

# Notice of annual general meeting

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**Notice is hereby given that the Annual General Meeting of SPARK VCT plc (the "Company") will be held at the offices of Nabarro LLP, Lacon House, 84 Theobald's Road, London WC1X 8RW at 12:00 noon on Friday 7 May 2010 for the following purposes:**

To consider and, if thought fit, to pass the following resolutions, of which numbers 1 to 7 will be proposed as ordinary resolutions and numbers 8 to 11 will be proposed as special resolutions.

1. To receive, consider and adopt the annual report and accounts for the year ended 31 December 2009, together with the auditor's report on those accounts and the auditable part of the Directors' remuneration report.
2. To approve the Directors' remuneration report for the year ended 31 December 2009.
3. To declare a final dividend of 4.0p per share in respect of the year ended 31 December 2009.
4. To re-elect Andrew Carruthers as a Director.
5. To re-appoint Grant Thornton UK LLP as auditor of the Company and to authorise the Directors to fix its remuneration.
6. That the Company shall continue as a Venture Capital Trust pursuant to Article 165 of the Company's Articles of Association.
7. Authority to allot shares.

That for the purposes of section 551 of the Companies Act 2006 (the "Act") (and so that expressions used in this resolution shall bear the same meanings as in the said section 551):

- (a) the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares and to grant such subscription and conversion rights as are contemplated by sections 551(1)(a) and (b) of the Act respectively up to an aggregate nominal amount of £1,839,502.23 to such persons and at such times and on such terms as they think proper during the period expiring at the end of five years from the date of the passing of this resolution (unless previously revoked or varied by the Company in general meeting); and
- (b) the Company be and is hereby authorised to make prior to the expiry of such period any offer or agreement which would or might require such shares or rights to be allotted or granted after the expiry of the said period and the Directors may allot such shares or grant such rights in pursuance of any such offer or agreement notwithstanding the expiry of the authority given by this resolution;

so that all previous authorities of the Directors pursuant to section 80 of the Companies Act 1985 be and are hereby revoked and to the extent that any restriction on the Directors' authority to allot shall apply to the Company by virtue of the operation of paragraph 42(2)(a) of the Companies Act 2006 (Commencement No.8, Transitional Provisions and Savings) Order 2008, such restriction shall be and is hereby revoked in accordance with paragraph 42(2)(b) of that Order.

## **8. Authority for the disapplication of pre-emption rights**

That, subject to the passing of resolution 7, in accordance with section 570 of the Act, the Directors be and they are hereby empowered to allot equity securities (as defined in section 560 of the Act) for cash pursuant to the authority conferred on them to allot such shares or grant such rights by that resolution as if section 561(1) and sub-sections (1) - (6) of section 562 of the Act did not apply to the allotment, provided that the power hereby conferred shall be limited to:

- (a) the allotment of equity securities in connection with an issue or offering in favour of holders of equity securities and any other persons entitled to participate in such issue or offering where the equity securities respectively attributable to the interests of such holders and persons are proportionate (as nearly as may be) to the respective numbers of equity securities held by or deemed to be held by them on the record date of such allotment subject only to such exclusions or other arrangements as the Directors may consider necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws or requirements of any recognised regulatory body or stock exchange in any territory; and
- (b) the allotment of equity securities (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value not exceeding £275,925.34;

and this power, unless renewed, shall expire on the date five years from the date of the passing of this resolution but shall extend to the making, before such expiry, of an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired.

#### **9. Authority for the Company to purchase its own shares**

That the Company be and it is hereby generally and unconditionally authorised for the purposes of section 701 of the Act to make one or more market purchases (within the meaning of section 693 of the Act) of ordinary shares of 5p each in the capital of the Company ("Ordinary Shares") provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased is 11,037,013;
- (b) the minimum price which may be paid for an Ordinary Share is 5p;
- (c) the maximum price (exclusive of expenses) which may be paid for an Ordinary Share shall be an amount equal to the higher of (i) 5% above the average of the middle market quotations for an Ordinary Share taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the trading venue where the purchase is carried out;
- (d) unless previously renewed or revoked, the authority hereby conferred shall expire on the date which is the earlier of fifteen months from the date of this resolution and the date of the AGM of the Company in 2011; and
- (e) the Company may enter into a contract or contracts to purchase Ordinary Shares under the authority hereby conferred prior to the expiry of such authority which would or might be executed and completed wholly or partly after the expiry of such authority and may make purchases of Ordinary Shares in pursuance of any such contract or contracts.

