

COMPANY NUMBER: SC241463

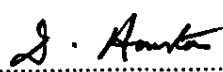
PRIVATE COMPANY LIMITED BY SHARES
WRITTEN RECORD OF THE SOLE MEMBER
OF
PROQUIP HOLDINGS LIMITED
(the "Company")

Pursuant to section 357 of the Companies Act 2006, the sole member of the Company has passed, by way of a written record of the sole member, the following resolution as a special resolution.

Special resolution

"That the articles of association annexed to this written record be adopted as the articles of association of the Company in substitution for and to the exclusion of the existing articles of association."

For and on behalf of
Proquip (Group) Limited


.....
Director

Date

21st July 2011
.....

WEDNESDAY



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27/07/2011

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COMPANIES HOUSE

ARTICLES OF ASSOCIATION
of
PROQUIP HOLDINGS LIMITED
(Company Number: SC241463)

2/5f July 2011

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Company No: SC241463

COMPANIES ACT 2006
COMPANY LIMITED BY SHARES
ARTICLES OF ASSOCIATION

of

PROQUIP HOLDINGS LIMITED ("Company")

(Adopted by written resolution of the Company passed on **21st** July 2011)

1. PRELIMINARY

1.1 In these Articles the undernoted expressions shall have the meanings set opposite them below:

"the Act" shall mean the Companies Act 2006 including any statutory modification or re enactment for the time being in force;

"BoS" shall mean the Bank of Scotland plc, (Company Number SC327000) having its registered office at The Mound, Edinburgh, EH1 1YZ;

"BoS Debt" shall mean all and any sums due to BoS under the BoS Facility or otherwise;

"BoS Facility" shall mean the facility agreements entered into between the Company and BoS on 7 March 2003 and 26 September 2007 as amended, restated or replaced from time to time together with any associated security documents;

"BoS Group" shall mean BoS, any subsidiary or holding company of BoS or any other subsidiary of a holding company of BoS, or any body of persons which shall have acquired the whole or substantially the whole of the undertaking of any of these companies whatsoever and the expression "member of BoS Group" shall be

construed accordingly;

“Business Day” shall mean a day on which banks are open for normal business in Scotland;

“Board” shall mean the board of directors of the Company;

“Connected Persons” shall have the meaning ascribed to it in Section 1122 of Corporation Tax Act 2010;

“Control” shall have the meaning ascribed to it in Section 1124 of the Corporation Tax Act 2010;

“Equity Share Capital” shall mean all of the Ordinary Shares for the time being in issue and **Equity Shares** shall be construed accordingly;

“Family Trust” shall mean in relation to any member a trust which does not permit any of the settled property or the income therefrom to be applied otherwise than for the benefit of that member and/or a Privileged Relation of that member and under which no power of control is capable of being exercised over the votes of any shares which are the subject of the trust by any person other than the trustees or such member or his Privileged Relations;

“Flotation” shall mean the admission of any share capital of the Company to the Official List maintained by the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part IV of the Financial Services and Markets Act 2000 and to trading on the London Stock Exchange becoming effective or the granting of permission for any of the share capital of the Company to be dealt in on any recognised investment exchange (*as defined in that Act*);

“London Stock Exchange” means London Stock Exchange plc;

"Nominee"	shall mean in relation to a member, a company in which one or more of the members of the Company or person acting in concert (which expression shall have the meaning ascribed to it in the December 1996 Fifth Edition of the City Code on Takeovers and Mergers) with any member of the Company has or as a result of such sale or transfer will have Control;
"the Option"	shall mean the option conferred on Uberior Trading Limited in terms of the Option Agreement;
"Option Agreement"	shall mean the option agreement between Uberior Trading Limited, the Company and others executed by the Company on 7 March 2003;
"Privileged Relations"	shall mean in relation to a member the spouse or widow or widower of the member and the member's children and grandchildren (including step and adopted children and their issue) and step and adopted children of the member's children and brother or sister;
"Relevant Directors"	shall mean the directors and former directors of the Company and its subsidiaries and their Connected Persons;
"Sale"	shall mean the sale of any of the Share Capital to any person or the sale of all or substantially all, of the assets and undertaking of the Company to any person;
"Secured Institution"	means any bank, institution or other person to which such shares have been charged by way of security, or to any nominee of such a bank, institution or other person (or a person acting as agent or security trustee for such person);
"Settlor"	shall mean a testator or an intestate in relation to a Family Trust arising respectively under a testamentary disposition or an intestacy of a deceased member;

