



Articles of association

for

HOKO Design Ltd

Table of Contents

1	Model Articles	1
2	Definitions and Interpretation	1
3	Alternate Directors	4
4	Proceedings of Directors	4
5	Conflicts of Interest	5
6	Disqualification of Directors	6
7	Pre-emption on issue	6
8	Share Transfers – General	8
9	Pre-emption rights on transfers	8
10	Drag Along	11
11	Tag Along.....	11
12	Valuation of Shares.....	12
13	General Meetings.....	13
14	Voting	13
15	Financing of purchase of own shares	14
16	Notices	14
17	Indemnity and Insurance	15

Private Company Limited by Shares

Articles of Association of HOKO Design Ltd

(Incorporated in Scotland under registered no. SC531509 (the "Company"))

(Adopted by Special Resolution passed on 27 April 2022)

1 Model Articles

1.1 The Model Articles shall apply to the Company, except insofar as they are modified or excluded by these Articles or are inconsistent with these Articles, and, subject to any such modifications, exclusions or inconsistencies, shall together with these Articles constitute the articles of association of the Company to the exclusion of any other articles or regulations set out in any statute or in any statutory instrument or other subordinate legislation.

1.2 In these Articles:

1.2.1 any reference to the 'chairman' in the Model Articles, shall for the purposes of these Articles be deemed as a reference to the 'chair'; and

1.2.2 the whole of Model Articles 6(2), 8(2), 9(4), 10(3), 11(2), 14(1), 14(2), 14(3), 14(4), 14(5), 22, 26(5), 39, 44(2), 51, 52 and 53 shall not apply to the Company.

2 Definitions and Interpretation

2.1 In these Articles, unless the context otherwise requires, the following words and expressions shall have the following meanings:

"**Allocation Allotment Notice**" shall be as defined in Article 7.5;

"**Allotment Notice**" shall be as defined in Article 7.2;

"**Allocation Transfer Notice**" shall be as defined in Article 9.7.2;

"**Allotment Period**" shall be as defined in Article 7.3;

"**Allotment Shares**" shall be as defined in Article 7.2.1;

"**Applicant**" shall be as defined in Article 9.7.2;

"**Available Shares**" shall be as defined in Article 7.4;

"**Articles**" means these articles of association of the Company as constituted under Article 1.1 (as amended from time to time);

"**Beneficial Owner**" means a person whose Shares are held on trust by NomineeCo;

"**Board**" means the board of directors of the Company from time to time;

"**Business Day**" means a day, other than a Saturday, Sunday or public holiday, on which clearing banks are open for non-automated commercial business in Glasgow;

"**Companies Act**" means the Companies Act 2006;

"**Continuing Shareholder**" shall be as defined in Article 9.6;

"**Director**" means a director of the Company from time to time;

"Drag Along Notice" shall be as defined in Article 10.1;

"Election Notice" shall be as defined in Article 7.3;

"Eligible Director" means a Director who would be entitled to vote on the matter if proposed as a resolution at a meeting of Directors;

"Excess Pro Rata Portion" shall be as defined in Article 7.4;

"Expert Valuer" is as determined in accordance with Article 12.1;

"Fair Value" is as determined in accordance with Article 12;

"Group" means the Company and each of its subsidiaries and **"Group Company"** means any of them;

"Group Company Interest" shall be as defined in Article 5.3;

"Issue Price" means the price at which the relevant Share is issued, being the aggregate of the amount paid up or credited as paid up in respect of the nominal value thereof and any share premium thereon;

"Minimum Transfer Condition" shall be as defined in Article 9.2.4;

"Model Articles" means the model articles for private companies limited by shares contained in Schedule 1 to the Companies (Model Articles) Regulations 2008 (SI 2008/3229), as at the date of adoption of these Articles;

"NomineeCo" means Crowdcube Nominees Limited (company number 09820478) or a Permitted Transferee of such NomineeCo;

"Permitted Transferee" means a transferee of NomineeCo pursuant to Article 8.7 or 8.8;

"Proposed Buyer" shall be as defined in Article 11.1;

"Proposed Sale" shall be as defined in Article 11.1;

"Pro Rata Portion" shall be as defined in Article 7.3;

"Relevant Share Offer" shall be as defined in Article 7.2;

"Sale Shares" shall be as defined in Article 9.2.1;

"Seller" shall be as defined in Article 9.2;

"Selling Shareholders" shall be as defined in Article 10.1;

"Share" means a share in the capital of the Company;

"Shareholder" means any holder of any Share from time to time;

"Shareholder Communication" means any notice, resolution, document or information which the Company wishes or is required to communicate with Shareholders or other persons;

"Shareholder Group" means:

