

**THIS DOCUMENT AND THE ENCLOSED FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) ("FSMA") if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser. The whole of this document should be read, but your attention is in particular drawn to the section entitled "Risk Factors" at Part II of this document.**

If you sell or have sold or otherwise transferred all of your Existing Ordinary Shares prior to 6.00 p.m. on the Record Date, please immediately forward this document, together with the accompanying Form of Proxy and, if relevant, the Application Form as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold only part of your holding of Existing Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately and refer to the instructions regarding split applications which will be in the Application Form (if relevant).

The Directors, whose names appear on page 4 of this document, and the Company accept responsibility, collectively and individually, for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The distribution of this document and any accompanying documents to jurisdictions other than the United Kingdom may be restricted by applicable laws or regulations and neither this document nor the Application Form forms part of any offer or invitation to sell or issue or the solicitation of any offer to purchase or subscribe for New Ordinary Shares in any jurisdiction where such offer, invitation or solicitation is unlawful. Persons in jurisdictions other than the United Kingdom into whose possession this document and/or any of the accompanying documents comes should inform themselves about and observe such applicable legal or regulatory requirements in such jurisdiction. Any failure to do so may constitute a violation of the securities laws of any such jurisdiction.

**This Document is not a prospectus for the purposes of the Prospectus Rules. Accordingly, this document has not been, and will not be, reviewed or approved by the Financial Conduct Authority of the United Kingdom (in its capacity as UK Listing Authority or otherwise) pursuant to sections 85 and 87 of the FSMA, the London Stock Exchange or any other authority or regulatory body and has not been approved for the purposes of section 21 the FSMA.** Application will be made for the New Ordinary Shares to be admitted to trading on the AIM market of the London Stock Exchange. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the UK Listing Authority. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

**This document does not comprise an admission document under the AIM Rules and the London Stock Exchange nor the UK Listing Authority have examined or approved the contents of this document. This document does not constitute a recommendation regarding securities of the Company. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the New Ordinary Shares to the Official List. The New Ordinary Shares will not be dealt on any other recognised investment exchange and no other such application will be made.** Subject to certain conditions being satisfied, including the passing of the Resolutions at the General Meeting, it is anticipated that Second Admission will become effective and that dealings in the New Ordinary Shares will commence on AIM at 8.00 a.m. on 14 February 2018.

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# Touchstar plc

*(incorporated in Scotland with registered number SC005543)*

## **Conditional Placing of 639,158 new Ordinary Shares Open Offer of up to 901,250 new Ordinary Shares in each case at an issue price of 60 pence per share and Notice of General Meeting**

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Your attention is drawn to the letter from the Chairman of the Company which is set out in Part I of this document and which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting referred to below and to the section headed "Risk Factors" in Part II of this document. The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 9 February 2018. The procedure for application and payment for Qualifying Shareholders is set out in paragraph 3 of Part III of this document, and, where relevant, in the accompanying Application Form to be sent to Qualifying Non-CREST Shareholders.

**Notice of a General Meeting of Touchstar plc, to be held at the offices of Touchstar Technologies Limited, 7 Commerce Way, Trafford Park, Manchester M17 1HW, UK at 10.00 a.m. on 13 February 2018 is set out at the end of this document. To be valid the accompanying Form of Proxy for use in connection with the meeting should be completed, signed and returned as soon as possible and, in any event, so as to reach the Company's registrars, Neville Registrars Limited, by not later than 10.00 a.m. on 11 February 2018. Completion and return of Forms of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting should they so wish. For full details on proxy appointments, see the notes to the Notice of General Meeting and the Form of Proxy.**

WH Ireland, which is authorised and regulated in the UK by the Financial Conduct Authority, is acting as nominated adviser and financial adviser to the Company in connection with the matters described in this document and is not acting for any other persons in relation to the Fundraising. WH Ireland is acting exclusively for the Company and for no one else in relation to the contents of this document and persons receiving this document should note that WH Ireland will not be responsible to anyone other than the Company for providing the protections afforded to clients of WH Ireland or for advising any other person on the arrangements described in this document. WH Ireland has not authorised the contents of, or any part of, this document and/or the Application Form and no liability whatsoever is accepted by WH Ireland for the accuracy of any information or opinions contained in this document and/or the Application Form or for the omission of any information. The responsibilities of WH Ireland as the Company's nominated adviser and broker under the AIM Rules for Companies and the AIM Rules for Nominated Advisers are owed solely to the London Stock Exchange and are not owed to the Company or to any Director, Shareholder or any other person in respect of his decision to acquire shares in the capital of the Company in reliance on any part of this document, or otherwise.

The New Ordinary Shares to be issued will, following their issue, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions thereafter declared, made or paid on the ordinary share capital of the Company.

The New Ordinary Shares will not be registered under the United States Securities Act of 1933 (as amended) or under the securities laws of any state of the United States or qualify for distribution under any of the relevant securities laws of Canada, Australia, New Zealand, the Republic of Ireland, the Republic of South Africa or Japan, nor has any prospectus in relation to the New Ordinary Shares been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance. Accordingly, subject to certain exceptions, the New Ordinary Shares may not be, directly or indirectly, offered, sold, taken up, delivered or transferred in or into such jurisdictions. Overseas Holders and any person (including, without limitation, custodians nominees and trustees) who have a contractual or other legal obligation to forward this document to a jurisdiction outside the UK should seek appropriate advice before taking any action.

## IMPORTANT INFORMATION

The New Ordinary Shares have not been and will not be registered under the United States Securities Act of 1933, as amended, or under the applicable securities laws of any state or other jurisdiction of the United States or qualified for distribution under any applicable securities laws in any other Restricted Jurisdiction. The New Ordinary Shares may not be offered, sold, taken up, resold, transferred or delivered, directly or indirectly, within, into or in the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. The New Ordinary Shares are being offered and sold either: (i) outside the United States in offshore transactions within the meaning of, and in accordance with, the safe harbour from the registration requirements in Regulation S under the Securities Act; or (ii) in the United States in private placement transactions not involving any public offering in reliance on the exemption from the registration requirements of Section 5 of the Securities Act provided by Section 4(2) under the Securities Act or another applicable exemption therefrom. There will be no public offer of the New Ordinary Shares in the United States.

WH Ireland makes no representation or warranty to any offeree or purchaser of the New Ordinary Shares regarding the legality of any investment in the securities by such offeree or purchaser under the laws applicable to such offeree or purchaser. Each investor should consult with his, her or its own advisers as to the legal, tax, business, financial and related aspects of a purchase of the New Ordinary Shares.

None of the New Ordinary Shares, the Application Form, this document nor any other document connected with the Fundraising have been or will be approved or disapproved by the United States Securities and Exchange Commission or by the securities commissions of any state or other jurisdiction of the United States or any other regulatory authority, nor have any of the foregoing authorities or any securities commission passed upon or endorsed the merits of the offering of the New Ordinary Shares, the Application Form or the accuracy or adequacy of this document or any other document connected with the Fundraising. Any representation to the contrary is a criminal offence.

Notwithstanding anything to the contrary herein, each prospective investor may disclose to any and all persons, without limitation of any kind, the US federal income tax treatment and tax structure of the Company and of the transactions contemplated by the Company. For this purpose, "tax structure" shall mean any fact that may be relevant to understanding the purported or claimed US federal tax treatment of the transaction; provided that none of the following shall for this purpose constitute tax treatment or tax structure information: the name of or other identifying information relating to the performance of the Company or its operations.

Not all Shareholders will be Qualifying Shareholders. Subject to certain exceptions, Shareholders in the United States or who have registered addresses in, or who are resident or ordinarily resident in, or citizens of, any other Restricted Jurisdiction will not qualify to participate in the Fundraising and will not be sent an Application Form or otherwise be permitted to participate in the Fundraising. The attention of Overseas Shareholders is drawn to paragraph 5 of Part III of this document.

**The latest time and date for acceptance and payment in full under the Open Offer is 11.00 a.m. on 9 February 2018. The procedure for application and payment for Qualifying Shareholders is set out in Part III of this document, and, where relevant, in the accompanying Application Form.**

This document may contain statements about Touchstar that are or may be "forward-looking statements". All statements, other than statements of historical facts, included in this document may be forward-looking statements and are subject to, *inter alia*, the risk factors described in Part II of this Document. Without limitation, any statements preceded or followed by, or that include, the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "should", "anticipates", "estimates", "projects", "would", "could", "continue", "potential" or words or terms of similar substance or the negative thereof, are forward-looking statements. These forward-looking statements include matters which are not facts. They appear in a number of places throughout this document and include (without limitation) statements regarding the Directors' intentions, understanding, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth and strategies. These forward-looking statements are not guarantees of future performance and have not been reviewed by the auditors of Touchstar. These forward-looking statements involve known and unknown risks, uncertainties

and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. Investors should not place undue reliance on such forward-looking statements and, save as is required by law or regulation (including to meet the requirements of the AIM Rules), Touchstar does not undertake any obligation to update publicly or revise any forward-looking statements (including to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based). All subsequent oral or written forward-looking statements attributed to Touchstar or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statement above. All forward-looking statements contained in this document are based on information available to the Directors at the date of this document, unless some other time is specified in relation to them, and the posting or receipt of this document shall not give rise to any implication that there has been no change in the facts set forth herein since such date.

