

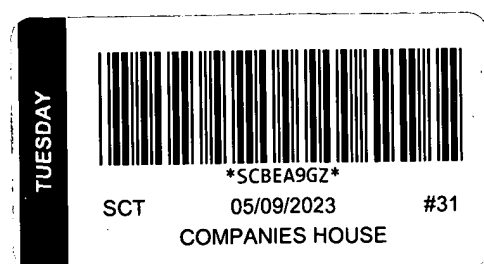
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ARTICLES OF ASSOCIATION

PANDA HOLDINGS LIMITED  
(REGISTERED NUMBER SC539910)

(Adopted ~~30 August~~ 2023 2023)

2023  
SR9/AEB/46804/00001



**ARTICLES OF ASSOCIATION**  
**of**  
**PANDA HOLDINGS LIMITED**  
**(Registered Number SC539910)**  
**A PRIVATE LIMITED COMPANY**  
**incorporated under**  
**THE COMPANIES ACTS**  
**(ADOPTED 30 August 2023)**

**1 Definitions and Interpretation**

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

**"Accountants"** means the accountants of the Company from time to time;

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

**"Acting in Concert"** shall have the meaning given to it in the City Code on Takeovers and Mergers from time to time;

**"Articles"** means these articles of association constituted by the following regulations, together with any duly authorised amendments or alterations from time to time, and the term **"Article"** shall be a reference to a regulation contained in these Articles;

**"Associated Company"** shall have the meaning given to it in the Act;

**"Bad Leaver"** means a person who ceases (i) employment with the Company or any Group Member of the Company or (ii) holding the office of Director or consultant of the Company or any Group Member of the Company, other than as a Good Leaver;

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

**"Business Day"** means any day from Monday to Friday inclusive which is not a local, public or statutory holiday in Scotland;

**"Circulation Date"** means the earliest date on which a proposed written resolution is communicated in hard copy or electronic form (including without limitation by electronic mail or by publication on a website) to every eligible member who is entitled to receive such communication;

**"Company"** means Panda Holdings Limited, a company incorporated in Scotland (company number SC539910) and having its registered office at 104 Park Road, Rosyth, Dunfermline, Fife, KY11 2JL;

**"Companies Acts"** means the Companies Acts (as defined in section 2 of the Act), in so far as they apply to the relevant company;

**"Compulsory Transferor"** means a member (including any joint holder) required to transfer his shares in accordance with Article 7.1 and **"Compulsory Transfer"** shall be construed accordingly;

**"Control Percentage"** means 50% or more of the issued share capital;

**"Controlling Interest"** means an interest in the Control Percentage or more of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring the right to attend and vote at all general meetings;

**"Deemed Transfer Notice"** shall have the meaning given to it in Article 7.1;

**"Director"** means a director of the Company or any alternate director duly appointed in accordance with these Articles;

**"Eligible Director"** means a Director who would be entitled to vote on the matter at a meeting of Directors (but excluding any Director whose vote is not to be counted in respect of the particular matter), as determined in particular in accordance with article 14 of the Model Articles;

**"Fair Value"** means the fair value of any shares to be valued (the **"valued shares"**) calculated by the Valuer on the basis of the value of the whole Company and shall be based on the following assumptions:-

- (a) an arm's length sale between a willing seller and a willing buyer;
- (b) if the Company is carrying on a business as a going concern, on the assumption that it will continue to do so;
- (c) that the said valued shares are capable of being transferred without restriction;
- (d) that no account is taken of any outstanding loan notes granted by the Company in favour of James Wilson on or around the date of adoption of these Articles;
- (e) that no account is taken of the proportion which the said valued shares bear to the total number of shares in issue; and
- (f) that no account is taken of the proportion which the said valued shares bear to the total number of shares of the same share class in issue,

declaring that the Fair Value of each valued share shall be calculated by dividing the Fair Value of all the, valued shares by the total number of the valued shares;

**"Final Determination"** means the decision of a court or tribunal from which either no appeal lies or in respect of which no appeal is made within the prescribed time limit for appeals to be made, and **"Finally Determined"** shall be construed accordingly;

**"Founders"** James Wilson, residing at Oakbank, 91 Rose Street, Dunfermline, KY12 OQT and Mark Wilson, residing at 42 Kingseat Road, Dunfermline, KY12 ODD;

**"Good Leaver"** means a person who ceases (i) employment with the Company or any Group Member of the Company or (ii) holding the office of Director or consultant of the Company or any Group Member of the Company in any of the following situations:-

- (a) by reason of wrongful dismissal of the employee;
- (b) by reason of the employee leaving employment for reasons of ill health or disability as certified to the Board's reasonable satisfaction by an independent;

- (c) by reason of the unfair dismissal (including constructive unfair dismissal) of the employee;
- (d) by reason of the dismissal of the employee by reason of redundancy;
- (e) by reason of the death of the employee, Director or consultant (as the case may be);
- (f) by reason of the retirement of the employee, Director or consultant with the agreement of the Board; and
- (g) where such cessation occurs after the second anniversary of the date of adoption of these Articles or the date of commencement of employment or holding of office;