- (a) in relation to a Shareholder that is a corporate entity, that Shareholder, any wholly-owned subsidiary (as defined by section 1159 of the Companies Act) of the Shareholder; and
- (b) in relation to a Shareholder that is an individual: (i) that Shareholder, the Shareholder's spouse or civil partner and any child of the Shareholder (including step children, adopted children and children over 18 years of age); or (ii) the trustees of a trust whose only beneficiaries for the time being comprise the persons set out at (i) above and, in relation to the trustees for the time being of such a trust, means their successor trustees or any beneficiaries of the trust,

and references to member or members of the or a "**Shareholder Group**" shall be construed accordingly

"**Surplus Offer**" shall be as defined in Article 7.3;

"**Surplus Offeror**" shall be as defined in Article 7.4;

"**Tag Along Notice**" shall be as defined in Article 11.1;

"**Third Party**" shall be as defined in Article 10.1;

"**Transfer Notice**" shall be as defined in Article 9.2;

"**Transfer Price**" shall be as defined in Article 9.2.

2.2 Unless the context otherwise requires:

- 2.2.1 each gender includes the other genders;
- 2.2.2 the singular includes the plural and vice versa;
- 2.2.3 references to persons include individuals, unincorporated bodies and partnerships (whether or not having a separate legal personality), governments, government entities, companies and corporations and any of their successors, permitted transferees or permitted assignees;
- 2.2.4 the words 'include', 'includes' and 'including' are deemed to be followed by the words 'without limitation';
- 2.2.5 the words and phrases 'other', 'including' and 'in particular' or similar words shall not restrict the generality of any preceding words or be construed as being limited to the same class, acts, things or matters as the preceding words where a wider construction is possible;
- 2.2.6 the contents table and the descriptive headings to provisions in these Articles are inserted for convenience only, have no legal effect and shall be ignored in the interpretation of these Articles;
- 2.2.7 references to legislation include any modification or re-enactment thereof before the date of these Articles;
- 2.2.8 references to 'writing' or 'written' include faxes and any other method of reproducing words in a legible and non-transitory form, excluding email;
- 2.2.9 a person shall be deemed to be 'connected' with another if that person is connected with such other within the meaning of section 1122 of the Corporation Tax Act 2010; and

2.2.10 the term 'acting in concert' shall have the meaning attributed to it at the date of adoption of these Articles by the City Code on Takeovers and Mergers.

3 Alternate Directors

3.1 Any Director (other than an alternate director) (the appointor) may appoint any other Director or any other person whomsoever to be an alternate director and may remove from office an alternate director so appointed. Any appointment or removal of an alternate must be effected by notice in writing to the Company signed by the appointor, or in any other manner approved by the Directors.

3.2 An alternate director has the same rights, in relation to any Directors' meeting or Directors' written resolution, as the alternate's appointor.

3.3 Except as these Articles specify otherwise, alternate directors are:

3.3.1 deemed for all purposes to be Directors;

3.3.2 liable for their own acts and omissions;

3.3.3 subject to the same restrictions as their appointors; and

3.3.4 not deemed to be agents of or for their appointors.

3.4 An alternate director may be paid expenses as if they were a Director but shall not be entitled to receive from the Company any fee in their capacity as an alternate director except only such part (if any) of the remuneration otherwise payable to the Director appointing them as such Director may by notice in writing to the Company from time to time direct.

3.5 An alternate director's appointment as an alternate terminates:

3.5.1 when the alternate's appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;

3.5.2 on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a Director;

3.5.3 on the death of the alternate's appointor; or

3.5.4 when the alternate's appointor's appointment as a Director terminates.

4 Proceedings of Directors

4.1 Subject to the provisions of these Articles, the Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit.

4.2 A decision of the Directors may take the form of a resolution in writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in writing (including confirmation given by electronic means). Reference in article 7(1) of the Model Articles to article 8 of the Model Articles shall be deemed to include a reference to this article also.

4.3 Notice of a Directors' meeting need not be given to Directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the Company at any time before or after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

- 4.4 The quorum for a meeting of the Directors shall throughout the meeting be three Eligible Directors unless there is less than three Eligible Directors and in such circumstances the quorum shall be the number of Eligible Director(s) that there is. If a quorum is not present within 30 minutes of the time fixed for the relevant meeting, the meeting shall be adjourned for 3 Business Days at the same time and place. If a quorum is not present within 30 minutes of the time fixed for the adjourned meeting, those Eligible Directors present will constitute a quorum.
- 4.5 The chair shall have a casting vote. For so long as Daniel Campbell is a shareholder, he shall be the chair provided the Directors do not resolve otherwise.
- 4.6 Any Director or alternate director may validly participate in a meeting of the Board through telephone conference or similar form of communication equipment provided that all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person so participating shall be deemed to be present in person at the meeting and shall accordingly be counted in a quorum and be entitled to vote. Subject to the Companies Act, all business transacted in such manner by the Board or a committee of the Board shall for the purpose of these Articles be deemed to be validly and effectively transacted at a meeting of the Board or a committee of the Board notwithstanding that a quorum of Directors is not physically present in the same place. If the Directors cannot or do not decide upon where such a meeting shall be deemed to take place, then it shall be where the chair of the meeting then is located.
- 4.7 A Director who is absent from the United Kingdom shall be entitled to receive notice of all meetings of Directors and meetings of committees of Directors.