"Share Capital"	shall mean collectively the Ordinary Shares, the Preference Share and the A Shares;
"the Statutes"	shall mean the Act and any other statutory provisions from time to time affecting companies and applicable to the Company;
"the Subscription and Shareholders Agreement"	shall mean the agreement between the Company, the Directors and BoS (formerly The Governor and Company of the Bank of Scotland) executed by the Company on 7 March 2003 as amended by the Supplemental Agreement of even date with the adoption of these Articles; and
"Uberior Trading Limited"	shall mean Uberior Trading Limited (Registered Number SC102957), having its registered office at Level 1, Citymark, 150 Fountainbridge, Edinburgh EH3 9PE.

- 1.2 The Regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (such Table being hereinafter called "**Table A**") shall apply to the Company save in so far as they are excluded or varied hereby and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.
- 1.3 Regulations 54, 73-80 (inclusive), 85, 86, 94-98 (inclusive) and 118 of Table A shall not apply to the Company. Regulation 6 of Table A shall be amended by the deletion of the words "shall be sealed with the seal" where they appear on the sixth line thereof.
2. **SHARE CAPITAL**
- 2.1 The Share Capital of the Company is £1,501,001 divided into 1,000 ordinary shares of £1 each (hereinafter referred to as "**Ordinary Shares**"), one preference share of £1 (hereinafter referred to as the "**Preference Share**") and 1,500,000 "A" Shares of £1 each (hereinafter referred to as the "**A Shares**").
- 2.2 The rights attaching to the respective classes of shares shall be as follows:

2.2.1 Income

- (a) No dividend shall be paid without the consent of the holder of the Preference Share;
- (b) The Preference Share shall not entitle the holder thereof to any dividend payable by the Company;
- (c) The A Shares shall not entitle the holder or holders thereof to any dividend payable by the Company;

2.2.2 Capital

On a return of assets on liquidation or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied:

- (a) First, in paying to the holder of the Preference Share £1;
- (b) Second, in paying to the holders of the A Shares an amount equal to the nominal value of each such share held in the Company;
- (c) Third, the balance of such assets, if any, shall belong to and be distributed *pro rata* amongst the holders of fully paid (or credited as fully paid) Ordinary Shares according to the number of such fully paid (or credited as fully paid) shares held and the holder of nil paid or partly paid Ordinary Shares shall not be entitled to participate in any distribution made by the Company.

In the event of a Sale, the total of all and any cash received in respect of the shares that are the subject of the Sale shall be reallocated between the holders of such shares so as to ensure the following order of application of the aggregate sale proceeds as follows:

- (a) First, in paying to the holder of the Preference Share £1;
- (b) Second, in paying to the holders of the A Shares an amount equal to the nominal value of each such share held in the Company;
- (c) Third, the balance, if any, shall belong to and be distributed *pro rata* amongst the holders of fully paid (or credited as fully paid) Ordinary Shares according to the number of such fully paid (or credited as fully paid) shares held and the holders of nil paid or

partly paid Ordinary Shares shall not be entitled to participate in any distribution made by the Company.

2.2.3 Voting

- (a) The Preference Share and the A Shares shall entitle the holders thereof to receive notice of and attend any general meeting of the Company, but shall not entitle the holders to vote at such meetings.
- (b) The Ordinary Shares shall entitle the holders thereof to receive notice of and to attend and vote at all general meetings of the Company.
- (c) Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with these Articles, on a show of hands every member who (being an individual) is present in person or (being a corporation) is present by a representative not being himself a holder of Ordinary Shares, shall have one vote, and on a poll every holder of Ordinary Shares who is present in person or by proxy or (being a corporation) is present by a representative shall have one vote for every Ordinary Share in the capital of the Company of which he is the holder.
- (d) Subject to the provisions of the Act, all unissued shares shall be at the disposal of the directors and they may allot, grant rights, options or warrants to subscribe or otherwise dispose of them to such persons, at such times, and on such terms as they think proper. In accordance with Section 567 of the Act, Sections 561(1), 562 and 568(3) of the Act (as amended) shall not apply to the Company.