Shareholders should not construe the contents of this document as legal, tax or financial advice, and should consult with their own advisers as to the matters described herein.

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### DIRECTORS OF THE COMPANY

Ian Martin  
Mark Hardy  
Jon Hall  
John Christmas

*Chairman*  
*Chief Executive Officer*  
*Chief Operating Officer*  
*Non-executive Director*

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2018

Record Date for the Open Offer	6.00 p.m. on 16 January
Announcement of the Fundraising	17 January
Existing Ordinary Shares marked “ex” by the London Stock Exchange	8.00 a.m. on 17 January
Open Offer Entitlements credited to stock accounts in CREST of Qualifying CREST Holders	18 January
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 2 February
Latest time for depositing Open Offer Entitlements into CREST	3.00 p.m. on 6 February
Latest time and date for splitting of Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 7 February
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer or settlement of relevant CREST instruction (as appropriate)	11.00 a.m. on 9 February
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 11 February
General Meeting	10.00 a.m. on 13 February
First Admission and commencement of dealings in the Firm Placing Shares	8.00 a.m. on 22 January
Second Admission and commencement of dealings in the Conditional Placing Shares and the Open Offer Shares	8.00 a.m. on 14 February
New Ordinary Shares credited to CREST stock accounts	14 February
Despatch of definitive share certificates for Open Offer Shares	within ten business days of Second Admission

### Notes:

- (i) References to times in this document are to London time (unless otherwise stated).
- (ii) If any of the above times or dates should change, the revised times and/or dates will be notified by an announcement to a regulatory information service.
- (iii) The timing of the events in the above timetable and in the rest of this document is indicative only.
- (iv) In order to subscribe for New Ordinary Shares under the Open Offer, Qualifying Shareholders will need to follow the procedure set out in Part III of this document and, where relevant, complete the accompanying Application Form. If Qualifying Shareholders have any queries on the procedure for acceptance and payment, or wish to request another Application Form, they should contact Neville Registrars on 0121 585 1131 or if calling from outside the UK on +44 121 585 1131, where relevant, quoting the allotment number of their Application Form. Calls to the Neville Registrars' help lines are charged at your provider's standard rates for national or, as the case may be, international calls. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars cannot provide advice on the merits of the Fundraising nor give any financial, legal or tax advice.

## FUNDRAISING STATISTICS

Closing Price per Existing Ordinary Share on 16 January 2018	79 pence
Number of Existing Ordinary Shares in issue	6,308,750
Basic Entitlement under the Open Offer	1 Open Offer Share for every 7 Existing Ordinary Shares
Issue Price of each New Ordinary Share	60 pence
Discount to market price of 79 pence per Existing Ordinary Share <sup>1</sup>	24 per cent.
Number of Firm Placing Shares to be issued pursuant to the Firm Placing	630,840
Number of Open Offer Shares to be offered for subscription by Qualifying Shareholders	901,250
Number of Conditional Placing Shares to be issued pursuant to the Conditional Placing	639,158
Expected proceeds of the Firm Placing (before expenses)	£0.38 million
Expected proceeds of the Open Offer (before expenses) <sup>2</sup>	£0.54 million
Expected proceeds of the Conditional Placing (before expenses)	£0.38 million
Expected proceeds of the Fundraising (before expenses) <sup>2</sup>	£1.30 million
Estimated net proceeds of the Fundraising <sup>2</sup>	up to £1.22 million
Enlarged Share Capital following Admission <sup>2</sup>	8,479,998
Percentage of Enlarged Share Capital represented by the Conditional Placing Shares <sup>2</sup>	7.5 per cent.
Percentage of Enlarged Share Capital represented by the New Ordinary Shares <sup>2</sup>	25.6 per cent.

*Notes:*

1. Based on the Closing Price on 16 January 2018, being the last practicable date prior to the publication of this document.
2. Assuming full subscription under the Open Offer.

## DEFINITIONS

The following definitions apply throughout this document and the accompanying Form of Proxy and Application Form, unless the context requires otherwise or unless it is otherwise specifically provided:

<b>“£” or “UK pounds sterling”</b>	the lawful currency of the United Kingdom
<b>“AIM”</b>	AIM, the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules and guidance for companies whose shares are admitted to trading on AIM entitled “AIM Rules for Companies” published by the London Stock Exchange as amended from time to time
<b>“Application Form”</b>	the personalised application form accompanying this document on which Qualifying Non-CREST Shareholders may apply for Open Offer Shares under the Open Offer
<b>“Articles”</b>	the articles of association of the Company at the date of this document
<b>“Basic Entitlement”</b>	entitlement to subscribe for Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer as described in Part III ( <i>Terms and conditions of the Open Offer</i> )
<b>“Board”</b>	the board of directors of the Company
<b>“Business Day”</b>	a day (other than a Saturday or Sunday) on which commercial banks are open for general business in London, England
<b>“Canada”</b>	Canada, its provinces and territories and all areas subject to its jurisdiction and any political sub-divisions thereof
<b>“certificated” or “in certificated form”</b>	Ordinary Shares which are evidenced by the issue of share certificates and are recorded on the register as being held in certificated form
<b>“Closing Price”</b>	the closing middle market quotation of an Existing Ordinary Share as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange
<b>“Companies Act” or “Act”</b>	the Companies Act 2006 (as amended)
<b>“Company” or “Touchstar”</b>	Touchstar plc, a public limited company incorporated in Scotland with registered number 5543 and with its registered office at 1 George Square, Glasgow G2 1AL
<b>“Conditional Placing”</b>	the conditional placing by WH Ireland on behalf of the Company of the Conditional Placing Shares at the Issue Price pursuant to the terms of the Placing Agreement
<b>“Conditional Placing Shares”</b>	the 639,158 new Ordinary Shares conditionally placed at the Issue Price pursuant to the Conditional Placing and the allotment of which is conditional upon, <i>inter alia</i> , the passing of Resolutions 1 at the General Meeting and Second Admission
<b>“CREST”</b>	the electronic system for the holding and transferring of shares and other securities in paperless form operated by Euroclear UK & Ireland Limited

<b>“CREST Manual”</b>	the rules governing the operation of CREST consisting of the CREST Reference Manual, the CREST International Manual, the CREST Central Counterpart Service Manual, the CREST Rules, the CCSS Operations Manual, the Daily Timetable, the CREST Application Procedures and the CREST Glossary of Terms (as updated from time to time)
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
<b>“Directors”</b>	the directors of the Company, whose names are set out on page 4 and <b>“Director”</b> shall mean any one of them
<b>“Disclosure Guidance and Transparency Rules”</b>	the disclosure guidance and transparency rules issued by the FCA acting in its capacity as the competent authority pursuant to Part VI of FSMA
<b>“Enlarged Share Capital”</b>	the issued share capital of the Company immediately following Second Admission, comprising the Existing Ordinary Shares and the New Ordinary Shares
<b>“Excess Entitlement”</b>	Open Offer Shares in excess of the Basic Entitlement, but not in excess of the total number of Open Offer Shares, allocated to a Qualifying Shareholder pursuant to the Open Offer as described in Part III ( <i>Terms and conditions of the Open Offer</i> )
<b>“Excess Shares”</b>	the Open Offer Shares applied for under the Excess Application Facility, as defined in Part III of this document
<b>“Existing Issued Share Capital”</b> or <b>“Existing Ordinary Shares”</b>	the Ordinary Shares in issue at the date of this document being 6,308,750 Ordinary Shares
<b>“Ex-Entitlement Date”</b>	the date on which the Ordinary Shares are marked ‘ex’ for entitlement by the London Stock Exchange under the Open Offer, being 17 January 2018
<b>“FCA”</b>	the Financial Conduct Authority
<b>“Firm Placing”</b>	the placing by WH Ireland on behalf of the Company of the Firm Placing Shares at the Issue Price pursuant to the terms of the Placing Agreement
<b>“Firm Placing Shares”</b>	the 630,840 new Ordinary Shares to be issued by the Company pursuant to the Firm Placing at the Issue Price
<b>“First Admission”</b>	admission of the Firm Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
<b>“Form of Proxy”</b>	the form of proxy accompanying this document for use in connection with the General Meeting
<b>“FMSA”</b>	the Financial Services and Markets Act 2000 (as amended)
<b>“Fundraising”</b>	together the Firm Placing, the Conditional Placing and the Open Offer
<b>“General Meeting”</b>	the general meeting of the Company to be held at the offices of Touchstar Technologies Limited, 7 Commerce Way, Trafford Park, Manchester M17 1HW on 13 February 2018 at 10.00 a.m., notice of which is set out at the end of this document

