction of their claims in respect of the sum so capitalised. The directors shall be entitled to grant to the shareholders the right to elect to receive scrip dividends in lieu of cash dividends or a cash dividend in lieu of capitalisation or bonus shares.

32. WINDING UP

If the company shall be wound up, whether voluntarily or otherwise, the liquidator may with the sanction of a special resolution divide among the members *in specie* any part of the assets of the company, and may with the like sanction vest any part of the assets of the company in trustees upon such trusts for the benefit of the members as the liquidator with the like sanction shall think fit, whereafter the liquidation shall be finalised and the company dissolved, and if thought expedient any such division so sanctioned may be otherwise than in accordance with the legal rights of the members of the company, and in particular any class may be given preferential or special rights or may be excluded altogether or in part.

33. INDEMNITY

- 33.1** Every director, manager, company secretary and other officer or servant of the company shall be indemnified by the company against, and it shall be the duty of the directors out of the funds of the company to pay, all costs, losses and expenses which any such officer or servant may incur or become liable to by reason of any contract entered into or act or deed done by him as such officer or servant or in any way in the discharge of his duties including travelling expenses.
- 33.2** Subject to the provisions of the Statutes, no director, manager, company secretary or other officer or servant of the company shall be liable for the acts, receipts, neglects or defaults of any other director or officer or servant or for joining in any receipt or other act of conformity, or for loss or expense happening to the company through the insufficiency or deficiency of title to any property acquired by order of the directors for the company, or of any security in or upon which any of the moneys of the company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or delictual acts of any person with whom any moneys, securities or effects shall be deposited, or for any loss or damage occasioned by any error of judgment or oversight on his part, or for any other loss, damage or misfortune whatever which shall happen in the execution of the duties of his office, or in relation thereto, unless the same happen through his own negligence or dishonesty.

38. DIVIDENDS AND OTHER PAYMENTS TO MEMBERS

- 38.1** Subject to the provisions of the Statutes, the company may make payments to its members from time to time.
- 38.2** The company in general meeting (subject to obtaining the declaration of the directors referred to in Article 38.3) or the directors, with due regard to the sustainability of the business of the company as a going concern, may from time to time determine a dividend (provided that the company in general meeting may not declare a larger dividend than that declared by the directors) or other payment to be made to the members in such manner as the company in general meeting or the directors, as the case may be, may determine and direct at the time of declaration, including, without limiting the foregoing, that a payment shall be made by distribution of specific assets or in a specific currency (and if the latter the date of conversion of the currency in which the dividend or other payment is approved, into such other currencies). If any difficulty arises in regard to any payment, the directors may settle same as they consider appropriate.
- 38.3** The declaration of the directors as to whether –
- 38.3.1** the company is, or would be after the payment able to pay its debts as they become due in the ordinary course of business;
- 38.3.2** the consolidated assets of the company, fairly valued would, after the dividend or other payment, not be less than the consolidated liabilities of the company,
- shall be conclusive as regards the company in general meeting declaring a dividend or making any other payment to members.
- 38.4** Dividends are to be payable to shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend, whichever is the later. Dividends may be paid by crossed, not negotiable cheque or otherwise as the directors may from time to time determine, and shall either be sent by post to the last registered address of the member or person entitled thereto or given to him personally and reasonable proof of payment in terms hereof, will be sufficient proof of compliance by the company. The company shall not be responsible for the loss in transmission of any cheque or other document mailed to the registered address of any member, whether or not it was so sent at his request.
- 38.5** No notice of change of address or instructions as to payment given after the last day of trade for a dividend or other payment by the company in general meeting or the directors, shall become effective until after the dividend or other payment has been made, unless the company in general meeting or the directors so determine at the time the dividend or other payment is approved.
- 38.6** All unclaimed dividends or other payments to members as contemplated in this Article may be invested or otherwise be made use of by the directors for the benefit of the company until claimed, provided that any dividend remaining unclaimed for a period of not less than 3 (three) years from the date on which it became payable may be forfeited by resolution of the directors for the benefit of the company.
- 38.7** The company shall be entitled at any time to delegate its obligations to any member in respect of unclaimed dividends or other unclaimed payments to any one of the company's bankers from time to time.
- 38.8** Unless the Statutes or these Articles require a resolution to be passed by the company in general meeting to authorise the reduction by the company of its share capital, stated capital and any capital redemption reserve fund or any share premium account, the directors shall have the power, to the extent necessary, to resolve that the company reduce its share capital, stated capital and any capital redemption reserve fund or any share premium account, whether accompanied by a payment to members as contemplated in this Article 38, or without any payment to members.