3. CLASS RIGHTS

- 3.1 Whenever the capital of the Company is divided into different classes of shares the special rights attached to any class may be varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding up, with the consent in writing of the holders of 75% of the issued shares of that class Without prejudice to the generality of this Article, the special rights attached to the Preference Share shall be deemed to be varied:

- 3.1.1 by the grant by the Company of any option or other right to subscribe for shares and by any alteration or increase or reduction or sub division or consolidation of the authorised or issued capital of the Company or of any of its subsidiaries, or any variation of the rights attached to any of the shares for the time being in the capital of the Company or of any of its subsidiaries other than any of the foregoing required by or resulting from or in consequence of the Uberior Option; or
- 3.1.2 by the disposal of the undertaking of the Company or of any of its subsidiaries or any substantial part thereof or by the disposal of any share in the capital of any subsidiary of the Company; or
- 3.1.3 by the acquisition of any interest in any share in the capital of any company by the Company or any of its subsidiaries; or
- 3.1.4 by the application by way of capitalisation of any sum in or towards paying up any debenture or debenture stock of the Company; or
- 3.1.5 by any alteration of the restrictions on the powers of the directors of the Company and its subsidiaries to borrow give guarantees or create charges; or
- 3.1.6 by the calling of a meeting of the Company or any of its subsidiaries for the purpose of considering a resolution of or the winding up of the Company or such subsidiary or the passing of any such resolution in respect thereof; or
- 3.1.7 the redemption of any of the Company's shares (otherwise than pursuant to these articles) or by the entering into of a contract by the Company to purchase any of its shares; or
- 3.1.8 by any alteration of the Company's memorandum or articles of association; or
- 3.1.9 by any alteration of the Company's accounting reference date, or
- 3.1.10 by the calling of a meeting of the Company to effect or approve any matter which would by virtue of this article be a variation of the class rights of the Preference Shares.

4. **LIEN**

The lien set out in Regulation 8 of Table A shall not apply to shares held by a Secured Institution.

5. **TRANSFER OF BOS SHARES**

5.1 Notwithstanding any other provisions of these Articles a transfer of shares in the Company held by any member of BoS Group may be made between the member of BoS Group holding such shares and any other member of BoS Group without restriction as to price or otherwise and the directors shall register any such transfer. If a member of the BoS Group holding shares in the Company ceases to be a member of such group, it must transfer such shares to a member of the BoS Group within 30 days of ceasing to be a member of such group, failing which such company will be deemed to have served a Transfer Notice in respect of the relevant shares.

5.2 Notwithstanding any other provisions of these Articles a transfer of shares in the Company held by any member of BoS Group may be made between the member of BoS Group holding such shares to any person to whom BoS transfer any part of the BoS Debt without restriction as to price or otherwise and the directors shall register any such transfer.

5.3 Notwithstanding any other provisions of these Articles a transfer of shares in the Company by Uberior Trading Limited may be made between Uberior Trading Limited and any person without restriction as to price or otherwise and the directors shall register any such transfer.

6. **TRANSFER OF SHARES - GENERAL**

6.1 The directors shall refuse to register any transfer of shares made in contravention of the provisions of these Articles but (subject to Regulation 24 of Table A) shall not otherwise be entitled to refuse to register (and shall register) any transfer of shares. For the purpose of ensuring that a particular transfer of shares is permitted under the provisions of these Articles, the directors may request the transferor, or the person named as the transferee in any transfer lodged for registration to furnish the Company with such information and evidence as the directors may reasonably think necessary or relevant. Failing such information or evidence being furnished to the satisfaction of the directors within a period of 28 days after such request the directors shall be entitled to refuse to register the transfer in question.