**"Group Member"** means any holding company, subsidiary company, wholly-owned subsidiary company or a parent company, in each case as defined in the Act;

**"Issued Amount"** means £481,354.00 divided into 100 Ordinary Shares and 481,254 Preference Shares;

**"member"** means a person registered as a member in the register of members of the Company;

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

**"Option Agreement"** means the option agreement between James Wilson, Lloyd Duncan Mair and Richard William Brown, dated on or around the date of adoption of these Articles;

**"Ordinary Shares"** means ordinary shares of £1.00 each in the share capital of the Company;

**"Preference Shares"** means preference shares of £1.00 each in the share capital of the Company;

**"shares"** means Ordinary Shares and/or Preference Shares (as the case may be) in the share capital of the Company;

**"Subscription Price"** means, in respect of each share, the price per share (including any premium) paid in cash or otherwise to the Company for the subscription of such share;

**"Total Transfer Condition"** shall have the meaning given to it in Article 6.2; and

**"Valuer"** means the Accountants, unless they decline to act and in such an instance the valuer shall instead be appointed by the President for the time being of the Institute of Chartered Accountants of Scotland.

- 1.2 Words importing the singular include the plural and vice versa.
- 1.3 Words importing a particular gender include any gender.
- 1.4 References to a "person" include any natural person, or any legal person, body or organisation, incorporated or unincorporated.

- 1.5 The headings in these Articles are for convenience only and shall not affect the construction of these Articles.
- 1.6 Words and expressions defined in the Act shall bear the same meanings in these Articles.
- 1.7 Unless provision is made to the contrary, references to any statute or statutory provision includes a reference to:
  - 1.7.1 that statute or statutory provision as from time to time amended, extended, re-enacted or consolidated whether before or after the date of adoption of these Articles; and
  - 1.7.2 all statutory instruments or orders made pursuant to it.

## 2 Model Articles

- 2.1 The Model Articles shall apply to the Company except in so far as they are excluded or varied by or are inconsistent with these Articles.
- 2.2 Articles 11(2), 12, 17(1), 23, 24(2)(d), 24(5)(a), 48(2), 48(3), 49, 52 and 53 of the Model Articles shall not apply to the Company.
- 2.3 The following amendments shall be made to the articles of the Model Articles in so far as they apply to the Company:-
  - 2.3.1 in article 9(1) of the Model Articles, by the insertion of the phrase "not less than five Business Days" in the first sentence between the words "giving" and "notice";
  - 2.3.2 in article 20 of the Model Articles, by the insertion of the phrase "(including alternate directors) and the secretary" in the first sentence between the words "directors" and "properly incur";
  - 2.3.3 in article 22(1) of the Model Articles, by the amendment to the reference to "ordinary resolution" to read "special resolution"; and
  - 2.3.4 in article 31(1) of the Model Articles, by the deletion of all occurrences of the phrase "either in writing or as the directors may otherwise decide" and by the substitution, in its place, of the phrase "in writing".

## 3 Share Capital

- 3.1 Notwithstanding any other provision of these Articles, the issued share capital of the Company on the date of adoption of these Articles consists of the Issued Amount. Save to the extent authorised from time to time by an ordinary resolution of the members, the Directors shall not exercise any power to allot shares or to grant rights to subscribe for, or to convert any security into, any shares in the Company. Section 550 of the Act shall not apply to the Company.
- 3.2 The Company may at its sole discretion recognise and record the holding of a share by a person on trust, or in the names of trustees, but unless specifically recognised by the Company as such a holding, the Company shall not be bound by, or obliged to recognise, any interest in any share except for the absolute rights of the holder named in the register of members.
- 3.3 Subject to Article 3.4, any shares of the Company for the time being unissued and any new shares from time to time to be created shall be offered to existing members in strict proportion to the number of shares held by them at that time. The offer shall

be made by notice to each member specifying the number of shares offered and stating a period (not being less than 21 days) within which the offer if not accepted by notice to the Company shall be deemed to be declined. Following expiry of such period or receipt of notice of the acceptance or refusal of every offer made hereunder the Directors may dispose of any shares not accepted by the members in such manner as they think most beneficial to the Company provided that such shares shall not be disposed of on terms which are more favourable to the allottee than the terms on which they were offered to the members hereunder.

- 3.4 Article 3.3 shall not apply to any shares which the Company may at any time by special resolution declare shall not be subject to the provisions of Article 3.3.
- 3.5 Pursuant to the Act, all statutory rights of pre-emption shall be excluded from applying to the Company. In accordance with section 567(1) of the Act, sections 561 and 562 of the Act shall not apply to an allotment of equity securities (as defined in section 560(1) of the Act) made by the Company.
- 3.6 Subject to the provisions of the Act, the Company shall be authorised to buy back shares using the Company's cash.

#### 4 Lien

The Company shall have a first and paramount lien on every share for all moneys, whether presently payable or not, called or payable at a fixed time in respect of that share, and the Company shall also have a first and paramount lien on all shares registered in the name of any person, whether solely or jointly with others, for all moneys owing to the Company from that person, or that person's estate, either alone or jointly with any other person, whether as a member, or not, and whether such moneys are presently payable or not. The Directors may at any time declare any share to be wholly or partly exempt from the provisions of this Article.