5 Conflicts of Interest

- 5.1 If a situation arises or exists in which a Director has or could have a direct or indirect interest that conflicts, or may potentially conflict, with the interests of the Company (other than an interest arising in relation to a transaction or arrangement with the Company or in circumstances which cannot reasonably be regarded as likely to give rise to a conflict of interest), without prejudice to the provisions of Articles 5.3 to 5.7, the Director concerned, or any other Director, may propose to the Board that such situation be authorised, such proposal to be made in writing and delivered to the other Directors or made orally at a meeting of the Board, in each case setting out particulars of the relevant situation. Subject to the Companies Act, the Directors may authorise such situation and the continuing performance by the relevant Director of their duties as a Director on such terms as they may think fit.
- 5.2 The relevant Director shall not be counted in the quorum at the relevant meeting of the Directors to authorise such situation nor be entitled to vote on the resolution authorising such situation.
- 5.3 Subject to compliance by them with their duties as a Director under Part 10 of the Companies Act (other than the duty in section 175(1) of the Companies Act which is the subject of this Article 5.3), a Director may, at any time, notwithstanding their office or the existence of an actual or potential conflict between the interests of the Company and those of a Group Company which would fall within the ambit of that section 175(1), be a director or other officer of, employed by or otherwise interested, whether directly or indirectly, in any other Group Company ("**Group Company Interest**") and the relevant Director:
- 5.3.1 shall be entitled to attend any meeting or part of a meeting of the Directors or a committee of the Directors at which any matter which may be relevant to the Group Company Interest may be discussed, and to vote on any resolution of the Directors or a committee thereof relating to such matter, and any board papers relating to such matter shall be provided to the relevant Director at the same time as the other Directors;

- 5.3.2 shall not be obliged to account to the Company for any remuneration or other benefits received by them in consequence of any Group Company Interest; and
 - 5.3.3 will not be obliged to disclose to the Company or use for the benefit of the Company any confidential information received by them by virtue of their Group Company Interest and otherwise than by virtue of their position as a Director, if to do so would breach any duty of confidentiality to any other Group Company or third party.
- 5.4 Any Director who has a Group Company Interest shall, as soon as reasonably practicable following the relevant interest arising, disclose to the Board the existence of such interest and the nature and extent of such interest so far as the relevant Director is able at the time the disclosure is made provided that no such disclosure is required to be made of any matter in respect of which the relevant Director owes any duty of confidentiality to any third party. A disclosure made to the Board under this Article 5.4 may be made either at a meeting of the Board or by notice in writing to the Company marked for the attention of the Directors.
- 5.5 No contract entered into shall be liable to be avoided by virtue of:
- 5.5.1 any Director having an interest of the type referred to in Article 5.1 where the relevant situation has been approved as provided by that Article; or
 - 5.5.2 any Director having a Group Company Interest which falls within Article 5.3 or which is authorised pursuant to Article 5.1.
- 5.6 The provisions of Articles 5.1 to 5.5 shall not apply to a conflict of interest which arises in relation to an existing or proposed transaction or arrangement with the Company but the following provisions of this Article 5.6 and Article 5.7 shall so apply. Any Director may be interested in an existing or proposed transaction or arrangement with the Company provided that they comply with the Companies Act.
- 5.7 Without prejudice to the obligation of each Director to declare an interest in accordance with the Companies Act, a Director may vote at a meeting of the Board or of a committee of the Board on any resolution concerning a matter in which they have an interest, whether direct or indirect, which relates to a transaction or arrangement with the Company, or in relation to which they have a duty. Having so declared any such interest or duty they may have, the Director shall be counted in the quorum present when any such resolution is under consideration and if they vote on such resolution their vote shall be counted.

6 Disqualification of Directors

In addition to that provided in article 18 of the Model Articles, the office of a Director shall also be vacated if he is convicted of a criminal offence (other than a minor motoring offence) and the Directors resolve that his office be vacated.

7 Pre-emption on issue

- 7.1 Any allotment of Shares proposed to be made by the Company shall be offered for subscription to each Shareholder on the same terms (including, but not limited to, the consideration payable per Share for such allotment).
- 7.2 Any offer of Shares made in accordance with Article 7.1 (the "**Relevant Share Offer**"), shall be made by notice in writing ("**Allotment Notice**"):
 - 7.2.1 specifying the total number of Shares being offered to the Shareholders ("**Allotment Shares**" and each an "**Allotment Share**");
 - 7.2.2 the rights, privileges, terms and conditions of such Allotment Shares; and

7.2.3 the Issue Price for each such Allotment Share.