7. **TRANSFER OF SHARES – SPECIAL ARTICLE**

Notwithstanding anything contained in these articles, whether expressly or impliedly contradictory to the provisions of this Article 7 (to the effect that any provision contained in this Article 7 shall override any other provision of these Articles):

7.1.1 The directors shall not decline to register any transfer of shares, nor may they suspend registration thereof, where such transfer:

- (a) is to a Secured Institution; or
- (b) is delivered to the Company for registration by a Secured Institution or its nominee in order to perfect its security over the shares; or
- (c) is executed by a Secured Institution or its nominee pursuant to a power of sale or other power existing under such security,

and the directors shall forthwith register any such transfer of shares upon receipt and furthermore notwithstanding anything to the contrary contained in these Articles no transferor of any shares in the Company or proposed transferor of such shares to a Secured Institution or its nominee and no Secured Institution or its nominee shall (in either such case) be required to offer the shares which are or are to be the subject of any transfer as aforesaid to the shareholders for the time being of the Company or any of them and no such shareholder shall have any right under the Articles or otherwise howsoever to require such shares to be transferred to them whether for any valuable consideration or otherwise.

8. **TRANSFERS TO PRIVILEGED RELATIONS AND FAMILY TRUSTS**

8.1 Notwithstanding any other provision in these Articles any member (the “**Transferring Member**”) may at any time transfer (or by will bequeath or otherwise dispose of on death) all or any shares held by him to a Privileged Relation, a Nominee, or to trustees to be held upon a Family Trust.

8.2 Where any shares are held by trustees upon a Family Trust:

8.2.1 on any change of trustees such shares may be transferred to the new trustees of that Family Trust;

- 8.2.2 such shares may be transferred at any time to the settlor or to another Family Trust of the settlor, to any Privileged Relation of the settlor or to a Nominee of the settlor; and
 - 8.2.3 if and whenever any such shares cease to be held upon a Family Trust (otherwise than in consequence of a transfer to the settlor or to another Family Trust of the senior or to any Privileged Relation of the settlor) a Transfer Notice (as hereinafter defined) shall be deemed to have been given in respect of the relevant shares (as hereinafter defined) and such shares may not otherwise be transferred);
 - 8.2.4 for the purposes of this Article 8.2 the expression 'relevant shares' means and includes the shares originally transferred to the trustees and any additional shares issued or transferred to the trustees by virtue of the holding of those shares or any of them.
- 8.3 Where any shares are held by a Nominee, should such Nominee cease to be in the Control of the person(s) who controlled such Nominee on the date on which It became a member of the Company it shall forthwith transfer the relevant shares to the Transferring Member or another Nominee of the Transferring Member or a Privileged Relation of the Transferring Member or with the consent in writing of the Preference Shareholder to a trustee of a Family Trust of the Transferring Member.

9. TRANSFERS BY EMPLOYEE MEMBERS

- 9.1 If any person holding shares in the capital of the Company and being an employee or consultant or director of the Company or its subsidiaries (an "**Employee Member**") ceases to be an employee or consultant or director of the Company or its subsidiaries (and does not forthwith become or continue to be an employee or consultant or director of any of the Company or of the relevant subsidiaries) a Transfer Notice (as hereinafter defined) shall be deemed to have been served forthwith upon such cessation in respect of:
 - 9.1.1 all shares held by the Employee Member; and
 - 9.1.2 all shares held by his Privileged Relations, Nominee and/or Family Trust at the time of such cessation.

Transfers under this Article 9 are in these Articles referred to as Compulsory Employee Transfers.