#### 5 Transfer of Shares

- 5.1 The Directors shall refuse to register any transfer of shares made in contravention of the provisions of these Articles.
- 5.2 The Directors shall register a transfer of shares made pursuant to Article 6, Article 7 or pursuant to the Option Agreement.

#### 6 Pre-Emption Rights on Transfer

- 6.1 Except in the case of a transfer expressly authorised by Article 5.2, no person shall be entitled to dispose of any interest in any shares without first offering such shares for transfer to the holders of other shares in the Company.
- 6.2 The offer shall be made by the proposing transferor(s) (the "**Transferor**") by notice in writing to the Company (a "**Transfer Notice**") and may be in respect of all or some only of the shares held by the Transferor (the "**Offer Shares**"). The Transfer Notice shall specify the Offer Shares and the price at which they are offered for sale (the "**Suggested Price**") and shall constitute the Directors as the agents of the Transferor for the sale of the Offer Shares in accordance with these Articles. A Transfer Notice may contain a provision that unless all the Offer Shares are sold under this Article, none shall be sold (a "**Total Transfer Condition**"). A Transfer Notice may not be revoked unless (i) it contains a Total Transfer Condition, or (ii) all the members of the Company (other than the Transferor) agree in writing that it may be revoked, or (iii) permitted in terms of Article 6.5. This Article 6.2, together with Articles 6.3 and 6.4, shall not apply to any Compulsory Transfer, and instead Articles 7.1 to 7.6 shall apply.
- 6.3 Within 7 days after a Transfer Notice (other than a Deemed Transfer Notice) is received by the Company, the Directors shall give notice to all the holders of shares in the Company (other than the Transferor) of the number and description of the Offer

Shares and the Suggested Price, inviting each such holder to notify the Company within 21 days (a) if he requires the Offer Shares to be valued (such notification being a **"Valuation Notice"**) and (b) if he does not so require whether he is willing to purchase any and, if so, what maximum number, of Offer Shares at the Suggested Price.

- 6.4 If on or before the expiry of the 21 day period referred to in Article 6.3, the Directors shall receive a Valuation Notice requesting a valuation then the Directors shall instruct a Valuer as soon as reasonably practicable thereafter to determine the Fair Value of the Offer Shares, acting as an expert and not an arbiter, and to produce a certificate stating such value (a **"Certificate of Fair Value"**) within 14 days of being instructed to do so. If the Directors do not receive a Valuation Notice within the relevant period, then the Suggested Price of the Offer Shares shall be (the **"Purchase Price"**), and Article 6.8 shall apply accordingly.
- 6.5 Within 7 days of receipt by the Directors of the Certificate of Fair Value (whether pursuant to Article 6.4 or 7.6), the Directors shall send a copy thereof to the Transferor; declaring that the Transferor (other than a Compulsory Transferor) shall be entitled to revoke the Transfer Notice by notice in writing to the Directors within 7 days from the date of service upon the Transferor of such copy.
- 6.6 The cost of obtaining a Certificate of Fair Value shall be borne by the Company, unless (i) the Transferor revokes the Transfer Notice in accordance with Article 6.5 in which case the Transferor shall bear such cost or (H) the Compulsory Transferor notifies the Company that the Compulsory Transferor objects to the calculation of the Fair Value in accordance with Article 6.5 in which case the Compulsory Transferor shall bear such cost.
- 6.7 In the case of a Transfer Notice (other than a Deemed Transfer Notice), unless the Transfer Notice is revoked by the Transferor in accordance with Article 6.5, the Directors shall give notice to all the holders of shares in the Company (other than the Transferor) of the lower of (i) the Suggested Price and (ii) the Fair Value as determined by the Valuer (the **"Purchase Price"**), and in each case the number and description of the Offer Shares, inviting each such holder to notify the Company within 21 days whether he is willing to purchase any and, if so, what maximum number, of Offer Shares at the Purchase Price.
- 6.8 On the expiry of the 21 day period referred to in Article 6.3 or, if a Certificate of Fair Value has been obtained, the expiry of the 21 day period referred to in Article 6.7, the Directors shall allocate the Offer Shares to those members who have applied to purchase the Offer Shares, and in the event of competition amongst members such allocation shall be in accordance with Article 6.9. If the Transfer Notice contains a Total Transfer Condition, no allocation of the Offer Shares shall be made under this Article 6.8 or Article 6.9 unless as a result of such allocation combined with the purchase of Offer Shares by the Company pursuant to Article 6.13, all the Offer Shares will be sold.
- 6.9 If the aggregate number of Offer Shares for which members have applied exceeds the number of Offer Shares available, priority shall be given to those members holding shares of the same class as the Offer Shares, and the allocation shall be made so far as practicable in proportion to the nominal amount of the share capital of that class held by each of those members but shall not in the case of any member exceed the number of Offer Shares for which he has applied. Thereafter, any Offer Shares remaining unallocated shall be allocated amongst the holders of other classes of shares so far as practicable in proportion to the nominal amount of share capital of the Company held by each of those members but shall not in the case of any member exceed the number of Offer Shares for which he has applied.
- 6.10 On the allocation being made, the Directors shall give details of the allocation in writing to the Transferor and to each member who has stated his willingness to

purchase and, on the seventh day after such details are given, the members to whom the allocation has been made shall be bound to pay the Purchase Price for, and to accept a transfer of, the Offer Shares allocated to them respectively and the Transferor shall be bound, on payment of the Purchase Price, to transfer the Offer Shares to the respective purchasers.