#### **10. Notice of general meetings**

That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.

#### **11. Adoption of new Articles of Association**

That the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the current Articles of Association of the Company as adopted on 18 June 2008.

By order of the Board  
NT Tran  
**Secretary**

33 Glasshouse Street  
London W1B 5DG  
31 March 2010

#### **Note:**

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (who need not be shareholders of the Company) to exercise all or any of the rights of the shareholders to attend and speak and vote in his/her place.
2. To be valid, a form of proxy (as enclosed), duly signed, together with the power of attorney or other authority (if any) under which it is signed (or an office or notarially certified copy of such power or authority) must be lodged at Capita Registrars, PXS, 34 Beckenham Road, Beckenham BR3 4TU by not later than 12:00 noon on 5 May 2010. Completion of a form of proxy will not affect the right of a shareholder to attend and vote at the meeting.
3. Only those shareholders entered on the shareholder register of the Company at 12:00 noon on 5 May 2010 or, in the event that this meeting is adjourned, on the shareholder register as at 12 noon on the day two days before the date of any adjourned meeting, will be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their names at that time. Changes to the entries on the shareholder register after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.
4. Copies of Directors' service contracts are available for inspection at the Company's registered office, 33 Glasshouse Street, London, W1B 5DG, during normal business hours (public holidays excluded) and will be made available for inspection at the place of the AGM for 15 minutes prior to and during the meeting.
5. In the case of joint holders, the vote of the senior holder who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant holding.

## Notice of annual general meeting (cont.)

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### Explanation of the proposed resolutions

Further explanations of the following resolutions proposed to be put to the shareholders at the AGM are now provided:

#### To continue the Company as a Venture Capital Trust (Resolution 6 – ordinary resolution)

Pursuant to Article 165 of the Company's Articles of Association, this resolution proposes that the Company continues as a qualifying Venture Capital Trust. The Board believes that it is the only realistic opportunity for the Company to realise the full value of the investments held and that it is in the best interests of shareholders to maintain the Company as a qualifying Venture Capital Trust. Accordingly, the Directors are recommending that shareholders support this resolution.

#### Authority to allot shares (Resolution 7 – ordinary resolution)

This resolution proposes to renew the Directors' authority to allot additional shares of the Company up to an aggregate nominal amount of £1,839,502.23, which represents one-third of the issued ordinary share capital of the Company. The Directors have no present intention to exercise this authority. The authority will lapse five years after it is granted.

#### Authority for the disapplication of pre-emption rights (Resolution 8 – special resolution)

This resolution proposes to renew the Directors' power to allot equity securities for cash up to an aggregate nominal amount of £275,925.34 (being 5% of the Company's current issued share capital) without first offering the securities to existing shareholders. The Directors consider that it may in certain circumstances be in the best interests of the Company to allot shares for cash otherwise than pro rata to existing shareholders.

#### Authority for the Company to purchase its own shares (resolution 9 – special resolution)

This resolution proposes to renew the existing power of the Company to purchase its own shares up to a maximum number of 11,037,013 shares, which represents 10% of the total number of shares currently in issue. The Directors consider that it may, in certain circumstances, be advantageous for the Company to be able to purchase its own shares; occasional market purchases by the Company of its own shares can enhance the net asset value per share for the Company's remaining shareholders, and the power will be exercised only if, in the opinion of the Directors, a purchase by the Company of its own shares would be in the interests of the Company's shareholders and would enhance the Company's net assets per share. In particular, in keeping with the terms of the Company's strategy update issued on 26 February 2010, the Directors intend that the aggregate value of any purchases by the Company of its own shares in any given financial year pursuant to the authority granted in Resolution 9 will not exceed 0.5% of the Company's published net asset value as at the commencement of that financial year. The maximum price that may be paid for an ordinary share will be an amount equal to the higher of (i) 5% above the average of the middle market quotations for an ordinary share taken from The London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the purchase is made and (ii) the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the trading venue where the purchase is carried out. Shares that are purchased will be cancelled.

#### Notice of general meetings (Resolution 10 – special resolution)

This resolution seeks authority from shareholders to hold general meetings (other than Annual General Meetings) on 14 days' clear notice. This is permissible under the existing Articles of Association of the Company and the Companies Act 2006. However, pursuant to The Companies (Shareholders' Rights) Regulations 2009 specific shareholder approval is required annually in order to retain this ability. The Directors believe that there may be circumstances in which it will be important for the Company to be able to call meetings at such short notice. Accordingly, the Directors believe that it is important for the Company to retain this flexibility.