10. **TRANSFER PROVISIONS**

- 10.1 Save as otherwise provided in these Articles every member who desires to transfer any shares (hereinafter called the "**Vendor**") shall give to the Company notice in writing of such desire (hereinafter called a "**Transfer Notice**") Subject as hereinafter mentioned a Transfer Notice shall constitute the Company the Vendor's agent for the sale of the shares specified therein (hereinafter called the "**Sale Shares**") in one or more lots as at the discretion of the directors at the Sale Price. Subject to Article 10.2 below, the Sale Price shall be the price agreed by the Vendor and the directors or if the Vendor and the directors are unable to agree a price within 28 days of the Transfer Notice being given or if the Transfer Notice is a deemed Transfer Notice the price which a chartered accountant (acting as an expert and not as an arbiter/arbitrator) nominated by agreement between the Vendor and the Company or in default of such agreement by the President for the time being of the Institute of Chartered Accountants of Scotland shall by writing under his hand certify to be in his opinion a fair value thereof on a going concern basis as between a willing seller and a willing buyer and on the assumption that the Sale Shares are capable of transfer without restriction and ignoring any reduction in value which may be ascribed to the Sale Shares by virtue of the fact that they represent a minority interest and in accordance with these Articles. Save for shares sold pursuant to a deemed Transfer Notice, the Transfer Notice may contain a provision ("**Total Transfer Provision**") that unless all the shares comprised therein are sold by the Company pursuant to this Article none shall be sold and any such provision shall be binding on the Company.
- 10.2 If a chartered accountant is asked to certify the fair value as aforesaid his certificate shall be delivered to the Company and as soon as the Company receives the certificate it shall furnish a certified copy thereof to the Vendor and save for shares sold pursuant to a deemed Transfer Notice the Vendor shall be entitled save for the avoidance of doubt in relation to a Compulsory Employee Transfer by notice in writing given to the Company within ten days of the service upon him of the certified copy to cancel the Company's authority to sell the Sale Shares. The cost of obtaining the certificate shall be borne by the Company unless the Vendor shall give notice of cancellation as aforesaid in which case the Vendor shall bear the cost.
- 10.3 Upon the price being fixed as aforesaid and provided that (i) the Vendor shall not give a valid notice of cancellation and (ii) the Company has given at least seven Business Days prior notice of receipt of the Transfer Notice or deemed Transfer

Notice to all persons then holding options to subscribed for shares in the Company (including, for the avoidance of doubt, Uberior Trading Limited), the Company shall forthwith offer the Sale Shares to all holders of Ordinary Shares (other than the Vendor) pro rata as nearly as may be to the respective numbers of Ordinary Shares held by such members and giving details of the Sale Price and whether the Sale Shares are subject to a Total Transfer Provision.

Any offer made by the Company under this sub-article will invite the relevant members to state in writing the maximum number of the shares offered to them they wish to purchase and will remain open for twenty one days (the "**First Offer Period**").

11. **SECOND OFFER**

If at the end of the First Offer Period there are any Sale Shares offered which have not been allocated the Company shall offer such shares to such members as have stated in writing their willingness to purchase all the shares previously offered to them.

This offer will invite the relevant member to state in writing the maximum number of shares they wish to purchase. If there are insufficient Sale Shares to meet the demand then the directors will allocate the Sale Shares pro rata as nearly as may be in proportion to the number of Ordinary Shares (as the case may be) held by the relevant members. This further offer will remain open for a further period of twenty one days (the "**Second Offer Period**").

- 11.1 If the Company shall pursuant to the above provisions of this Article 11 find a member or members of the Company willing to purchase all or (in the event of a Transfer Notice which does not contain a Total Transfer Provision) any of the Sale Shares the Vendor shall be bound upon receipt of the Sale Price to transfer the Sale Shares (or such of the same for which the Company shall have found a purchaser or purchasers) to such persons. If the Vendor shall make default in so doing the Company shall if so required by the person or persons willing to purchase such Sale Shares receive and give a good discharge for the purchase money on behalf of the Vendor and shall authorise some person to execute transfers of the Sale Shares in favour of the purchasers and shall enter the names of the purchasers in the Register of Members as the holders of such of the Sale Shares as shall have been transferred to them as aforesaid.