- 6.11 If in any case a Transferor, after having become bound to transfer any shares to a purchaser, shall make default in transferring the Offer Shares, the Directors may authorise any Director to execute on behalf of and as attorney for the Transferor any necessary transfer documentation and may receive the Purchase Price and shall thereupon cause the name of the purchaser to be entered in the register as the holder of the Offer Shares and hold the Purchase Price in trust for the Transferor. The receipt by the Directors of the Purchase Price shall be a good discharge to the purchaser and after the name of the purchaser has been entered in the register of members of the Company the validity of the transfer to the purchaser may not be questioned by the Transferor.
- 6.12 Where more than one member has stated his willingness to purchase Offer Shares and through no default of the Transferor such purchase is not duly completed, the Directors shall forthwith notify all the other members who have stated their willingness to purchase Offer Shares and if, within 7 days of such notice being given, those other members shall not between them duly complete the purchase of the Offer Shares in respect of which there has been default in completion, the provisions of Article 6.13 shall apply.
- 6.13 Following the expiry of the latest applicable of (i) the 21 day period referred to in Article 6.3 or 00 if a Certificate of Fair Value has been obtained, the 21 day period referred to in Article 6.7 or (iii) the 7 day period referred to in Article 6.12 (in all cases the "**Relevant Expiry Date**"), if any of the Offer Shares have not been allocated:-
- 6.13.1 the Directors may within 7 days of the Relevant Expiry Date determine that the Company shall, if it is permitted to do so under the Act, attempt to purchase some or all of the Offer Shares itself at the Purchase Price (the "**Determination**");
- 6.13.2 the Directors shall have a period of 60 days from the date of any such Determination to (i) obtain from the Transferor any necessary consents and authorities including any required under the Act for any such purchase by the Company and 00 to complete any such purchase;
- 6.13.3 in the event that a Transferor either (i) refuses to sign any document necessary to enable the purchase of some or all of the Offer Shares by the Company or (ii) fails to respond to the Directors within 14 days of any such request (in accordance with Article 6.13.2), the Directors may authorise any Director to execute on behalf of and as attorney for the Transferor any such document and may receive the Purchase Price and hold the Purchase Price in trust for the Transferor; provided that if the Transfer Notice contains a Total Transfer Condition, the Directors may only so authorise any Director if all the Offer Shares will as a result be sold; and
- 6.13.4 the receipt by the Directors of the Purchase Price shall be a good discharge to the Company and after the Offer Shares purchased by the Company have been cancelled, the Transferor may not question the validity of the purchase.

## 7 **Compulsory Transfers**

- 7.1 Where any of the following events occurs after the date of adoption of these Articles in relation to a member (a "**Compulsory Transferor**"), the member in question shall



be deemed to have immediately given a provisional notice of transfer (a "**Deemed Transfer Notice**") in respect of all the shares as then registered in the name of such member and all of the shares as then beneficially owned or controlled by that member (the "**Offer Shares**"):-

7.1.1 in relation to a member being an individual:-

- 7.1.1.1 such member is adjudicated bankrupt; or
- 7.1.1.2 such member (i) is suffering from a mental disorder as referred to in articles 18(d) of the Model Articles; or (ii) a court makes an order, by reason of that member's mental health, which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- 7.1.1.3 such member dies;
- 7.1.1.4 subject to Clause 7.10, such member reaching the age of 65 years old; or
- 7.1.1.5 such member ceases to be a director and/or employee and/or consultant of the Company or of any Group Member of the Company where such member does not remain acting in any other of such capacities in relation to the Company or any such Group Member (as an employee, Director or consultant).

7.1.2 in relation to a member being a body corporate:-

- 7.1.2.1 a receiver, manager or administrative receiver is appointed in respect of such member or over all or any part of its undertaking or its assets; or
- 7.1.2.2 such member enters into liquidation (other than a voluntary liquidation for the purposes of a bona fide scheme of solvent amalgamation or reconstruction); Or
- 7.1.2.3 such member ceases to be controlled (as defined by Sections 450-451 of the Corporation Tax Act 2010) by the person(s) who controlled such member on the date, on which it became the member of the Company or the date of adoption of these Articles (whichever is later).

7.2 The Deemed Transfer Notice shall be deemed to constitute the Directors as the agents of the Compulsory Transferor for the sale of the Offer Shares in accordance with these Articles and it shall confer upon the Directors the authority to implement a Compulsory Transfer of the Offer Shares, subject to the passing of a Board resolution or otherwise in accordance with Article 7.3. A Deemed Transfer Notice cannot contain a Total Transfer Condition and may not be revoked by the Compulsory Transferor.