- 7.3 Each Shareholder shall have the option to subscribe irrevocably for its pro rata percentage share of the Allotment Shares, which shall be calculated by reference to the number of Shares in the Company held by such Shareholder immediately prior to the delivery of the Allotment Notice expressed as a percentage of the number of all Shares in the Company in issue (including any Shares in the Company held by such Shareholder) immediately prior to the delivery of the Allotment Notice (its "**Pro Rata Portion**") by delivering a written notice to the Company (an "**Election Notice**") within 20 Business Days after receipt of the Allotment Notice (the "**Allotment Period**") specifying whether it wishes to subscribe for all or some of its Pro Rata Portion. Each Shareholder may also specify in its Election Notice the maximum number of additional Allotment Shares, if any, that it agrees to subscribe for in the event that not all Shareholders agree to subscribe for the full number of Allotment Shares representing their respective Pro Rata Portions (each a "**Surplus Offer**").
- 7.4 If any Shareholder fails, within such 20 Business Day Allotment Period, to deliver an Election Notice, each Shareholder that delivered an Election Notice and agreed in such Election Notice to make a Surplus Offer (a "**Surplus Offeror**") shall be allotted and shall subscribe for, a number of additional Allotment Shares, not to exceed the maximum number specified in its Election Notice, provided that, if the total number of Allotment Shares not covered by an Election Notice from Shareholders entitled to subscribe for such Allotment Shares as all or part of its Pro Rata Portion ("**Available Shares**") is not sufficient to satisfy the demands of all Surplus Offerors, then each such Surplus Offeror shall be allotted, and shall purchase, such number of the Available Shares, not to exceed the maximum number specified in its Surplus Offer, that represents its Excess Pro Rata Portion of such Available Shares. For the purposes of this Article 7, the Excess Pro Rata Portion shall be calculated by reference to the number of Shares in the Company held by a Surplus Offeror immediately prior to the delivery of the Allotment Notice expressed as a percentage of the number of all Shares in the Company in issue held by all such Surplus Offerors immediately prior to the delivery of the Allotment Notice.
- 7.5 Upon allocating the Allotment Shares in accordance with the provisions of this Article 7, the Company shall forthwith give notice in writing ("**Allocation Allotment Notice**") to each person to whom Allotment Shares have been so allocated of the number of Allotment Shares so allocated and the aggregate consideration payable for such Allotment Shares. Completion of the allotment of those Allotment Shares in accordance with the Allocation Allotment Notice, shall take place within 5 Business Days of the date of the Allocation Allotment Notice at which time the Company shall, upon its receipt of payment of the consideration due in respect of such Allotment Shares, allot those Allotment Shares specified in the Allocation Allotment Notice to the persons to whom they have been allocated and deliver the relevant Share certificates.
- 7.6 If all the Allotment Shares are not allotted by reference to the provisions of Articles 7.1 to 7.6, the Company may, within three months of the exhaustion of such provisions, allot to one or more persons, to be determined at the discretion of the Board, any unallotted Allotment Shares at any price not less than the Issue Price per Allotment Share.
- 7.7 No fraction of a Share shall be issued and therefore in calculation of the aggregate entitlement of the Shareholders under this Article 7, any entitlement to a fraction of a Share shall be rounded up to the nearest whole Share.
- 7.8 In accordance with section 567(1) of the Companies Act, the provisions of sections 561 and 562 of the Companies Act shall not apply to the Company.
- 7.9 The requirement to offer Shares in accordance with Articles 7.1 to 7.6 may be dis-applied by special resolution.