<b>“HMRC”</b>	Her Majesty’s Revenue & Customs
<b>“Group”</b>	the Company and its subsidiaries
<b>“Issue Price”</b>	60 per New Ordinary Share issued pursuant to the Fundraising
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Market Abuse Regulation”</b>	Market Abuse Regulation ( <i>Regulation 596/2014</i> ), which repealed and replaced the Market Abuse Directive ( <i>2003/6/EC</i> ) and its implementing legislation with effect from 3 July 2016
<b>“Money Laundering Regulations”</b>	the Money Laundering Regulations 2007 (as amended and supplemented from time to time)
<b>“Net Proceeds”</b>	the proceeds of the Fundraising less costs incurred
<b>“Neville Registrars”</b> or <b>“Registrars”</b> or <b>“Receiving Agent”</b>	Neville Registrars Limited, a company incorporated in England and Wales with registered number 04770411 and with its registered office at Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA
<b>“New Ordinary Shares”</b>	together, the Firm Placing Shares, the Conditional Placing Shares and the Open Offer Shares
<b>“Notice of General Meeting”</b>	the notice convening the General Meeting, set out at the end of this document
<b>“Official List”</b>	The Official List of the UKLA
<b>“Open Offer”</b>	the conditional offer made by the Company to Qualifying Shareholders inviting them to apply for the Open Offer Shares at the Issue Price on the terms and subject to the conditions set out in this document, and in the case of Qualifying Non-CREST Shareholders, in the Application Form
<b>“Open Offer Entitlements”</b>	entitlements to subscribe for shares pursuant to the Basic Entitlement and Excess Entitlement
<b>“Open Offer Shares”</b>	up to 901,250 new Ordinary Shares to be issued pursuant to the Open Offer at the Issue Price and the allotment of, which is conditional upon, <i>inter alia</i> , the passing of the Resolution 2 at the General Meeting and Second Admission
<b>“Ordinary Shares”</b>	the ordinary shares of £0.05 each in the capital of the Company
<b>“Placing Agreement”</b>	the agreement dated 16 January 2018 between (1) the Company and (2) WH Ireland relating to the Firm Placing, the Conditional Placing and the Open Offer
<b>“Qualifying CREST Holders”</b> or <b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders whose Existing Ordinary Shares are held in uncertificated form
<b>“Qualifying Holders”</b> or <b>“Shareholders”</b>	Shareholders on the Record Date that are not resident in a Restricted Jurisdiction
<b>“Qualifying Non-CREST Holders”</b> or <b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders whose Existing Ordinary Shares are held in certificated form

<b>“Record Date”</b>	6.00 p.m. on 16 January 2018 being the latest time by which transfers of Existing Ordinary Shares must be received for registration by the Company in order to allow transferees to be recognised as Qualifying Shareholders
<b>“Resolutions”</b>	the resolutions to be proposed at the General Meeting, each a <b>“Resolution”</b> , as described in paragraph 6 ( <i>General Meeting and Resolutions</i> ) of Part I ( <i>Letter from the Chairman</i> )
<b>“Restricted Jurisdiction”</b>	any jurisdiction except the United Kingdom. Jurisdictions outside the United Kingdom include, but are not limited to, the United States, Australia, New Zealand, the Republic of South Africa and Japan
<b>“Second Admission”</b>	admission of the Conditional Placing Shares and the Open Offer Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
<b>“Shareholders”</b>	holders of Ordinary Shares, each individually being a <b>“Shareholder”</b>
<b>“Takeover Code”</b>	means the City Code on Takeovers and Mergers (as amended)
<b>“UKLA”</b>	the FCA acting in the capacity of competent authority for the purposes of Part IV of FSMA
<b>“uncertificated” or “in uncertificated form”</b>	recorded on a register of securities maintained by Euroclear UK & Ireland Limited in accordance with the CREST Regulations as being in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“Uncertificated Securities Regulations”</b>	the Uncertificated Securities Regulations 2001 (as amended)
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“USE”</b>	unmatched stock event
<b>“WH Ireland”</b>	WH Ireland Limited, a company incorporated in England and Wales with registered number 02002044 and with its registered office at 24 Martin Lane, London EC4R 0DR

## PART I

### LETTER FROM THE CHAIRMAN OF TOUCHSTAR PLC (incorporated and registered in Scotland under number SC005543)

Directors:

Ian Martin                      Chairman  
Mark Hardy                     Chief Executive Officer  
Jon Hall                         Chief Operating Officer  
John Christmas               Non-executive Director

Registered Office:

1 George Street  
Glasgow  
G2 1AL

17 January 2018

Dear Shareholder

### CONDITIONAL PLACING OF 639,158 NEW ORDINARY SHARES OPEN OFFER OF UP TO 901,250 NEW ORDINARY SHARES AND NOTICE OF GENERAL MEETING

#### 1. Introduction

The Company has today announced the terms of the Fundraising by WH Ireland, acting as the Company's Nominated Adviser and Broker, to raise a total of up to approximately £1.30 million (before expenses) by way of:

- the Firm Placing;
- the Conditional Placing; and
- the Open Offer

in each case of new Ordinary Shares issued at the issue price of 60 pence per share.

The Issue Price of 60 pence per New Ordinary Share represents a discount of 24 per cent. against the mid-market price of 79 pence per share at which the Ordinary Shares were quoted on AIM as at the close of trading on 16 January 2018, the last trading day prior to announcement of the Fundraising.

The Firm Placing comprises the placing of 630,840 new Ordinary Shares at the Issue Price. A total of £0.38 million (before expenses) has been raised by way of the Firm Placing utilising the existing share authorities granted at the 2017 AGM. The Firm Placing is conditional only upon compliance by the Company in all material respects with its obligations under the Placing Agreement and the occurrence of First Admission.

The Conditional Placing comprises the placing of 639,158 new Ordinary Shares at the Issue Price. The Conditional Placing will raise approximately £0.38 million (before expenses). The Conditional Placing is conditional, *inter alia*, upon Shareholders approving Resolution 1 at the General Meeting, compliance by the Company in all material respects of its obligations under the Placing Agreement and the occurrence of First Admission and Second Admission.

The Open Offer comprises an offer of 901,250 new Ordinary Shares to Qualifying Shareholders pursuant to the Open Offer at the Issue Price. The Open Offer is conditional, *inter alia*, upon Shareholders approving Resolution 2 at the General Meeting, compliance by the Company in all material respects of its obligations under the Placing Agreement and the occurrence of First Admission and Second Admission.

**The purpose of this document is to provide you with information about the background to and the reasons for the Fundraising and give details of the Firm Placing, the Conditional Placing and the Open Offer, to explain why the Board considers the Conditional Placing and the Open Offer to be in the best interests of the Company and its Shareholders as a whole and why the Directors recommend that you vote in favour of the Resolutions required to be passed to**

**implement them. The Conditional Placing and the Open Offer are conditional, amongst other matters, on the passing of Resolutions 1 and 2 respectively at the General Meeting.**

The notice of General Meeting is set out at the end of this document.

## **2. Background to and reasons for the Fundraising**

The Company has made considerable progress since the appointment of Ian Martin as Chairman in June 2015. Achievements since then include:

- a restructuring of the Board;
- a restructuring of operations which has seen:
  - the closure of a production and repair facility in Bradford,
  - a reduction in office space and the closure of the Henley office of a group subsidiary,
  - the closure of administrative functions in Bradford and Midlands, and
  - the transition by the Group from using three enterprise resource planning systems to a single enterprise resource planning system;
- a new product strategy, developing 'IPR' owned solutions, which has seen:
  - a reduced reliance on hardware and support revenues,
  - the design of complete end to end business solution software which increases recurring revenues,
  - the design of robust android devices for Transport and Logistics,
  - the migration of existing applications to android, and
  - the utilisation of outsourcing software development;
- the launch and delivery of new products including:
  - a transport proof of delivery and resource allocation system,
  - a mobile point of sale and control system for the airline industry, and
  - an android based rugged mobile computer.

The Directors believe the Company now has a platform upon which it can deliver growth. However, to accelerate this growth the Directors believe the Company needs to invest in additional sales personnel and marketing initiatives across its market sectors. The Directors have identified an investment programme to be implemented over a three year period between 2018 and 2020 with approximately £0.96 million, £0.92 million and £0.67 million to be invested in 2018, 2019 and 2020 respectively. The Directors expect that approximately two-thirds of the investment each year will be of an overhead expense nature with the balance being capital expenditure. The Directors consider that of the total funds amounting to approximately £2.55 million, £1.4 million will be generated internally with the balance being generated by the Fundraising.

These funds will be used to:

- invest in sales and marketing;
- improve solution delivery capability; and
- complete the product upgrade cycle.

The majority of the funds will be deployed across the market sectors of on-board retail, Podstar transportation and Access Time and CCTV which are anticipated to receive investment of £736,000, £884,000 and £564,000 respectively over the three year period. The balance will be spent on other Group activities.

The benefits of the investment programme are expected to include:

- a material strengthening of sales ability,

- growth in revenue,
- enhancing the Group's ability to be a true solutions provider,
- increasing the proportion of revenue derived from software, and
- increasing recurring revenue,

the combination of which may make Touchstar a more highly rated technology company.

### **3. Use of the proceeds of the Fundraising**

The Net Proceeds of the Fundraising are expected to be approximately £1.22 million (assuming full subscription under the Open Offer). These proceeds will provide resources to support the investment programme, and in particular the sales and marketing activities of the Group, described in paragraph 3 above.