7.3 The Deemed Transfer Notice may be enforced by the Directors, if the Directors pass a resolution to that effect, by written notice to the Compulsory Transferor at any time within a period of eighteen months from the date of the event which results in a Deemed Transfer Notice. After expiry of this period, the Deemed Transfer Notice may not be enforced, but the provisions of Article 7.9 continue to apply. The Directors must enforce a Deemed Transfer Notice at the written request of the Majority Members (excluding the member(s) whose shares are subject of a Deemed Transfer Notice) without the need for any further resolution of the Directors. Immediately upon written notice having been served upon the Compulsory Transferor (or such written request

being served upon the Directors), the provisions of Articles 7.4 to 7.9 shall apply and the provisions of Article 6 shall apply to any Deemed Transfer Notice as if it were a Transfer Notice, subject always to the overriding effect of Articles 7.4 to 7.9.

- 7.4 In the event that a Compulsory Transferor makes an application to an employment tribunal within any applicable time period for the making of such application, the Deemed Transfer Notice shall continue to apply but the application of the remaining provisions of Article 7 shall be suspended until the application has been Finally Determined.
- 7.5 The Deemed Transfer Notice shall be deemed to specify the price at which the Offer Shares are offered for sale ("**Suggested Price**"), which price shall be calculated as follows:-
- 7.5.1 where the Deemed Transfer Notice relates to a Compulsory Transferor (pursuant to Article 7.1.1.5) who was a Bad Leaver, the Suggested Price shall be the lower of (i) par value of the shares and (ii) the Fair Value; and
- 7.5.2 where the Deemed Transfer Notice relates to a Compulsory Transferor (pursuant to Article 7.1.1.5) who was a Good Leaver, the Suggested Price shall be the price agreed by the Compulsory Transferor and the Directors, or if the Compulsory Transferor and the Directors are unable to agree in writing a price within 21 days of the Directors giving notice pursuant to Article 7.3 (or a written request being served upon the Directors pursuant to Article 7.3, whichever is the earlier) the Suggested Price shall be the Fair Value; and
- 7.5.3 in all other circumstances, the Suggested Price shall be the Fair Value.
- 7.6 In the event that a valuation of the Offer Shares is required in terms of Article 7.5, the Directors shall instruct the Valuer, acting as an expert and not as an arbiter, (i) to determine the Fair Value of the Offer Shares as at the date of the event giving rise to the Deemed Transfer Notice, whereby in the case of a Deemed Transfer Notice arising under Articles 7.1.1.5 (other than on account of death), account shall be taken in assessing the Fair Value of the effect of the relevant person ceasing to be an employee, Director or consultant, and (ii) to produce a certificate stating such value (a "**Certificate of Fair Value**") within 30 days of being instructed to do so.
- 7.7 Any obligation to transfer a share under the provisions of this Article 7 shall be deemed to be an obligation to transfer the entire legal and beneficial interest in such share free from any lien, charge or other encumbrance.
- 7.8 The provisions of this Article 7 may be waived in whole or in part in any particular case with the prior written consent of the members (excluding the member(s) whose shares are subject of a Deemed Transfer Notice), and in particular:-
- 7.8.1 the application of this Article 7 to all or some of the relevant Offer Shares may be waived; and
- 7.8.2 at the request of the Directors, an alternate arrangement in respect of any Offer Shares held by a Compulsory Transferor may be approved.

provided that any waiver shall not result in the Compulsory Transferor being more adversely treated than had such waiver not been made.

7.9 The holders of any shares which are the subject of a Deemed Transfer Notice or Compulsory Transfer:-

- 7.9.1 shall, in relation to such shares, be entitled to receive notice of and to attend general meetings of the Company;
- 7.9.2 shall, in relation to such shares, have no right to vote thereat or sign any written resolutions; and
- 7.9.3 shall, in relation to such shares, (i) have no right to participate in any other offer round of shares (pursuant to Articles 6 or 7) and (ii) be deemed to waive any rights of pre-emption accordingly,

declaring that all voting rights attached to such shares which are the subject of a Deemed Transfer Notice shall be suspended forthwith (with effect from the sooner to occur of the Deemed Transfer Notice or Compulsory Transfer) until such time as (i) the transfer of those shares is completed (being, for the avoidance of doubt, the registration of the transferee's name in the register of members in respect of those shares) in accordance with these Articles, or (ii) the provisions of Article 7 are waived in respect of such Deemed Transfer Notice in accordance with Article 7.8.

7.10 The provisions of Article 7.1.1.4 may be waived in whole or in part in any particular case at the absolute discretion of the Board.

7.11 This Article 7 shall not apply to the Founders.

## 8 Sale by Majority — Drag Along Rights

8.1 Notwithstanding any other Article but subject to Article 8.3, where any person or persons (an "**Offeror**") makes a Qualifying Offer (as hereinafter defined) and this is to be accepted by the Majority Members (as hereinafter defined), the Majority Members may by notice in writing (a "**Drag Along Notice**") to the other members of the Company ("**Minority Members**") require the Minority Members to (i) forthwith accept such Qualifying Offer, and (ii) transfer all of their shares free from all charges, liens, encumbrances and other third party rights to the Offeror at the same time as the Majority Members transfer all of their own shares to the Offeror. The Drag Along Notice shall specify the intended date of completion of the transfer of the shares pursuant to the Qualifying Offer, being a date not less than 15 Business Days following the date of the Drag Along Notice ("**Drag Along Completion Date**"). The Majority Members shall also serve the Drag Along Notice on all holders of options to acquire shares in the Company.