The approval will be effective until the Company's next Annual General Meeting, when it is intended that a similar resolution will be proposed. In order to be able to call a general meeting on less than 21 clear days' notice, the Company must make a means of electronic voting available to all shareholders for that meeting.

#### Adoption of new articles of association (Resolution 11 – special resolution)

This resolution proposes to adopt new Articles of Association (the "New Articles") in order to update the Company's current Articles of Association (the "Current Articles") primarily to take account of the implementation on 1 October 2009 of the last parts of the Companies Act 2006 and also the coming into force of The Companies (Shareholders' Rights) Regulations 2009.

The principal changes introduced in the New Articles are summarised below. Other changes, which are of a minor, technical or clarifying nature and also some more minor changes which merely reflect changes made by the Companies Act 2006 or conform the language of the New Articles with that used in the model articles for public companies set out in secondary legislation have not been noted in the summary below. The New Articles showing all the changes to the Current Articles are available for inspection at the Company's registered office.

## **Explanatory notes of the principal changes to the Company's Articles of Association**

### **The Company's objects**

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles of Association. The Company's Memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 from 1 October 2009 the objects clause and all other provisions which are currently contained in a company's memorandum for existing companies have been deemed to be contained in a company's articles of association but the company can remove some of these provisions by special resolution.

The Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause which, by virtue of the Companies Act 2006, has been treated as forming part of the Company's Articles of Association since 1 October 2009. Resolution 11 confirms the removal of these provisions for the Company. As the effect of this resolution will be to remove the statement currently in the Company's Memorandum of Association regarding limited liability and the location of the Company's registered office, the New Articles also contain express provisions reflecting these statements.

### **Articles which duplicate statutory provisions**

Provisions in the Current Articles which replicate provisions contained in the Companies Act 2006 have been amended in the New Articles to bring them into line with the Companies Act 2006, or removed altogether where appropriate. This is in line with the approach advocated by the Government that statutory provisions should not be duplicated in a company's constitution.

### **Change of name**

Under the Companies Act 1985, a company could only change its name by special resolution. Under the Companies Act 2006 a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

### **Authorised share capital and unissued shares**

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

### **Redeemable shares**

Under the Companies Act 1985 if a company wished to issue redeemable shares, it had to include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead, provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

### **Authority to consolidate and sub-divide shares, and reduce share capital**

Under the Companies Act 1985 a company required specific enabling provisions in its articles to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. The Current Articles include these enabling provisions. Under the Companies Act 2006 a company will only require shareholder authority to do any of these things and it will no longer be necessary for articles to contain enabling provisions. Accordingly, the relevant enabling provisions have been removed in the New Articles.

### **Provision for employees on cessation of business**

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the directors may exercise this power.

## Notice of annual general meeting (cont.)

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### **Use of seals**

Under the Companies Act 1985 a company required authority in its articles to have an official seal for use abroad. Under the Companies Act 2006 such authority will no longer be required. Accordingly, the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a director and the secretary or two directors or such other person or persons as the directors may approve.

### **Suspension of registration of share transfers**

The Current Articles permit the Directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

### **Vacation of office by directors**

The Current Articles specify the circumstances in which a Director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies set out in secondary legislation.

### **Voting by proxies on a show of hands**

The Shareholders' Rights Regulations have amended the Companies Act 2006 so that it now provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles reflect these changes.

### **Voting by corporate representatives**

The Shareholders' Rights Regulations have amended the Companies Act 2006 in order to enable multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles reflect these amendments.

### **Chairman's casting vote**

The New Articles remove the provision giving the Chairman a casting vote in the event of an equality of votes as this is no longer permitted under the Companies Act 2006.

### **Notice of general meetings**

The Shareholders' Rights Regulations amend the Companies Act 2006 to require the company to give 21 clear days' notice of general meetings unless the company offers members an electronic voting facility and a special resolution reducing the period of notice to not less than 14 days has been passed. Annual general meetings must be held on 21 clear days' notice. The New Articles amend the provisions of the Current Articles to be consistent with the new requirements.

### **Adjournments for lack of quorum**

Under the Companies Act 2006 as amended by the Shareholders' Rights Regulations, general meetings adjourned for lack of quorum must be held at least 10 clear days after the original meeting. The Current Articles have been changed to reflect this requirement.