### **4. Details of the Firm Placing and the Conditional Placing, and the Open Offer**

#### ***Details of the Firm Placing and the Conditional Placing***

Subject to the satisfaction of the conditions under the Firm Placing and the conditions under the Conditional Placing, *inter alia*, the passing of Resolution 1, the Company will place a total of 1,269,998 new Ordinary Shares raising in aggregate approximately £0.76 million (before expenses). The Placing Shares have been conditionally placed by WH Ireland, as agent for the Company with institutional and other investors. The Placing Shares will be allotted at the Issue Price. The Issue Price of 60 pence per New Ordinary Share represents a discount of 24 per cent. against the mid-market price of 60 pence per share at which the Ordinary Shares were quoted on AIM as at close of trading on 16 January 2018, the last trading day prior to announcement of the Fundraising.

The Conditional Placing is conditional upon, *inter alia*, Second Admission occurring no later than 8.00 a.m. on 14 February 2018 (or such later date as the Company and WH Ireland shall agree, being no later than 28 February 2018).

#### ***Details of the Open Offer***

The Company considers it important that, where reasonably practicable, Shareholders have an opportunity to participate in its equity fundraisings. Accordingly, the Company is proposing to raise up to £0.54 million (before expenses) by way of the Open Offer. This will provide Qualifying Shareholders with an opportunity to participate in the proposed issue of Open Offer Shares on a pre-emptive basis whilst providing the Company with additional capital to invest in its business.

Subject to the terms and conditions of the Open Offer, the Company invites Qualifying Shareholders (being only Shareholders who are resident in the United Kingdom on the Record Date) to apply for their Basic Entitlement of Open Offer Shares at the Issue Price. Each Qualifying Shareholder's Basic Entitlement has been calculated on the basis of:

#### **1 Open Offer Share for every 7 Existing Ordinary Shares held at the Record Date**

Qualifying Shareholders are also invited to apply for additional Open Offer Shares in accordance with the Excess Entitlement. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for the Excess Entitlement at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlement to Open Offer Shares will be disregarded in calculating the Basic Entitlement.

**The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in any jurisdiction other than the United**

**Kingdom since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any such person will, save with the consent of the Company and provided it is lawful to do so, be deemed to be invalid. If an Application Form is received by any Shareholder whose registered address is elsewhere but who is in fact a resident or domiciled in a territory other than the United Kingdom, he/she should not seek to take up his/her allocation.**

Qualifying Shareholders should note that the Open Offer is not a rights issue and therefore any Open Offer Shares which are not applied for by Qualifying Shareholders will not be sold in the market for the benefit of Qualifying Shareholders who do not apply under the Open Offer. The Application Form is not a document of title and cannot be traded or otherwise transferred.

Shareholders who do not take up their Basic Entitlements in full will experience a dilution to their interests of approximately 25.6 per cent. following the Fundraising (assuming full subscription under the Open Offer). Shareholders who take up their Basic Entitlements in full will suffer a dilution to their interests of 15 per cent. on the same basis.

Qualifying Shareholders should note that the Open Offer is not underwritten, and that the Open Offer is not conditional upon the number of applications received under the Open Offer. It should also be noted that the Conditional Placing is not conditional on a certain level of acceptances made under the Open Offer.

The Open Offer is subject to the satisfaction, *inter alia*, of the following conditions on or before 14 February 2018 (or such later date as the Company and WH Ireland shall agree, being no later than 8.00 a.m. on 28 February 2018):

- the passing of the Resolutions at the General Meeting (or any adjournment thereof); and
- Second Admission becoming effective by 8.00 a.m. on 14 February 2018 (or such later date as the Company and WH Ireland shall agree, being no later than 8.00 a.m. on 28 February 2018).

The Open Offer Shares to be issued pursuant to the Open Offer will (assuming full take up under the Open Offer) represent approximately 10.6 per cent. of the Enlarged Share Capital. The Open Offer Shares will, following Admission, rank in full for all dividends and *pari passu* in all other respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared, made or paid in respect of the issued ordinary share capital of the Company after Second Admission.

Shareholders should carefully consider the “Risk Factors” set out in Part III (*Risk Factors*) before deciding whether or not to proceed with an investment in the Company.

**If a Qualifying Shareholder does not wish to apply for Open Offer Shares he should not complete or return the Application Form or send a USE message through CREST.**

#### *Settlement and dealings*

Application has been made to the London Stock Exchange for the Firm Placing Shares to be admitted to trading on AIM. It is expected that First Admission will become effective and that dealings will commence at 8.00 a.m. on 22 January 2018. In due course application will be made for the Conditional Placing Shares and the Open Offer Shares to be admitted to trading on AIM and, on the assumption that, *inter alia*, the Resolutions are passed, Second Admission is expected to become effective and that dealings will commence at 8.00 a.m. on 14 February 2018. Further information in respect of settlement and dealings in the New Ordinary Shares is set out in paragraph 7 of Part III of this document.

The New Ordinary Shares will rank, *pari passu*, in all respects with the Existing Ordinary Shares, including the right to receive all dividends and other distributions declared on or after the date on which they are issued. It is expected that CREST accounts will be credited with entitlements to the New Ordinary Shares as soon as practicable after 8.00 a.m. on the day of First Admission or Second Admission (as applicable) and that share certificates (where applicable) will be despatched as soon as practicable after First Admission or Second Admission (as applicable).

**If you are in any doubt as to what action you should take, you are recommended to immediately seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial**

**Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.**

## **5. Current trading and prospects**

The Group's last reported results were the interim results for the six months ended 30 June 2017. These results reported revenues of £3.98 million and a profit, adjusted for exceptional items, after tax of £133,000 for the period.

On 8 January 2018, the Company announced a trading update in which it reported that it expected the outcome for its financial year ended 31 December 2017 to be in line with market expectations with, profit, adjusted for exceptional items, after tax expected to be approximately £400,000 on turnover of approximately £8 million.

## **6. General Meeting**

You will find set out at the end of this document a notice convening the General Meeting to be held at the offices of Touchstar Technologies Limited, 7 Commerce Way, Trafford Park, Manchester M17 1HW at 10.00 a.m. on 13 February 2018 at which the following resolutions will be proposed as ordinary or special resolutions as indicated below:

- (a) **Resolution 1:** to authorise the Directors to allot Ordinary Shares for the purposes of the Conditional Placing (special resolution);
- (b) **Resolution 2:** to authorise the Directors to allot Ordinary Shares for the purposes of the Open Offer (special resolution);
- (c) **Resolution 3:** subject to Second Admission, to generally authorise the Directors to allot relevant securities having an aggregate nominal value of up to £140,000 or, if lower, an aggregate nominal value of up to one third of the nominal value of the Enlarged Share Capital (ordinary resolution); and
- (d) **Resolution 4:** to waive statutory pre-emption rights in respect of the allotment of equity securities pursuant to the allotment authority referred to in paragraph (c) above having an aggregate nominal value of up to £42,400 (special resolution).

## **7. Action to be taken in respect of the General Meeting**

### **(a) In respect of the General Meeting**

Enclosed with this document is a Form of Proxy for use at the General Meeting. The Notice of General Meeting is set out at the end of this document and a description of the Resolutions proposed at the General Meeting is set out at paragraph 6 (*General Meeting and Resolutions*) of this Part I. Whether or not Shareholders intend to be present at the General Meeting, all Shareholders are recommended to complete, sign and return the Form of Proxy to the Registrars so as to be received as soon as possible and, in any event, not later than 10.00 a.m. on 11 February 2018. Shareholders who complete and return the Form of Proxy may still attend and vote at the General Meeting should they wish to do so. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting (and any adjournment thereof) by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider should refer to their CREST sponsors or voting service provider(s), who will be able to take the appropriate action on their behalf.

Further details for Shareholders on how to vote can be found in the Notice of General Meeting and the Form of Proxy.

### **(b) In respect of the Open Offer**

- (i) *Qualifying Non-CREST Shareholders (i.e. holders of Ordinary Shares who hold their shares uncertificated form).*

If you are a Shareholder who is a Qualifying Non-CREST Shareholder and wish to participate in the Open Offer, you should carefully read the Application Form accompanying this document

and send the Application Form along with the appropriate remittance to the Receiving Agent by no later than 11.00 a.m. on 9 February 2018 and in accordance with the procedures set out in the Application Form and in the terms and conditions of the Open Offer at Part III (*Terms and conditions of the Open Offer*). Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable entitlement and cannot be traded.

- (ii) *Qualifying CREST Shareholders (i.e. holders of Ordinary Shares who hold their shares in uncertificated form through CREST).*

Shareholders who are Qualifying CREST Shareholders will not receive an Application Form. Qualifying CREST Shareholders will instead receive a credit to their account in CREST in respect of their Basic Entitlement and also in respect of their Excess Entitlement (equal in size to the maximum number of Open Offer Shares available under the Open Offer less an amount equal to the Qualifying Shareholder's Basic Entitlement). Shareholders should refer to the procedure for application set out in the terms and conditions of the Open Offer at Part III (*Terms and conditions of the Open Offer*).

Qualifying CREST Shareholders who are CREST sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document and the Open Offer. The latest time and date for settlement of relevant CREST instructions in respect of Open Offer Entitlements is 11.00 a.m. on 9 February 2018.

Qualifying CREST Shareholders should note that, although Basic Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claim Processing Unit.

Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of their applications under the Open Offer.

## **8. Additional information**

Your attention is drawn to the risk factors set out in Part II of this document. Shareholders are advised to read the whole of this document and not rely solely on the summary information presented in this letter.