8.2 A Drag Along Notice is irrevocable but the Drag Along Notice and all obligations thereunder shall lapse if for any reason the sale of the shares of the Majority Members pursuant to Article 8.1 does not complete within 60 days after the date of the Drag Along Notice.

8.3 Upon any person, following the issue of a Drag Along Notice, becoming a member of the Company pursuant to the exercise of a pre-existing option to acquire shares in the Company or otherwise (a "**New Member**"), a Drag Along Notice shall be deemed to have been served upon the New Member on the same terms as the previous Drag Along Notice and the New Member shall thereupon be bound to sell and transfer all such shares acquired by him to the Offeror and the provisions of this Article 8 shall apply to the New Member (and the New Member shall be deemed to be a "**Minority Member**" for the purposes of this Article 8).

8.4 In the event that any Minority Member fails to accept such Qualifying Offer or having accepted such Qualifying Offer fails to execute and deliver any of the documents required to effect any transfer of shares pursuant thereto on or before the later of (i) 30 days after receipt or deemed receipt of the Qualifying Offer or (ii) the Drag Along

Completion Date, such Minority Member shall be deemed to have irrevocably appointed any of the Directors to be his agents and attorneys for the purposes of accepting such Qualifying Offer and/or transferring all of that Minority Member's shares (as the case may) and executing and delivering any such documents. The provisions of Article 6.11 shall have effect as if such Minority Member was the Transferor and the Offeror was the purchaser.

8.5 For the purposes of this Article 8:-

**"Majority Members"** means members holding shares conferring in aggregate more than 70% of the total voting rights conferred by all the shares in the capital of the Company for the time being in issue and conferring the right to attend and vote at all general meetings of the members of the Company;

**"Qualifying Offer"** means an offer which:

- (i) is made on identical or substantially similar terms to all members (and all holders of options to acquire shares in the Company in the event that they become New Members) as to the price and terms and conditions as to the payment of price; and
- (ii) specifies a price which is not less than the Fair Value of each share.

8.6 The determination of the Fair Value pursuant to condition (ii) of the definition of Qualifying Offer in Article 8.5 may be referred by the Company to an independent expert (acting as an expert and not as an arbiter and whose decision shall be final and binding) nominated by the President for the time being of the Institute of Chartered Accountants of Scotland and acting at the expense of the Company. In the event that the calculation of the Fair Value by the independent expert appointed pursuant to this Article 8.6 differs from the calculation of the Fair Value by the independent expert appointed pursuant to this Article; then the Fair Value for the purposes of the Qualifying Offer shall be the average of such Fair Value calculations.

8.7 For the avoidance of doubt, the provisions of Article 6 do not apply in the event of any acquisition of shares pursuant to this Article 8.

8.8 If this Article 8 is invoked by the holders of Ordinary Shares against the holders of Preference Shares, the holders of the Preference Shares shall only be entitled to receive the nominal value of £1.00 each for each Preference Share they may sell pursuant to this Article 8 and they shall not be entitled to any further share of the sale proceeds.

## 9 Proceedings at General Meetings

9.1 If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, and such meeting was convened on the requisition of members, then the chairman of the meeting must dissolve the meeting.

9.2 The quorum for a general meeting will be two members, except in the case of there only being one member in which case the quorum shall be one member.

9.3 If the persons attending an adjourned general meeting within half an hour of the time at which the adjourned meeting was due to start do not constitute a quorum, then the members present shall be a quorum.

9.4 On a show of hands or on a poll, votes may be given either personally or by proxy, or if a corporation, by its duly authorised representative.

## 10 Written Resolutions

- 10.1 Where a resolution is to be proposed as a written resolution and such written resolution is accepted by or on behalf of:-

10.1.1 in the case of an ordinary resolution, over 50%; and

10.1.2 in the case of a special resolution, 75% or more,

of the members who would be entitled to receive notice of and to attend and vote at a general meeting at which such resolution was to be proposed shall, subject always to the provisions of the Act from time to time, be valid, effectual and binding on all of the members of the Company. Any such written resolution may consist of several documents in materially the same form, each accepted by or on behalf of the requisite number of members. Acceptance of a written resolution shall be in terms of the procedure set out in section 296 of the Act. In the case of a corporation which is a member of the Company, acceptance (following section 296 of the Act) by a director or its secretary or by a duly appointed and authorised attorney or representative shall be sufficient.

- 10.2 A proposed written resolution circulated to the members shall lapse if it is not passed by the requisite number of members before the expiration of three months from the Circulation Date stated on the proposed written resolution.

## 11 Number of Directors

- 11.1 Unless otherwise determined by ordinary resolution of the Company, the number of Directors shall not be subject to any maximum and the minimum number of directors shall be one.