8 Share Transfers – General

- 8.1 In these Articles, reference to the transfer of a Share includes the transfer or assignation of a beneficial or other interest in that Share or the creation of a trust or encumbrance over that Share and reference to a Share includes a beneficial or other interest in a Share.
- 8.2 No Share may be transferred unless the transfer is made in accordance with these Articles.
- 8.3 Subject to Article 8.5, the Directors shall be obliged to register any duly stamped transfer made in accordance with these Articles, but any transfer or purported transfer of any Shares made otherwise than in accordance with these Articles shall be void and of no effect and the Directors shall refuse to register that transfer.
- 8.4 The Directors may, as a condition to the registration of any transfer of Shares, require the transferee to execute and deliver to the Company a deed agreeing to be bound by the terms of any shareholders' agreement or similar document in force between the Shareholders in such form as the Directors may reasonably require (provided that the transferee's obligations or liabilities thereunder are not greater than those of the proposed transferor). If any such condition is imposed, the transfer may not be registered unless that deed has been executed and delivered to the Company's registered office by the transferee.
- 8.5 The Directors may at any time require any Shareholder to provide the Company with such information and evidence relating to the Shares registered in its name as such Directors may reasonably require to determine whether there has been a transfer of any such Shares in breach of these Articles. If such information or evidence is not provided to the Board to the reasonable satisfaction of such Directors within five Business Days of the request being made, such Directors may serve a notice on the Shareholder stating that the Shares which were the subject of the request shall cease to confer any rights to vote (in any general meeting or class meeting or on any written resolution) or to receive dividends until such information or evidence has been provided to the satisfaction of such Directors.
- 8.6 Any Shareholder (the "**transferor**") may at any time transfer all (but not some only) of its Shares to any member of its Shareholder Group (the "**transferee**") without being required to serve a Transfer Notice or comply with the pre-emption procedure set out in Article 9. If the transferee ceases to be a member of the Shareholder Group at any time, the transferee must forthwith transfer all such Shares back to the transferor or to another member of the Shareholder Group. If the transferee fails to effect such transfer within 5 Business Days of its ceasing to be a member of the Shareholder Group, the Company may execute a transfer of the relevant Shares on behalf of the transferee and register the transferor as the holder of such Shares.
- 8.7 The NomineeCo may transfer all its Shares to another trust company which has been validly appointed as registered legal shareholder on behalf of the Beneficial Owners without restriction as to price or otherwise.
- 8.8 A Beneficial Owner shall be entitled at any time to transfer his entire beneficial interest in the Shares held on trust for him by NomineeCo without restriction to any person, provided that the legal title in such Shares continues to be held by NomineeCo and the transferee is (or becomes prior to the completion of the transfer) a member of the crowdfunding platform operated by Crowdcube Capital Limited.

9 Pre-emption rights on transfers

- 9.1 Save where the provisions of Articles 8 apply, any transfer of Shares by a Shareholder shall be subject to the pre-emption rights contained in this Article 9.
- 9.2 A Shareholder who wishes to transfer Shares (a "**Seller**") shall, except as otherwise provided in these Articles, before transferring or agreeing to transfer any Shares give notice in writing (a "**Transfer Notice**") to the Company specifying:

- 9.2.1 the number of Shares which he wishes to transfer (the "**Sale Shares**");
- 9.2.2 if he wishes to sell the Sale Shares to a third party, the name of the proposed transferee;
- 9.2.3 the price at which he wishes to transfer the Sale Shares; and
- 9.2.4 whether the Transfer Notice is conditional on all or a specific number of the Sale Shares being sold to Shareholders (a "**Minimum Transfer Condition**").

If no cash price is specified by the Seller, the price at which the Sale Shares are to be transferred (the "**Transfer Price**") must be agreed by the Board. In addition, if the price is not specified in cash, an equivalent cash value price must be agreed between the Seller and the Board. In both cases, the price will be deemed to be the Fair Value of the Sale Shares if no price is agreed within 5 Business Days of the Company receiving the Transfer Notice.

- 9.3 Except as otherwise specified in these Articles, no Transfer Notice once given or deemed to have been given under these Articles may be withdrawn.
- 9.4 A Transfer Notice constitutes the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.
- 9.5 As soon as practicable following the later of:
 - 9.5.1 receipt of a Transfer Notice; and
 - 9.5.2 in the case where the Transfer Price has not been agreed, the determination of the Transfer Price under Article 12,

the Board shall offer the Sale Shares for sale to the Shareholders in the manner set out in Article 9.6. Each offer must be in writing and give details of the number and Transfer Price of the Sale Shares offered.

- 9.6 Transfer: Offer
 - 9.6.1 The Board shall offer the Sale Shares pursuant to all shareholders other than the Seller (the "**Continuing Shareholders**") inviting them to apply in writing within the period from the date of the offer to the date 10 Business Days after the offer (inclusive) (the "**Offer Period**") for the maximum number of Sale Shares they wish to buy.
 - 9.6.2 If the Sale Shares are subject to a Minimum Transfer Condition then any allocation made under this Article 9.6 will be conditional on the fulfilment of the Minimum Transfer Condition.
 - 9.6.3 If, at the end of the Offer Period, the number of Sale Shares applied for is equal to or exceeds the number of Sale Shares, the Board shall allocate the Sale Shares to each Continuing Shareholder who has applied for Sale Shares in the proportion (fractional entitlements being rounded to the nearest whole number) to which his existing holding of Shares bears to the total number of Shares held by those Continuing Shareholders who have applied for Sale Shares, and such procedure shall be repeated until all Sale Shares have been allocated but no allocation shall be made to a Shareholder of more than the maximum number of Sale Shares which he has stated he is willing to buy.
 - 9.6.4 If, at the end of the Offer Period, the number of Sale Shares applied for is less than the number of Sale Shares, the Board shall allocate the Sale Shares to the Continuing Shareholders in accordance with their applications and the balance will be dealt with in accordance with Article 9.7.5.