Details of the action to be taken if you wish to subscribe for Open Offer Shares are provided in Part III of this document.

## **9. Intentions of the Directors in relation to the Fundraising**

John Christmas (Non-Executive Director) intends to subscribe 33,333 Conditional Placing Shares.

Ian Martin (Chairman) and Mark Hardy (Chief Executive officer) intend to subscribe for 333,333 and 33,000 Open Offer Shares respectively.

Ian Martin, Mark Hardy and John Christmas, all of whom are Directors, have confirmed they are subscribing for in aggregate 399,666 Shares pursuant to the Fundraising.

The Directors' aggregate participation in the Fundraising constitutes a related party transaction under the AIM Rules for Companies. Accordingly, only Jon Hall is considered to be an independent director of the Company for the purposes of this transaction and considers, having consulted with WH Ireland, the Company's nominated adviser, that the terms of the Directors' participation is fair and reasonable insofar as the shareholders of the Company are concerned.

## **10. Recommendation**

The Directors believe both the Conditional Placing and the Open Offer to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolutions as they intend so to do in respect of their beneficial shareholdings amounting to 378,000 of the Existing Ordinary Shares.

Yours faithfully

Ian Martin  
*Chairman*

## PART II

### RISK FACTORS

**Investors should be aware of the risks associated with an investment in the Company. An investment in the Company may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser under the FSMA, who specialises on advising on this type of investment.**

**A prospective investor should carefully consider whether an investment in the Company is suitable in the light of their personal circumstances and the financial resources available to them.**

**Accordingly, when evaluating whether to invest in the Company, prospective investors should carefully consider the risks described below. If any of the following risks were to materialise, the Company's business, financial condition, results, prospects and/or future operations could be materially adversely affected. In such case, the market price of the Company's shares might decline and an investor might lose all or part of his investment. Additional risks and uncertainties not presently known to the Directors, or which the Directors currently deem immaterial, may also have a material adverse effect upon the Company. No inference ought to be drawn from the order in which the following risk factors are presented as to their relative importance or potential effect.**

#### **1. Risks relating specifically to the Company**

##### ***Trading***

The Company's trading expectations are based on assumptions which the Directors consider to be reasonable but which are inherently subject to variation and uncertainty. There can be no assurance or guarantee that any element of those plans will be fulfilled, that the outcome of the Company's strategy will be achieved or that the Company will achieve revenue or be profitable.

##### ***Reliance on software***

The Company's business is reliant on the efficient operation of a business software package. This software has been sourced from a leading supplier of enterprise resource planning systems in order to minimise risk to the business and optimise support. The ability of such software to be used by the Group to function properly depends upon the Group's ability to protect its network infrastructure, computer equipment and customer files against damage from human error, various natural disasters, power loss and other systems failures. However, despite measures taken by the Group, such as daily data backup and off-site data storage, the occurrence of a natural disaster or other unanticipated problems could result in a loss of customer information or other data integral to the Group's business and/or lead to a material interruption to such business.

##### ***Competition***

There are a number of companies that operate in the Group's markets which are in direct competition with the Group. Competitors may have greater research, development, marketing, financial and personnel resources than the Company. Competitors may develop products that are more effective or economically viable than those developed by the Company. If new competitors were to enter the market, this could have a negative impact on the Group's results of operations and/or financial condition.

##### ***Management of growth***

The Company's growth plans will place additional demand on its management, customer support, marketing and administrative resources. If the Company is unable to manage its growth effectively, its business, operations or financial condition may deteriorate.

### ***Additional capital requirements in the future***

The Group's capital requirements depend on numerous factors. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on financing and operating activities. In addition, there can be no assurance that the Group will be able to raise additional funds when needed or that such funds will be available on terms favourable to the Group.

### ***Loss of key personnel***

The Group's performance is dependent upon the continued services and the performance of the executive Directors and other key personnel. The loss of the services of any of the executive Directors or key personnel could have a material adverse effect upon the Group's future.

### ***Ability to pay future dividends***

The Company's ability to pay dividends in the future is dependent upon the extent that it has distributable reserves and cash available for this purpose. The Company can give no assurance to Shareholders that it will pay dividends in the future.

## **2. General industry risks**

### ***General economic conditions***

Market conditions may affect the value of the Company's share price regardless of operating performance. The Group could be affected by unforeseen events outside its control, including natural disasters, terrorist attacks and political unrest and/or government legislation or policy. General economic conditions may affect interest rates and inflation rates. Movements in these rates will have an impact on the Group's cost of raising and maintaining debt financing. Similarly, general economic conditions will impact on the Group's customers, impacting on the Group's ability to win new business and the potential recoverability of amounts owed.

### ***Taxation***

Any change in the Company's tax status or in taxation legislation could affect the Company's ability to provide returns to Shareholders. Any statements in this document concerning the taxation of investors in Ordinary Shares are based on current UK tax law and practice which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

## **3. Risks relating to an investment in Ordinary Shares**

### ***Dilution***

Regardless of whether a Qualifying Shareholder takes up his/her/its entitlements under the Open Offer, the effect of the Fundraising will be a reduction of his/her/its proportionate ownership and voting interests in Touchstar (unless a Shareholder applies for and obtains Excess Shares under the Open Offer). Shareholders will experience greater dilution in their ownership of, and voting interests in, the Company to the extent they do not subscribe in full for their Basic Entitlement and/or Excess Entitlement. Those Shareholders in a Restricted Jurisdiction, subject to certain exceptions, will in any event not be able to participate in the Open Offer.

### ***Realisation of investment***

Potential investors should be aware that the value of shares and income from these shares can go down as well as up and that admission to trading on AIM should not be taken as implying that there will be a liquid market in the Ordinary Shares. An investment in the Existing Ordinary Shares and/or the New Ordinary Shares may thus be difficult to realise.

### ***Investment risk and AIM***

The New Shares will be admitted to AIM and it is emphasised that no application is being made for admission of the New Shares to the Official List or to any other stock exchange at this time. An investment in shares quoted on AIM may be less liquid and may carry a higher risk than an investment in shares quoted

on the Official List. The rules of AIM are less demanding than those of the Official List. Further, London Stock Exchange has not itself examined or approved the contents of this document. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

***Market for the Company's shares and volatility of share price***

Prospective investors should be aware that the value of an investment in the Company may go down as well as up. In addition, the Company can give no assurance that an active trading market for its shares will develop, or if developed, be sustained in the future. If an active trading market is not developed or maintained, the liquidity and trading price of the Company's shares could be adversely affected. Furthermore, the trading price of the Company's shares may not reflect the underlying value of the investments held by the Company and may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, the timing of investments, changes in the regulatory environment and stock market sentiment towards investment companies.

Investors should consider carefully whether an investment in Touchstar is suitable for them in light of the risk factors outlined above, their personal circumstances and the financial resources available to them.

This list should not be considered an exhaustive statement of all potential risks and uncertainties.

## PART III

### TERMS AND CONDITIONS OF THE OPEN OFFER

#### 1. INTRODUCTION

The Company considers it important that, where reasonably practicable, Shareholders have an opportunity to participate in its equity fundraisings. Accordingly, the Company is proposing to raise up to approximately £0.54 million (before expenses) by way of the Open Offer. This will provide Qualifying Shareholders with an opportunity to participate in the proposed issue of Open Offer Shares on a pre-emptive basis whilst providing the Company with additional capital to invest in its business.

Subject to the terms and conditions of the Open Offer, the Company invites Qualifying Shareholders, being only Shareholders who are resident in the United Kingdom on the Ex-Entitlement Date, to apply for their Basic Entitlement of Open Offer Shares at the Issue Price, payable in cash in full on application. Subject to certain minimum subscriptions set out below, Qualifying Shareholders are being given the opportunity to subscribe for their Basic Entitlement at the Issue Price payable in full on application, *pro rata* to their existing shareholdings.

Each Qualifying Shareholder's Basic Entitlement has been calculated on the basis of:

#### **1 Open Offer Share for every 7 Existing Ordinary Shares held at the Record Date.**

Qualifying Shareholders are also invited to apply for additional Open Offer Shares in accordance with the Excess Entitlement. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for the Excess Entitlement at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

Entitlements to apply to acquire Open Offer Shares will be rounded down to the nearest whole number and any fractional entitlement to Open Offer Shares will be disregarded in calculating the Basic Entitlement.

**The Open Offer Shares have not been and are not intended to be registered or qualified for sale in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in any jurisdiction other than the United Kingdom since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any such person will, save with the consent of the Company and provided it is lawful to do so, be deemed to be invalid. If an Application Form is received by any Shareholder whose registered address is elsewhere but who is in fact a resident or domiciled in a territory other than the United Kingdom, he/she should not seek to take up his/her allocation.**

Shareholders who do not take up their Basic Entitlements in full will experience a dilution to their interests of approximately 25.6 per cent. following the Firm Placing, the Conditional Placing and the Open Offer (assuming full subscription under the Open Offer). Shareholders who take up their Basic Entitlements in full will suffer a dilution to their interests of 15 per cent. on the same basis.

Qualifying Shareholders should note that the Open Offer is not underwritten, and that the Open Offer is not conditional upon the number of applications received under the Open Offer.