- 11.2 If the directors shall not have found a member or members of the Company willing to purchase all of the Sale Shares pursuant to the foregoing provisions of this Article 11 the Vendor shall at any time within six months after the final offer by the Company to its members be at liberty to sell and transfer such of the Sale Shares as have not been so sold to any person at a price being no less than the Sale Price. If the Sale Shares were the subject of a Total Transfer Provision, such a sale may only comprise all the Sale Shares and not part only.
- 11.3 If a member being a company ceases to be within the Control of the person(s) who controlled such company on the date on which it became a member of the Company or on the date of adoption of these Articles (whichever shall be the later) it shall be deemed to have immediately given a Transfer Notice in respect of all the shares as shall then be registered in its name, provided that this Article 11.3 shall have no application to BoS onto any member of BoS Group.
- 11.4 The foregoing provisions of this Article 11 shall not apply to a transfer if the holders of 75% of the Ordinary Shares and the holder of the Preference Share so direct in writing and the directors shall be obliged to register any such transfer.
- 11.5 A Transfer Notice shall be deemed to have been given to the Company by any member who purports to transfer any shares other than in accordance with these Articles without giving a Transfer Notice to the Company and, in those circumstances, the deemed Transfer Notice shall:
- 11.5.1 be deemed to apply to the number and class of shares purported to have been transferred;
 - 11.5.2 entitle the Company to require delivery to it of the certificate for the shares purported to have been transferred;
- and where the context admits references in these Articles to a Transfer Notice shall include a deemed Transfer Notice and references in these Articles to a Vendor shall include a member deemed to have served a Transfer Notice.
12. **LIMITATION ON TRANSFER**
- 12.1 Notwithstanding any other provision of these Articles to the contrary, no sale or transfer of the legal or beneficial interest in any shares in the share capital of the Company shall be made or registered if as a result of such sale or transfer and registration thereof Control (taking into account any exercise or intended exercise of

the Option) would be obtained in the Company by a company or by any person or persons not in Control of the Company on the date of adoption of these Articles unless:

- 12.1.1 BoS has received prior written notice of such sale or transfer and has *not* less than fourteen days to exercise the Option (if not already exercised); and
 - 12.1.2 after the expiry of such fourteen day period and before the transfer is lodged for registration the proposed transferee or transferees or his or their nominees has or have offered to purchase (i) the Preference Share at a price of £1 and (ii) all the other shares in the Company at the Specified Price (as hereinafter defined), and such offer shall have remained open for acceptance for a period of at least twenty one days.
- 12.2 The expression "**the Specified Price**" shall mean the higher of (i) a price per share of the amount originally subscribed or deemed to have been subscribed for such share plus (a) a sum equal to any arrears, deficiency and accruals of the dividends payable on such shares calculated down to the date of sale or transfer and (b) all the tax credits that would have related to such dividends if such dividends had been paid, and (ii) a price per share at least equal to that offered or paid or payable by the proposed transferee or transferees or his or their nominees for any other Equity Shares in the capital of the Company plus an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by the holders of such shares which having regard to the substance of the transaction as a whole can reasonably be regarded as an addition to the price paid or payable for such shares, provided that if any part of the price per share is payable otherwise than by cash the transferor may at its option elect to take a price per share of such cash sum as may be agreed by it having regard to the substance of the transaction as a whole, and in the event of disagreement the calculation of the Specified Price shall be referred to an umpire, who shall act as an expert and not as an arbiter and shall be nominated by the parties concerned or failing agreement as to such nomination shall be appointed by the President for the time being of the Institute of Chartered Accountants of Scotland and the decision of such umpire shall be final and binding.
- 12.3 If an offeror for shares in the Company, having made offers in like terms to all the members of the Company receives valid acceptances which would, on completion,

result in such offeror becoming the holder of not less than 76% of the Equity Share Capital, (taking into account any exercise or intended exercise of the Option) then:

- 12.3.1 such offeror shall give notice to any non accepting holder of shares requiring him to accept the offer within 14 days and stating that, failing such acceptance, he shall be deemed to have accepted such offer in respect of all ordinary shares held by him and irrevocably to have waived any pre-emption rights he may have in relation to any shares the subject of such offer;
 - 12.3.2 upon the expiry of such notice each recipient thereof shall be obliged to deliver to the offeror (or as he may direct) an executed share transfer form and share certificate(s) in respect of the shares which were the subject of the notice together with executed waiver of pre-emption rights, if appropriate;
 - 12.3.3 if any such member fails to deliver executed share transfer form(s), share certificate(s) and pre-emption waiver(s) if appropriate) as set out above he shall be deemed to have appointed any director of the Company to be his agent and attorney to execute such documents on his behalf and, against receipt by the Company (on trust for such member) of the appropriate purchase moneys, to deliver such executed transfer(s) and pre-emption waiver(s) (if appropriate) to the offeror and it shall be no impediment to completion of the transfer that such member's share certificate(s) has/have not been produced; and
 - 12.3.4 after such offeror or his nominee has been registered as the holder of shares transferred in accordance with this article the validity of such transaction shall not be questioned by any person.
- 12.4 In this Article:
- 12.4.1 the expressions 'transfer' and 'transferee' shall include respectively the renunciation of a renounceable letter of allotment and the renouncee under any such letter of allotment;
 - 12.4.2 the expression 'shares' includes bearer shares, depository receipts and any other security or instrument into which shares may be converted with a view to a sale;

12.4.3 whether or not persons are acting in concert will be determined by the then most recent edition of the City Code on Takeovers and Mergers;

12.5 All other regulations of the Company relating to the transfer of shares and the right to registration of transfers shall be read subject to the provisions of this Article 12.

13. APPOINTMENT OF DIRECTORS

13.1 The maximum number of directors at any one time holding office shall be 5 and the minimum number 2.

13.2 The directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director. In addition, the holders of shares representing more than half of the shares which carry the right to attend and vote at general meetings of the Company may by notice to the Company together appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.

14. PROCEEDINGS OF DIRECTORS

14.1 Notice of every meeting of the directors shall be given to each director at any address supplied by him to the Company for that purpose whether or not he be present in the United Kingdom provided that any director may waive notice of any meeting either prospectively or retrospectively and if he shall do so it shall be no objection to the validity of such meeting that notice was not given to him.

14.2 Any director (or, where appropriate, his alternate director) may participate in a meeting of the directors by means of conference telephone or other communications equipment whereby all parties participating at the meeting can hear and speak to one another and participation in this manner shall be deemed to constitute presence in person at such meeting. In any such meeting, the place where the majority of the directors are present, or, in any case where there is no majority, the place where the chairman of the meeting is present, shall be deemed to be the place of the meeting.

15. DIRECTORS INTERESTS

15.1 Subject to the provisions of the Act and provided that he has disclosed to the directors the nature and extent of any material interest of his, a director notwithstanding his office:

- 15.1.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
 - 15.1.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;
 - 15.1.3 may (and any firm or company of which he is a partner or member or director may) act in a professional capacity for the Company or any body corporate in which the Company is in any way interested;
 - 15.1.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit; and
 - 15.1.5 shall be entitled to vote and be counted in the quorum on any matter concerning the foregoing paragraphs of this article.
- 15.2 For the purpose of this article:
- 15.2.1 a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified;
 - 15.2.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and
 - 15.2.3 an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when these Articles were adopted) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

- 15.3 Each director of the Company shall be authorised for the purposes of section 175 of the Act to act or continue to act as a director of the Company notwithstanding that at the time of his appointment or subsequently he also holds office as a director of The Edinburgh Woollen Mill (Group) Limited (Company Number: SC307281) ("EWM Group") or any direct or indirect subsidiary undertaking of EWM Group.

16. DIRECTORS' BORROWING POWERS

- 16.1 Subject as hereinafter provided the directors may exercise all the powers of the Company (whether express or implied):

- 16.1.1 of borrowing or securing the payment of money;
- 16.1.2 of guaranteeing the payment of money and the fulfilment of obligations and the performance of contracts; and
- 16.1.3 of mortgaging or charging the property assets and uncalled capital of the Company and (subject to section 549 and 551 of the Act) (as amended) of issuing debentures;

but so that

- 16.1.4 no such sanction shall be required to the borrowing of any sum of money intended to be applied in the repayment (with or without premium) of any moneys then already borrowed and outstanding, notwithstanding that the same may result in such limit being exceeded;
- 16.1.5 no lender or other person dealing with the Company shall be concerned to see or enquire whether the limit imposed by this Article 16 is observed and no debt or liability incurred in excess of such limit shall be invalid and no security given for the same shall be invalid or ineffectual;
- 16.1.6 except with the previous sanction of the holder of the Preference Share no mortgage or charge shall be created on any part of the undertaking property or assets of the Company or any subsidiary of the Company except for the purpose of securing moneys borrowed from any member of BoS Group with interest thereon and bank charges in respect thereof.