9.7 Completion of transfer of Sale Shares

9.7.1 If the Transfer Notice includes a Minimum Transfer Condition and the total number of Shares applied for does not meet the Minimum Transfer Condition the Board shall notify the Seller and all those to whom Sale Shares have been conditionally allocated under Article 9.6 stating the condition has not been met and that the relevant Transfer Notice has lapsed with immediate effect.

9.7.2 If:

9.7.2.1 the Transfer Notice does not include a Minimum Transfer Condition; or

9.7.2.2 the Transfer Notice does include a Minimum Transfer Condition and allocations have been made in respect of all or the minimum required number of the Sale Shares,

the Board shall, when no further offers are required to be made under Article 9.6, give written notice of allocation (an "**Allocation Transfer Notice**") to the Seller and each Shareholder to whom Sale Shares have been allocated (an "**Applicant**") specifying the number of Sale Shares allocated to each Applicant and the place and time (being not less than 10 Business Days nor more than 20 Business Days after the date of the Allocation Transfer Notice) for completion of the transfer of the Sale Shares.

9.7.3 Upon service of an Allocation Transfer Notice, the Seller must, against payment of the Transfer Price, transfer the Sale Shares in accordance with the requirements specified in it.

9.7.4 If the Seller fails to comply with the provisions of Article 9.7.3:

9.7.4.1 the chair or, failing him, one of the directors, or some other person nominated by a resolution of the Board, may on behalf of the Seller:

(a) complete, execute and deliver in his name all documents necessary to give effect to the transfer of the relevant Sale Shares to the Applicants;

(b) receive the Transfer Price and give a good discharge for it; and

(c) (subject to the transfer being duly stamped) enter the Applicants in the register of Shareholders as the holders of the Shares purchased by them; and

9.7.4.2 the Company shall pay the Transfer Price into a separate bank account in the Company's name on trust (but without interest) or otherwise hold the Transfer Price on trust for the Seller until he has delivered to the Company his certificate or certificates for the relevant Shares (or an indemnity for lost certificate in a form acceptable to the Board).

9.7.5 If an Allocation Transfer Notice does not relate to all the Sale Shares then, subject to Article 9.7.6, the Seller may, within eight weeks after service of the Allocation Transfer Notice, transfer the unallocated Sale Shares to any person at a price at least equal to the Transfer Price.

9.7.6 The right of the Seller to transfer Shares under Article 9.7.5 does not apply if the Board is of the opinion on reasonable grounds that:

9.7.6.1 the transferee is a person (or a nominee for a person) who the Board determine in their absolute discretion is a competitor with (or an Associate of a competitor with) the business of the any company within the Group;

9.7.6.2 the sale of the Sale Shares is not bona fide or the price is subject to a deduction, rebate or allowance to the transferee; or

9.7.6.3 the Seller has failed or refused to provide promptly information available to it or him and reasonably requested by the Board for the purpose of enabling it to form the opinion mentioned above.

10 Drag Along

10.1 If, after having given a Transfer Notice to the Continuing Shareholders and having complied with the provisions of Article 9, the holders of 75% of the Shares in issue for the time being (for the purposes of Article 10 and Article 11, the **"Selling Shareholders"**) wish to transfer all (but not some only) of their Shares to a bona fide third party (**"Third Party"**), the Selling Shareholders shall be entitled to give written notice to the Continuing Shareholders (**"Drag Along Notice"**) requiring the Continuing Shareholders to sell to the Third Party all of the Continuing Shareholders' Shares upon the terms and conditions specified in the Drag Along Notice.

10.2 The terms on which the Selling Shareholders require the Continuing Shareholders to sell their Shares must be no less favourable than the terms on which the Selling Shareholders are selling their Shares to the Third Party.

10.3 The Drag Along Notice must specify:

10.3.1 the details of the Third Party;

10.3.2 the price payable for each Share and other consideration (if any) to be received (directly or indirectly) by the Selling Shareholder; and

10.3.3 any other material terms upon which the Continuing Shareholders' Shares shall be purchased pursuant to the Drag Along Notice.

10.4 If each Continuing Shareholder shall not, within five Business Days of being required to do so, execute and deliver transfers in respect of the Shares held by them and deliver the certificate[s] in respect of the same (or a suitable indemnity in lieu thereof), then the Selling Shareholders shall be entitled to execute, and shall be entitled to authorise and instruct such person as they think fit to execute, the necessary transfer[s] and indemnities on each relevant Continuing Shareholder's behalf and, against receipt by the Company (on trust for each such Continuing Shareholder) of the consideration payable for the relevant Shares, deliver such transfer[s] and certificate[s] or indemnities to the Third Party (or their nominee) and register such Third Party (or their nominee) as the holder thereof and, after such registration, the validity of such proceedings shall not be questioned by any person.