- 11.2 A Director shall not be required to hold any share in the Company in order to qualify for office as a Director. A Director, whether or not the Director holds any share in the Company, shall be entitled to attend and speak at any general meeting, or any meeting of any class, of the members of the Company.

- 11.3 Any director who is willing to act as the chair of their meetings may be appointed to the chair by:-

11.3.1 an ordinary resolution; or

11.3.2 a decision of the directors which is approved in advance in writing by the members,

and the person so appointed for the time being is known as the chairman.

- 11.4 If the chairman is not participating in a directors' meeting within ten minutes of the time at which it was to start, the participating directors may, with the prior consent of the members, appoint one of themselves to chair it.

## 12 Alternate Directors

- 12.1 Any Director ("Appointor") may appoint as an alternate any other Director, or any other person approved by resolution of the Directors, to exercise that Director's powers and carry out that Director's responsibilities, in relation to the taking of decisions by the Directors in the absence of the alternate's Appointor.

- 12.2 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.

- 12.3 Any notice relating to an alternate must identify the proposed alternate and, in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the Director giving the notice.
- 12.4 An alternate Director may act as alternate Director to more than one Director and has the same rights in relation to any decision of the Directors as the alternate's Appointor.
- 12.5 Except as the Articles specify otherwise, alternate Directors are deemed for all purposes to be Directors, are liable for their own acts and omissions, are subject to the same restrictions as their Appointers, are not deemed to be agents of their Appointers and, in particular (without limitation), each alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his Appointor is a member.
- 12.6 A person who is an alternate Director but not a Director:-
- 12.6.1 may be counted as participating for the purposes of determining whether a quorum is present (but only if that person's Appointor is not participating);
  - 12.6.2 may participate in a unanimous decision of the Directors (but only if his Appointor is an Eligible Director in relation to that decision, but does not participate); and
  - 12.6.3 shall not be counted as more than one Director for the purposes of Articles 12.6.1 and 12.6.2.
- 12.7 A Director who is also an alternate Director is entitled, in the absence of his Appointor, to a separate vote on behalf of his Appointor, in addition to his own vote on any decision of the Directors (provided that his Appointor is an Eligible Director in relation to that decision), but shall not count as more than one Director for the purposes of determining whether a quorum is present.
- 12.8 An alternate Director is not entitled to receive any remuneration from the Company for serving as an alternate Director except such part of the alternate's Appointer's remuneration as the Appointor may direct by notice in writing made to the Company.
- 12.9 An alternate Director's appointment as an alternate terminates:-
- 12.9.1 when the alternate's Appointor revokes the appointment by notice to the Company in writing specifying when it is to terminate;
  - 12.9.2 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 Appointer's appointment as a Director;
  - 12.9.3 on the death of the alternate's Appointor; or
  - 12.9.4 when the alternate's Appointer's appointment as a Director terminates.

### **13 Appointment of Directors**

- 13.1 The Company may appoint a person who is willing to act as a Director, either to fill a vacancy or as an additional Director, by an ordinary resolution.

#### 14 **Proceedings of Directors**

- 14.1 A sole Director shall have and may exercise all the powers of, and the full authority conferred on, the Directors in terms of these Articles, and all references to the Directors in the Articles and Model Articles shall be construed accordingly.
- 14.2 The quorum for the transaction of business of the Directors shall be two Directors, except in the case of a sole Director, when the quorum shall be one.
- 14.3 The chairman will not have a casting vote if the votes for and against a proposal or resolution are equal.

#### 15 **Directors' Conflict of Interest**

- 15.1 The Directors may, in accordance with the requirements set out in this Article, authorise any matter or situation proposed to them by any Director which would, if not authorised, involve a Director breaching his duty under Section 175 of the Act to avoid conflicts of interest (a "**Conflict**").
- 15.2 Any authorisation under this Article will be effective only if:-
  - 15.2.1 the matter in question shall have been proposed by any Director for consideration at a meeting of Directors in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine;
  - 15.2.2 any requirement as to the quorum at the meeting of the Directors at which the matter is considered is met without counting the Director in question; and
  - 15.2.3 the matter was agreed to without his voting or would have been agreed to if his vote had not been counted.
- 15.3 Any authorisation of a Conflict under this Article may (whether at the time of giving the authorisation or subsequently):-
  - 15.3.1 extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised;
  - 15.3.2 be subject to such terms and for such duration, or impose such limits or conditions as the Directors may determine; and
  - 15.3.3 be terminated or varied by the Directors at any time.
- 15.4 This will not affect anything done by the Director prior to such termination or variation in accordance with the terms of the authorisation.
- 15.5 In authorising a Conflict the Directors may decide (whether at the time of giving the authorisation or subsequently) that if a Director has obtained any information through his involvement in the Conflict otherwise than as a Director of the Company and in respect of which he owes a duty of confidentiality to another person, the Director is under no obligation to:-
  - 15.5.1 disclose such information to the Directors or to any Director or other officer or employee of the Company; or
  - 15.5.2 use or apply any such information in performing his duties as a Director where to do so would amount to a breach of that confidence.