The Open Offer Shares to be issued pursuant to the Open Offer will (assuming full take up under the Open Offer) to represent approximately 10.6 per cent. of the Enlarged Share Capital. The Open Offer Shares will, following Second Admission, rank in full for all dividends and *pari passu* in all other respects with the Existing Ordinary Shares and will have the right to receive all dividends and distributions declared, made or paid in respect of the issued Ordinary Share capital of the Company after Second Admission.

A maximum number of 901,250 Open Offer Shares will be offered to Qualifying Shareholders as part of the Open Offer.

**If a Qualifying Shareholder does not wish to apply for Open Offer Shares he should not complete or return the Application Form or send a USE message through CREST.**

## **2. PRINCIPAL TERMS AND CONDITIONS OF THE OPEN OFFER**

Subject to the terms and conditions set out below (and, for Qualifying Non-CREST Shareholders, in the accompanying Application Form), Qualifying Shareholders are being given the opportunity to apply to subscribe for their Basic Entitlement at the Issue Price payable in full on application and free of all expenses, *pro rata* to their existing shareholdings on the basis of:

### **1 Open Offer Share for every 7 Existing Ordinary Shares**

registered in the name of each Qualifying Shareholder on the Record Date and so on in proportion to any other number of Existing Ordinary Shares then held (rounded down to the nearest whole number of Open Offer Shares). Valid applications by Qualifying Shareholders will be satisfied in full up to their Basic Entitlements.

The Basic Entitlement, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Shares shown in Box 3 on the Application Form or, in the case of Qualifying CREST Shareholders, is equal to the number of Basic Entitlements standing to the credit of their stock account in CREST. Qualifying CREST Shareholders will have their Basic Entitlements credited to their stock accounts in CREST and should refer to this paragraph 2 and paragraph 3 (*Procedure for application and payment*) and 7 (*Admission, settlement and dealings*) of this Part III and also to the CREST Manual for further information on the relevant CREST procedures.

Basic Entitlements have been rounded down to the nearest whole number of Ordinary Shares and any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlements and will be aggregated and will be made available to Qualifying Shareholders under the Excess Application Facility. Qualifying Shareholders with fewer than 7 Existing Ordinary Shares will not be able to apply for Open Offer Shares.

Qualifying Shareholders may apply to acquire less than their Basic Entitlement should they so wish.

Qualifying Shareholders are also invited to apply for additional Open Offer Shares in accordance with the Excess Entitlement. Any Open Offer Shares not issued to a Qualifying Shareholder pursuant to their Basic Entitlement will be apportioned between those Qualifying Shareholders who have applied for Excess Entitlements at the sole discretion of the Board, provided that no Qualifying Shareholder shall be required to subscribe for more Open Offer Shares than he or she has specified on the Application Form or through CREST.

Qualifying Shareholders may apply for, on and subject to the terms and conditions set out in this document and in the accompanying Application Form, any whole number of Open Offer Shares at the Issue Price.

**Holdings of Existing Ordinary Shares in certificated and uncertificated form will be treated as separate holdings for the purpose of calculating Basic Entitlements, as will holdings under different designations and in different accounts.**

The aggregate number of Ordinary Shares available for subscription pursuant to the Open Offer is 901,250 Ordinary Shares.

The Open Offer is conditional, *inter alia*, upon the following:

- the passing, without amendment, of Resolution 2 at the General Meeting; and
- Second Admission becoming effective by not later than 8.00 a.m. on 14 February 2018 (or such later time and/or date as the Company and WH Ireland may agree).

If any of these conditions are not satisfied or waived (where capable of waiver) by 8.00 a.m. on 14 February 2018 (or such later time and/or date as the Company and WH Ireland may agree), the Open Offer will not proceed and any applications made by Qualifying Shareholders will be rejected. In such circumstances, application monies will be returned (at the applicant's sole risk), without payment of interest, as soon as

practicable thereafter. Revocation of applications for Open Offer Shares cannot occur after dealings have begun.

No temporary documents of title will be issued in respect of Open Offer Shares held in uncertificated form. Definitive certificates in respect of Open Offer Shares taken up are expected to be posted to those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in certificated form within 10 business days of the date of Second Admission. In respect of those Qualifying Shareholders who have validly elected to hold their Open Offer Shares in uncertificated form, the Open Offer Shares are expected to be credited to their stock accounts maintained in CREST on 14 February 2018.

Application will be made for the Open Offer Shares to be admitted to trading on AIM. Second Admission is expected to occur on 14 February 2018, when dealings in the Open Offer Shares are expected to begin.

All monies received by the Receiving Agent in respect of Open Offer Shares will be held in a non-interest bearing bank account by the Receiving Agent.

If for any reason it becomes necessary to adjust the expected timetable as set out in this document, the Company will make an appropriate announcement giving details of the revised dates.

**Qualifying Shareholders should be aware that the Open Offer is not a rights issue. Qualifying Non-CREST Shareholders should also note that the Application Form is not a negotiable document and cannot be traded. Qualifying CREST Shareholders should note that, although the Basic Entitlements and Excess Entitlements will be credited to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Open Offer Shares not applied for by Qualifying Shareholders under their Basic Entitlements will not be sold in the market for the benefit of those who do not apply, under the Open Offer but may be allotted to Qualifying Shareholders to meet any valid applications for Excess Shares and the net proceeds will be retained for the benefit of the Company. Qualifying Shareholders who do not apply to take up Open Offer Shares will have no rights under the Open Offer.**

The Existing Ordinary Shares are already admitted to CREST. No further application for admission to CREST is accordingly required for the New Ordinary Shares. All such New Ordinary Shares, when issued and fully paid, may be held and transferred by means of CREST.

Application will be made for the Basic Entitlements and Excess Entitlements to be admitted to CREST where Existing Ordinary Shares are already admitted to CREST and/or Qualifying Shareholders elect for them to be so admitted to CREST. The conditions for such admission having already been met, the Basic Entitlements and Excess Entitlements are where appropriate expected to be admitted to CREST with effect from 18 January 2018.

The Open Offer Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares. The Open Offer Shares are not being made available in whole or in part to the public except under the terms of the Open Offer. Shareholders who resident in a Restricted Jurisdiction (being Shareholders that are not resident in the UK) are referred to paragraph 5 (*Overseas holders*) of this Part III.

The Existing Ordinary Shares are in registered form, are traded on AIM and are not traded on any other exchange. The Open Offer Shares will also be in registered form, will be issued credited as fully paid and will rank *pari passu* in all respects with the issued Existing Ordinary Shares. The Open Offer Shares will be issued only pursuant to the Open Offer and will not otherwise be marketed or made available in whole or in part to the public.

The proceeds of the Open Offer will be up to £0.54 million (approx.) before expenses. The Open Offer Shares will represent up to approximately 10.6 per cent. of the Enlarged Share Capital, assuming full take up of the Open Offer Shares.

### 3. PROCEDURE FOR APPLICATION AND PAYMENT

The action to be taken by you in respect of the Open Offer depends on whether, at the relevant time, you have an Application Form in respect of the Open Offer or you have Open Offer Entitlements credited to your CREST stock account.

Qualifying Shareholders who hold all their Existing Ordinary Shares in certificated form will receive a personalised Application Form. The Application Form will show the number of Ordinary Shares held at the Record Date. It will also show Qualifying Shareholders their Basic Entitlement and the total number of Open Offer Shares available under their Open Offer Entitlement that can be allotted in certificated form. Qualifying Shareholders who hold all their Existing Ordinary Shares in CREST will be allotted Open Offer Shares in CREST. Qualifying Shareholders who hold Existing Ordinary Shares partly in certificated and partly in uncertificated form that is in CREST, will be allotted Open Offer Shares in both uncertificated to the extent of their entitlement to Open Offer Shares as a result of holding Existing Ordinary Shares in uncertificated form and an application form for the part held in certificated form. However, it will be possible for Qualifying Shareholders to deposit Open Offer Entitlements into, and withdraw them from, CREST. Further information on deposit and withdrawal from CREST is set out in paragraph (b)(vi) of this Part III.

**Qualifying Shareholders who do not wish to apply for any Open Offer Shares under the Open Offer should not complete or return the Application Form or submit a USE message through CREST. Qualifying Shareholders who hold their Ordinary Shares through a nominee and who wish to apply for Open Offer Shares must contact their nominee as such Qualifying Shareholders will not be able to apply for Open Offer Shares directly using the Application Form.**

#### 3.1. ***If you have an Application Form in respect of your entitlement under the Open Offer***

##### (a) *General*

Qualifying Non-CREST Shareholders will have received an Application Form with this document. The Application Form shows the number of Existing Ordinary Shares registered in their name on the Record Date in Box 2. It also shows the maximum number of Open Offer Shares for which they are entitled to apply under the Basic Entitlements, as shown by the Basic Entitlement allocated to them set out in Box 3. Box 4 shows how much they would need to pay if they wish to take up their Basic Entitlement in full. Qualifying Non-CREST Shareholders wishing to take up their Basic Entitlement in full should complete Boxes 5, 7 and 8.

Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Non-CREST Shareholders' Basic Entitlements and will be aggregated and made available to Qualifying Shareholders pursuant to the Excess Entitlements. Any Qualifying Non-CREST Shareholders with fewer than 7 Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholder with fewer than 7 Existing Ordinary Shares will not be able to apply for Open Offer Shares pursuant to the Excess Entitlements (see paragraph 3.1(c) (*Excess Entitlements*) of this Part III). Qualifying Non-CREST Shareholders may apply for less than their Basic Entitlement should they wish to do so. Qualifying Non-CREST Shareholders wishing to apply for Open Offer Shares representing less than their Basic Entitlement may do so by completing Boxes 5, 7 and 8 of the Application Form. Subject to availability, and assuming that Qualifying Shareholders have accepted their Basic Entitlement in full, Qualifying Non-CREST Shareholders may also apply for any whole number of Open Offer Shares pursuant to their Excess Entitlements, in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Non-CREST Shareholder's Basic Entitlement, by completing Boxes 5, 6, 7 and 8 of the Application Form (see paragraph 3.1(c) (*Excess Entitlements*) of this Part III). Qualifying Non-CREST Shareholders may hold such an Application Form by virtue of a *bona fide* market claim (see paragraph 3.1(b) (*Bona fide market claims*) of this Part III).

The instructions and other terms set out in the Application Form form part of the terms of the Open Offer.

##### (b) *Bona fide market claims*

Applications by Qualifying Non-CREST Shareholders to acquire Open Offer Shares may only be made on the Application Form and may only be made by the Qualifying Non-CREST Shareholder named in it or by a person entitled by virtue of a *bona fide* market claim in relation to a market purchase of

Existing Ordinary Shares prior to the Ex-Entitlement Date. Application Forms may not be assigned, transferred or split, except to satisfy *bona fide* market claims, up to 3.00 p.m. on 7 February 2018. The Application Form is not a negotiable document and cannot be separately traded. A Qualifying Non-CREST Shareholder who has sold or otherwise transferred all or part of his holding of Existing Ordinary Shares prior to the Ex-Entitlement Date, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Open Offer Shares under the Open Offer may be a benefit which may be claimed by the transferee from his counterparty. Qualifying Non-CREST Shareholders who have sold all or part of their registered holdings should, if the market claim is to be settled outside CREST, complete Box 10 on the Application Form and immediately send it to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee or the Receiving Agent in accordance with the instructions set out in the accompanying Application Form. The Application Form should not, however, subject to certain exceptions, be forwarded to or transmitted in or into any Restricted Jurisdiction. If the market claim is to be settled outside CREST, the beneficiary of the claim should follow the procedures set out in the accompanying Application Form. If the market claim is to be settled in CREST, the beneficiary of the claim should follow the procedures set out in paragraph 3.2(b) (*Market claims*) of this Part III.

(c) *Excess Entitlements*

Provided that Qualifying Non-CREST Shareholders have accepted their Basic Entitlement in full, Qualifying Non-CREST Shareholders may apply to acquire Open Offer Shares pursuant to their Excess Entitlements, should they wish. Qualifying Non-CREST Shareholders wishing to apply for Open Offer Shares pursuant to their Excess Entitlements up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Non-CREST Shareholder's Basic Entitlement, may do so by completing Boxes 5, 6, 7 and 8 of the Application Form. The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Entitlements. Applications for Excess Entitlements will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available for Excess Entitlements. Applications for Open Offer Shares pursuant to the Excess Entitlements will be allocated in such manner as the Directors may determine, in their absolute discretion (and with the prior consent of WH Ireland), and no assurance can be given that the applications for Open Offer Shares pursuant to the Excess Entitlements by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

(d) *Application procedures*

Qualifying Non-CREST Shareholders wishing to apply to acquire all or any of the Open Offer Shares to which they are entitled should complete the Application Form in accordance with the instructions printed on it. Completed Application Forms should be posted in the accompanying reply paid envelope (for use only in the UK) or delivered by hand (during normal business hours only) to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA, with a cheque drawn in Sterling on a bank or building society in the UK which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques to be cleared through the facilities provided for members of either of those companies.

**Cheques should be drawn on the personal account to which the shareholder has sole or joint title. Third party cheques will not be accepted with the exception of bankers' drafts/building society cheques where the bank or building society has endorsed the back of the draft or cheque by adding the shareholder's details and the branch stamp.** Such cheques must bear the appropriate sort code in the top right-hand corner and must be for the full amount payable on application.

Applications must be received by Neville Registrars (at the address detailed above) no later than 11.00 a.m. on 9 February 2018, after which time, subject as set out in this paragraph, Application Forms will not be valid. Once submitted, applications are irrevocable. If an Application Form is being sent by post in the UK, Qualifying Shareholders are recommended to allow at least four working days

for delivery. Cheques should be made payable to “Neville Registrars Limited re: Clients account” and crossed “A/C Payee Only”. It is a condition of application that cheques will be honoured on first presentation and the Company may in its absolute discretion elect not to treat as valid any application in respect of which a cheque is not so honoured. The Company reserves the right in its sole discretion (but with the prior consent of WH Ireland) to (but shall not be obliged to) treat an Application Form as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Open Offer. The Company further reserves the right (but shall not be obliged) to accept either Application Forms received after 11.00 a.m. on 9 February 2018 but not later than 8.00 a.m. on 12 February 2018 with the envelope bearing a legible postmark not later than 11.00 a.m. on 9 February 2018 or applications in respect of which remittances are received before 8.00 a.m. on 9 February 2018 from authorised persons (as defined in FSMA) specifying the Open Offer Shares applied for and undertaking to lodge the Application Form in due course but, in any event, within two business days. Multiple applications will not be accepted.

**Cheques are liable to be presented for payment upon receipt.** Post-dated cheques will not be accepted. If they are presented before the conditions of the Open Offer are fulfilled, the application monies will be kept in a separate bank account until the conditions are fully met. If the conditions of the Open Offer are not fulfilled on or before 8.00 a.m. on 14 February 2018, or such later date as the Company and WH Ireland may determine (being no later than 8.00 a.m. on 28 February 2018), the Open Offer will lapse and all application monies will be returned without interest by crossed cheque in favour of the registered shareholder(s) through the post at their risk as soon as is practicable after that date. Interest earned on monies held in the separate bank account will be retained for the benefit of the Company.

(e) *Effect of application*

All documents and remittances sent by post by or to an applicant (or as the applicant may direct) will be sent at the applicant’s own risk. By completing and delivering an Application Form the applicant:

- (i) represents and warrants to the Company and WH Ireland that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) confirms to the Company and WH Ireland that in making the application he is not relying and has not relied on WH Ireland or any other person affiliated with WH Ireland in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (iii) confirms to the Company and WH Ireland that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or WH Ireland;
- (iv) requests that the Open Offer Shares to which he, she or it will become entitled be issued to him, her or it on the terms set out in this document and subject to the Articles;
- (v) agrees that all applications under the Open Offer and contracts resulting therefrom, shall be governed by and construed in accordance with the laws of England;
- (vi) represents and warrants that he, she or it is not applying on behalf of any Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he, she or it is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of the application to, or for the benefit of a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of a Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company that he, she or it is able to accept the invitation by the Company free of any

- requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
- (vii) represents and warrants that he, she or it is not and nor is he, she or it applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
  - (viii) confirms that in making such application he, she or it is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that having had the opportunity to read this document, he, she or it will be deemed to have had notice of all the information concerning the Company contained therein; and
  - (ix) represents and warrants that he, she or it is the Qualifying Shareholder originally entitled to the relevant Basic Entitlement or that he, she or it has received such Basic Entitlement by virtue of a *bona fide* market claim.

**Should you need advice with regard to these procedures, please contact Neville Registrars Limited on 0121 585 1131 or if calling from outside the UK on +44 121 585 1131, where relevant, quoting the allotment number of your Application Form. Calls to Neville Registrars helpline number are charged at your standard provider's rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.**

**Qualifying Non-CREST Shareholders who do not wish to apply for Open Offer Shares under the Open Offer should take no action and should not complete or return the Application Form.**

Qualifying Non-CREST Shareholders are, however, encouraged to vote at the General Meeting by attending in person or by completing and returning the Form of Proxy enclosed with this document.

### **3.2. If you have Basic Entitlements and Excess Entitlements credited to your stock account in CREST**

#### **(a) General**

Each Qualifying CREST Shareholder will receive a credit to his, her or its stock account in CREST equal to the number of Open Offer Shares which represents his, her or its Basic Entitlement, and also in respect of his, her or its Excess Entitlement (an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying Shareholder's Basic Entitlement). Any fractional entitlements to Open Offer Shares will be disregarded in calculating Qualifying Shareholders' Basic Entitlement and will be aggregated and made available for other Shareholders pursuant to their Excess Entitlements. Any Qualifying CREST Shareholders with fewer than 7 Existing Ordinary Shares will not receive a Basic Entitlement. Any Qualifying Non-CREST Shareholders with fewer than 7 Existing Ordinary Shares will not be able to apply for Open Offer Shares pursuant to their Excess Entitlements (see paragraph 3.2(c) (*Excess Entitlements*) of this Part III.)

The CREST stock account to be credited will be an account under the participant ID and member account ID that apply to the Existing Ordinary Shares held on the Record Date by the Qualifying CREST Shareholder in respect of which the Basic Entitlements and Excess Entitlements have been allocated.