10.5 The Continuing Shareholders are not obliged to sell their Shares in accordance with this Article 10 if the Selling Shareholders do not complete the sale of all their Shares to the Third Party on the same terms and conditions set out in the Drag Along Notice.

11 Tag Along

11.1 If, after having given a Transfer Notice to the Continuing Shareholders and having complied with the provisions of Article 9, the Selling Shareholders wish to transfer all (but not some only) of their Shares to a bona fide third party (**"Proposed Buyer"**) in one or a series of related transactions, and such transfer would when registered result in that person (together with persons connected or acting in concert with them) holding or increasing their holding to 50% or more of the issued equity share capital of the Company (**"Proposed Sale"**), (the Selling Shareholders shall give written notice **"Tag Along Notice"**) to the Continuing Shareholders of the Proposed Sale at least 10 Business Days prior to the proposed date of completion thereof.

- 11.2 The Tag Along Notice must specify:
- 11.2.1 the details of the Proposed Buyer;
 - 11.2.2 the sale price for each Share and other consideration (if any) to be received (directly or indirectly) by the Selling Shareholders; and
 - 11.2.3 any other material terms upon which the Shares are to be purchased.
- 11.3 The Proposed Sale may not be completed unless the Proposed Buyer has unconditionally offered to buy all the other issued Shares (other than any Shares already owned by the Proposed Buyer or persons connected or acting in concert with them) on the same terms and conditions as apply to the Proposed Sale. Such offer shall remain open for acceptance for not less than 15 Business Days.
- 11.4 The provisions of this Article 11 shall not apply to any Proposed Sale which is permitted under Article 8.6, 8.7 and/or 8.8 or which is to take place pursuant to a Drag Along Notice under Article 10.

12 Valuation of Shares

- 12.1 If no Transfer Price can be agreed between the Seller and the Board in accordance with provisions of Articles 9.2 or otherwise then, on the date of failing agreement, the Board shall appoint an expert valuer in accordance with Article 12.2 (the "**Expert Valuer**") to certify the Fair Value of the Sale Shares.
- 12.2 The Expert Valuer will be an independent firm of Chartered Accountants to be agreed between the Board and the Seller or failing agreement not later than the date 10 Business Days after the date of service of the Transfer Notice to be nominated by the then President of the Institute of Chartered Accountants in Scotland on the application of either party and approved by the Company.
- 12.3 The "**Fair Value**" of the Sale Shares shall be determined by the Expert Valuer on the following assumptions and bases:
- (a) valuing the Sale Shares as on an arm's-length sale between a willing seller and a willing buyer;
 - (b) if the Company is then carrying on business as a going concern, on the assumption that it will continue to do so;
 - (c) that the Sale Shares are capable of being transferred without restriction;
 - (d) valuing the Sale Shares as a rateable proportion of the total value of all the issued Shares without any premium or discount being attributable to the percentage of the issued share capital of the Company which they represent but taking account of the rights attaching to the Sale Shares; and
 - (e) reflect any other factors which the Expert Valuer reasonably believes should be taken into account.
- 12.4 If any difficulty arises in applying any of these assumptions or bases then the Expert Valuer shall resolve that difficulty in whatever manner they shall in their absolute discretion think fit.
- 12.5 The Expert Valuer shall be requested to determine the Fair Value within 20 Business Days of their appointment and to notify the Board of their determination.
- 12.6 The Expert Valuer shall act as experts and not as arbitrators and their determination shall be final and binding on the parties (in the absence of fraud or manifest error).

- 12.7 The Board will give the Expert Valuer access to all accounting records or other relevant documents of the Company subject to them agreeing to such confidentiality provisions as the Board may reasonably impose.
- 12.8 The Expert Valuer shall deliver their certificate to the Company. As soon as the Company receives the certificate it shall deliver a copy of it to the Seller. Unless the Sale Shares are to be sold under a Transfer Notice, which is deemed to have been served, the Seller may by notice in writing to the Company within 5 Business Days of the service on him of the copy certificate, cancel the Company's authority to sell the Sale Shares.
- 12.9 The cost of obtaining the certificate shall be paid by the Company unless:
- (a) the Seller cancels the Company's authority to sell; or
 - (b) the Transfer Price certified by the Expert Valuer is less than the price (if any) offered by the directors to the Seller for the Sale Share before Expert Valuer was instructed,
- in which case the Seller shall bear the cost.