17. DISQUALIFICATION AND REMOVAL OF DIRECTORS

- 17.1 The office of a director shall be vacated if:

- 17.1.1 he ceases to be a director by virtue of any provision of the Act or the Articles or he becomes prohibited by law from being a director; or
- 17.1.2 he becomes bankrupt, has a receiving order made against him or makes any arrangement or composition with his creditors generally; or
- 17.1.3 he is, or may be suffering from mental disorder and either:
 - (a) he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 2007, or in Scotland in pursuance of an application for admission under the Mental Health (Care and Treatment) (Scotland) Act 2003; or
 - (b) an order as made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator boors or other person to exercise powers with respect to his property or affairs; or
- 17.1.4 he resigns his office by notice to the Company; or
- 17.1.5 he shall for more than six consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated; or
- 17.1.6 a majority of the directors resolve that his office be vacated and that he should immediately resign from office; or
- 17.1.7 there is an Event of Default pursuant to Clause 10 of the Subscription and Shareholders Agreement.

18. INDEMNITY

Subject to the provisions of the Act but without prejudice to any indemnity to which a director may otherwise be entitled, every director or other officer or auditor of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution of his duties or in relation thereto including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with

any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

19. **SPECIAL DIRECTOR**

19.1 Notwithstanding any limitation on the number of Directors imposed by these Articles so long as any member of BoS Group is the holder of any share in the capital of the Company such member(s) shall be entitled to appoint as a Director of the Company any one person and to remove from office any person so appointed and to appoint another one person in his place ("**the Special Director**") Any appointment or removal in terms of this paragraph shall be effected by notice in writing signed by such member(s) of BoS Group and delivered to the registered office of the Company. The Special Director appointed in terms of this Article shall not be required to hold any share qualification nor shall he be subject to retirement by rotation and the remuneration to be paid to him shall be payable by the Company and shall be such sum as shall for the time being be agreed for that purpose between the Company and him or failing such agreement such reasonable sum as shall be fixed by the Investors. Upon request by such member(s) of BoS Group the Company shall also procure that a Special Director appointed in terms of this paragraph be appointed a Director to any subsidiary of the Company. At the request of such member(s) of BoS Group any Special Director appointed in terms of this paragraph shall act as Chairman of the Board of Directors.

19.2 Article 17.1.6 shall not apply to a Special Director appointed pursuant to Article 19.1

20. **OBSERVER**

20.1 At any time when BoS (or any person to whom BoS transfers Shares pursuant to the Articles) is a holder of any Share in the Company, BoS may by notice in writing expressed to be given pursuant to this Article 20.1 addressed to the Company and delivered to the Company's registered office appoint an observer and remove from office any person so appointed and appoint another person in his place.

20.2 The observer shall be entitled to receive notice of all meetings of the Board and all meetings of any committee of the board. The Company shall procure that the observer is similarly entitled to receive notice of all meetings of the boards of all other members of the Group and all meetings of all committees of such boards. The observer shall be given all notices, agendas, minutes and other papers relating to

such meetings as the relevant directors may be entitled to receive at the same time as such information is provided to the relevant directors. The observer shall be entitled to attend all meetings of the Board, all meetings of any committee of the Board, all meetings of the boards of all other members of the Group and all meetings of all committees of such boards if (in every case) the Special Director (or his alternate) does not attend or is not deemed to be present. The observer shall be entitled to speak at any meeting at which he is entitled to attend but shall not be entitled to vote at any such meeting in his capacity as an observer.

- 20.3 The observer may disclosure any information he receives as such observer to his appointer or any holding company or subsidiary of his appointer or to their investment advisers.