15.6 Where the Directors authorise a Conflict they may (whether at the time of giving the authorisation or subsequently) provide, without limitation, that the Director:-

- 15.6.1 is excluded from discussions (whether at meetings of Directors or otherwise) related to the Conflict;
- 15.6.2 is not given any documents or other information relating to the Conflict; and
- 15.6.3 may or may not vote (or may or may not be counted in the quorum) at any future meeting of Directors in relation to any resolution relating to the Conflict.

15.7 Where the Directors authorise a Conflict -

- 15.7.1 the Director will be obliged to conduct himself in accordance with any terms imposed by the Directors in relation to the Conflict; and
- 15.7.2 the Director will not infringe any duty he owes to the Company by virtue of Sections 171 to 177 of the Act provided he acts in accordance with such terms, limits and conditions (if any) as the Directors impose in respect of its authorisation.

15.8 A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.

## 16 The Seal

The Company shall not have a seal.

## 17 Indemnity

17.1 Without prejudice to any indemnity to which any person referred to in this Article 17 may otherwise be entitled, every present and former Director, alternate Director, secretary or other officer of the Company (excluding any present or former Accountants) (an "Indemnified Person") shall be indemnified by the Company against all liabilities, costs, charges and expenses incurred by him in the execution and discharge of his duties to the Company and any Associated Company, including any liability incurred by any Indemnified Person in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to be done or omitted by him as an officer or employee of the Company or an Associated Company provided that such indemnity shall not extend to any liability arising out of the fraud or dishonesty of the relevant Indemnified Person (or the obtaining of any personal profit or advantage to which the relevant Indemnified Person was not entitled) and no Indemnified Person shall be entitled to be indemnified for:

- 17.1.1 any liability incurred by him to the Company or any Associated Company of the Company as above defined;
- 17.1.2 any fine imposed in any criminal proceedings;
- 17.1.3 any sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature howsoever arising;



- 17.1.4 any amount for which he has become liable in defending any criminal proceedings in which he is convicted and such conviction has become final;
- 17.1.5 any amount for which he has become liable in defending any civil proceedings brought by the Company or any Associated Company in which a final judgment has been given against him; and
- 17.1.6 any amount for which he has become liable in connection with any application under sections 661(3) or (4) or 1157 of the Act in which the court refuses to grant him relief and such refusal has become final.

## 18 Insurance

The Company shall have power to purchase and maintain for (i) any Indemnified Person (as defined in Article 17), (ii) any director, secretary or other officer (other than any present or former Accountants) or employee of an Associated Company and (iii) any persons who are or were at any time trustees of any pension fund or employees' share scheme in which employees of any Associated Company are interested, insurance against any liability incurred by him in connection with any negligence, default, breach of duty or breach of trust (actual or purported) by him in relation to the Company or any Associated Company or any such pension fund or employees' share scheme or otherwise in connection with his duties, powers or office.

## 19 Notices

- 19.1 Subject to Article 19.1, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Act provides for documents or information which are authorised or required by any provision of the Act to be sent or supplied by or to the Company.
- 19.2 Any notice required or permitted to be given by the Company to a member shall be sufficiently given to that member if sent in a legible form by first class or express registered post ("**post**"), or airmail, or by personal delivery, including courier delivery, to the registered address of the member. A notice shall be deemed to have been received: (i) in the case of post, thirty-six hours from midnight (00.00 hrs.) on the date of posting, postage prepaid, evidenced by the relevant proof of posting; (ii) in the case of airmail; on the seventh Business Day following mailing, if mailed by airmail, postage prepaid, evidenced by the relevant proof of posting; and (iii) in the case of personal delivery, thirty minutes after the time of delivery, evidenced, where appropriate, by the couriers receipt duly counter-signed for or on behalf of the addressee. Where the deemed day of receipt of a notice is not a Business Day or where deemed receipt occurs at the place of delivery on a Business Day but after 1800hrs, that notice shall be deemed to have been received at 0930hrs on the next Business Day.
- 19.3 Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being:
- 19.4 A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than as expressly required in these Articles.

## 20 Governing Law

These Articles shall be governed by, and construed in accordance with, the Law of Scotland and the Company, its officers and its members, from time to time, prorogue the non-exclusive jurisdiction of the Scottish Courts.

## **21 Rights attaching to the Preference Shares**

The rights attaching to the Preference Shares shall be as follows:-

### **21.1 Income**

The holders of the Preference Shares will be entitled to receive by way of dividend from the Company (out of its distributable profits) £0.05 per Preference Share per annum on a non-cumulative basis, unless the Directors may from time to time determine in their sole discretion that a different amount be distributed (or no amount at all be distributed) by way of dividend to the holders of the Preference Shares.

### **21.2 Capital**

On a return of assets on liquidation or otherwise the balance of assets of the Company remaining after payment of its liabilities shall be distributed first to the holders of the Preference Shares (in proportion to the amounts paid up or credited as paid up on their Preference Shares) and thereafter to the holders of the Ordinary Shares (in proportion to the amounts paid up or credited as paid up on their Ordinary Shares).

### **21.3 Voting**

The holders of the Preference Shares shall not be entitled to receive notice of or to attend and vote at any general meeting of the Company.

### **21.4 Redemption**

The Preference Shares shall not be redeemable.