13 General Meetings

- 13.1 No business shall be transacted at any general meeting unless a quorum of Shareholders is present at the commencement of the business and also when such business is voted upon. The quorum at any general meeting shall be two persons present in person or by proxy, so that together the persons present represent Shareholders holding an aggregate of 50% of the issued Shares of the Company. If a quorum is not present within 30 minutes of the time fixed for the relevant meeting, the meeting shall be adjourned for 3 Business Days at the same time and place. Notice of an adjourned meeting shall be given to all the Shareholders. If a quorum is not present within 30 minutes of the time fixed for the adjourned meeting, those Shareholders present will constitute a quorum.
- 13.2 The chair shall chair general meetings. If there is no chair in office for the time being, or the chair is unable to attend any general meeting, the Directors present (or, if no Directors are present, the meeting) must appoint another Director present at the meeting (or, if no Directors are present, a Shareholder) to chair the meeting and the appointment of the chair of the meeting must be the first business of the meeting.
- 13.3 A resolution put to the vote of a meeting shall be decided on a show of hands unless before, or on the declaration of the result of, the show of hands, a poll is duly demanded. Subject to the provisions of the Companies Act, a poll may be demanded at any general meeting by the chair, or by any Shareholder present in person or by proxy and entitled to vote or by a duly authorised representative of a corporation which is a Shareholder entitled to vote. In the case of an equality of votes, whether on a show of hands or on a poll, the chair shall not have a casting vote.
- 13.4 An instrument appointing a proxy and any authority under which it is executed or a copy of such authority certified notarially or in some other way approved by the Board must be delivered to the registered office of the Company not less than 48 hours before the time appointed for the holding of the meeting (or any adjournment of that meeting) or to the place of the meeting at any time before the time appointed for the holding of the meeting (or any adjournment of that meeting). A notice revoking the appointment of a proxy must be given in accordance with the Companies Act.

14 Voting

- 14.1 The voting rights attached to Shares shall be:
- 14.1.1 on a written resolution, every Shareholder holding one or more Shares shall have one vote for each Share held by it; and

14.1.2 on a resolution to be passed at a general meeting of the Company, every Shareholder present in person or by proxy or by a representative shall have:

14.1.2.1 on a show of hands, one vote each; and

14.1.2.2 on a poll, one vote for each Share of which it is the holder.

15 Financing of purchase of own shares

15.1 Subject to the Companies Act, the Company may purchase its own Shares to the extent permitted by section 692(1ZA) of the Companies Act.

16 Notices

16.1 Subject to the specific terms of these Articles, any notice to be given to or by any person pursuant to these Articles (other than a notice calling a meeting of the Board or a committee thereof) shall be in writing.

16.2 Any Shareholder Communication may be served by the Company on, or supplied by the Company to, a Shareholder or other person:

16.2.1 personally;

16.2.2 by sending it by first-class post in a pre-paid envelope addressed to such Shareholder or other person at their postal address (as appearing in the Company's register of members in the case of Shareholders); or

16.2.3 except in the case of share certificates or a notice to be given under Article 9 to 12 (inclusive) sending or supplying it:

16.2.3.1 in electronic form (as specified by section 1168(3) of the Companies Act and otherwise complying with the requirements of section 1168); or

16.2.3.2 by website communication in accordance with the provisions of the Companies Act and the Electronic Communications Act 2000.

16.3 In the case of a Shareholder Communication validly:

16.3.1 sent by post, proof that an envelope containing the communication was properly addressed, pre-paid and posted shall be conclusive evidence that it was sent and it shall be deemed to be given or received at the expiration of 48 hours after the envelope containing it was posted;

16.3.2 sent in electronic form, it shall be deemed to have been given on the same day as it was sent to the address supplied by the Shareholder; and

16.3.3 made by website communication, it shall be deemed to have been received when it was first made available on the website or, if later, when the recipient received (or is deemed to have received) notice of the fact that it was available on the website.

16.4 In the case of joint holders of a Share, all Shareholder Communications shall be sent or supplied to the joint holder who is named first in the register, and a Shareholder Communication so sent or supplied shall be deemed sent or supplied to all joint holders.

16.5 A Shareholder who has not supplied to the Company either a postal or an electronic address for the service of notices shall not be entitled to receive notices from the Company.

17 Indemnity and Insurance

Subject to, and on such terms as may be permitted by the Companies Act, the Company may:

- 17.1 indemnify, out of the assets of the Company, any Director of the Company against all losses and liabilities which they may sustain or incur in the performance of the duties of their office or otherwise in relation thereto;
- 17.2 provide a Director with funds to meet expenditure incurred or to be incurred by them in defending any civil or criminal proceedings brought or threatened against them or in defending themselves in an investigation by a regulatory authority or against action proposed to be taken by a regulatory authority, in either case in connection with any alleged negligence, default, breach of duty or breach of trust by them in relation to the Company or another Group Company and the Company shall be permitted to take or omit to take any action or enter into any arrangement which would otherwise be prohibited under the Companies Act to enable a Director to avoid incurring such expenditure; and
- 17.3 purchase and maintain insurance for any Director or any director of any other Group Company against any liability attaching to any such person in connection with any negligence, default, breach of duty or breach of trust by them in relation to the Company or any such Group Company.