If for any reason the Basic Entitlements and Excess Entitlements cannot be admitted to CREST, or the stock accounts of Qualifying CREST Shareholders cannot be credited, by 8.00 a.m. on 18 January 2018, or such later time and/or date as the Company and WH Ireland may decide, an Application Form will be sent to each Qualifying CREST Shareholder in substitution for the Basic Entitlements and Excess Entitlements which should have been credited to his, her or its stock account in CREST. In these circumstances, the expected timetable as set out in this

document will be adjusted as appropriate and the provisions of this document applicable to Qualifying Non-CREST Shareholders with Application Forms will apply to Qualifying CREST Shareholders who receive such Application Forms.

CREST members who wish to apply to acquire some or all of their entitlement to Open Offer Shares should refer to the CREST Manual for further information on the CREST procedures referred to below.

**Should you need advice with regard to these CREST procedures, please contact Neville Registrars Limited 0121 585 1131 or if calling from outside the UK on +44 121 585 1131, where relevant. Calls to Neville Registrars' helpline number are charged at your provider's standard national, or as the case may be, international, rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.**

If you are a CREST sponsored member you should consult your CREST sponsor if you wish to apply for Open Offer Shares as only your CREST sponsor will be able to take the necessary action to make this application in CREST.

(b) *Market claims*

Each of the Basic Entitlements and the Excess Entitlements will constitute a separate security for the purposes of CREST and will have a separate ISIN. Although Basic Entitlements and Excess Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of Basic Entitlements and Excess Entitlements may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim transaction. Transactions identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement and the Excess Entitlements will generate an appropriate market claim transaction and the relevant Basic Entitlement(s) and the Excess Entitlements will thereafter be transferred accordingly.

(c) *Excess Entitlements*

Subject to availability, and assuming that Qualifying CREST Shareholders have accepted their Basic Entitlement in full, Qualifying CREST Shareholders may apply to acquire Open Offer Shares pursuant to their Excess Entitlements, should they wish. This enables Qualifying CREST Shareholders to apply for Open Offer Shares in excess of their Basic Entitlement up to an amount equal to the total number of Open Offer Shares available under the Open Offer less an amount equal to a Qualifying CREST Shareholder's Basic Entitlement.

An Excess Entitlement may not be sold or otherwise transferred. The CREST accounts of Qualifying CREST Shareholders will be credited with an Excess Entitlement in order for any applications for Open Offer Shares pursuant to their Excess Entitlements to be settled through CREST.

Qualifying CREST Shareholders should note that, although the Basic Entitlements and the Excess Entitlements will be admitted to CREST, they will have limited settlement capabilities (for the purposes of market claims only). Neither the Basic Entitlements nor the Excess Entitlements will be tradable or listed and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

To apply for Open Offer Shares pursuant to their Excess Entitlements, Qualifying CREST Shareholders should follow the instructions in paragraphs 3.2(d) to (f) of this Part III and must not return a paper form and cheque.

Should a transaction be identified by the CREST Claims Processing Unit as "cum" the Basic Entitlement and the relevant Basic Entitlement be transferred, the Excess Entitlements will not transfer with the Basic Entitlement claim, but will be transferred as a separate claim. Should a Qualifying CREST Shareholder cease to hold all of his Existing Ordinary Shares as a result of one or more *bona fide* market claims, the Excess Entitlement credited to CREST and allocated to

the relevant Qualifying Shareholder will be transferred to the purchaser. Please note that a separate USE instruction must be sent to Euroclear in respect of any application under the Excess Entitlement.

Fractions of Ordinary Shares will not be issued pursuant to applications for Open Offer Shares pursuant to Excess Entitlements and fractions of Ordinary Shares will be rounded down to the nearest whole number. Any fractional Ordinary Shares will be aggregated and be made available for Shareholders as Excess Entitlements.

The total number of Open Offer Shares is fixed and will not be increased in response to any applications under the Excess Entitlements. Applications for Open Offer Shares pursuant to Excess Entitlements will therefore only be satisfied to the extent that other Qualifying Shareholders do not apply for their Basic Entitlements in full or where fractional entitlements have been aggregated and made available under the Excess Entitlements. Applications for Open Offer Shares pursuant to the Excess Entitlements will be allocated in such manner as the Directors may determine, in their absolute discretion (and with the prior consent of WH Ireland), and no assurance can be given that the applications for Open Offer Shares pursuant to the Excess Entitlements by Qualifying Non-CREST Shareholders will be met in full or in part or at all. Excess monies in respect of applications which are not met in full will be returned to the applicant (at the applicant's risk) without interest as soon as practicable thereafter by way of cheque or CREST payment, as appropriate.

**Should you need advice with regard to these CREST procedures, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA on 0121 585 1131 or if calling from outside the UK on +44 121 585 1131, where relevant. Calls to Neville Registrars' helpline number are charged at your provider's standard national, or as the case may be, international, rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Neville Registrars cannot provide advice on the merits of the Open Offer nor give any financial, legal or tax advice.**

(d) *USE instructions*

Qualifying CREST Shareholders who are CREST members and who want to apply for Open Offer Shares in respect of all or some of their Basic Entitlement and Excess Entitlements in CREST must send (or, if they are CREST sponsored members, procure that their CREST sponsor sends) a USE instruction to Euroclear which, on its settlement, will have the following effect:

- (i) the crediting of a stock account of the Registrar under the participant ID and member account ID specified below, with a Basic Entitlement and/or Excess Entitlements corresponding to the number of Open Offer Shares applied for; and
- (ii) the creation of a CREST payment, in accordance with the CREST payment arrangements, in favour of the payment bank of the Registrar in respect of the amount specified in the USE instruction which must be the full amount payable on application for the number of Open Offer Shares referred to in paragraph 3.2(d)(i) above.

(e) *Content of USE instruction in respect of Basic Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear's specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Open Offer Shares for which application is being made (and hence the number of shares comprised in the Basic Entitlement being delivered to Neville Registrars);
- (ii) the ISIN of the Basic Entitlement, which is GB00BFFXF476;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Basic Entitlements are to be debited;

- (v) the participant ID of Neville Registrars in its capacity as a CREST receiving agent, which is 7RA11;
- (vi) the member account ID of Neville Registrars in its capacity as a CREST receiving agent, which is TOUCH;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Open Offer Shares referred to in (i) above;
- (viii) the intended settlement date. This must be on or before 8.00 a.m. on 9 February 2018; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for an application under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 9 February 2018.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (1) a contact name and telephone number (in the free format shared note field); and
- (2) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 9 February 2018 in order to be valid is 11.00 a.m. on that day.

In the event that the Open Offer does not become unconditional by 8.00 a.m. on 14 February 2018 or such later time and date as the Company and WH Ireland determine (being no later than 8.00 a.m. on 28 February 2018, the Open Offer will lapse, the Basic Entitlements and Excess Entitlements admitted to CREST will be disabled and the Registrar will refund the amount paid by a Qualifying CREST Shareholder by way of a CREST payment, without interest, as soon as practicable thereafter. The interest earned on such monies will be retained for the benefit of the Company.

(f) *Content of USE instruction in respect of Excess Entitlements*

The USE instruction must be properly authenticated in accordance with Euroclear specifications and must contain, in addition to the other information that is required for settlement in CREST, the following details:

- (i) the number of Ordinary Shares for which the application is being made pursuant to the Excess Entitlements (and hence the number of the Excess Entitlement(s) being delivered to the Registrar);
- (ii) the ISIN of the Excess Entitlement. This is GB00BFFXF583;
- (iii) the participant ID of the accepting CREST member;
- (iv) the member account ID of the accepting CREST member from which the Excess Entitlements are to be debited;
- (v) the participant ID of Neville Registrars in its capacity as Receiving Agent. This is 7RA11;
- (vi) the member account ID of Neville Registrars in its capacity as Receiving Agent. This is TOUCH;
- (vii) the amount payable by means of a CREST payment on settlement of the USE instruction. This must be the full amount payable on application for the number of Excess Shares referred to in paragraph 3.2(f)(i) above;

- (viii) the intended settlement date. This must be on or before 11.00 a.m. on 9 February 2018; and
- (ix) the Corporate Action Number for the Open Offer. This will be available by viewing the relevant corporate action details in CREST.

In order for the application in respect of a Excess Entitlement under the Open Offer to be valid, the USE instruction must comply with the requirements as to authentication and contents set out above and must settle on or before 11.00 a.m. on 9 February 2018.

In order to assist prompt settlement of the USE instruction, CREST members (or their sponsors, where applicable) may consider adding the following non-mandatory fields to the USE instruction:

- (1) a contact name and telephone number (in the free format shared note field); and
- (2) a priority of at least 80.

CREST members and, in the case of CREST sponsored members, their CREST sponsors, should note that the last time at which a USE instruction may settle on 9 February 2018 in order to be valid is 11.00 a.m. on that day. Please note that automated CREST generated claims and buyer protection will not be offered on the Excess Entitlement security.

(g) *Deposit of Basic Entitlements and Excess Entitlements into, and withdrawal from, CREST*

A Qualifying Non-CREST Shareholder's Basic Entitlement as set out in his, her or its Application Form may be deposited into CREST (either into the account of the Qualifying Holder named in the Application Form or into the file name of a person entitled by virtue of a *bona fide* market claim). Similarly, Basic Entitlements and Excess Entitlements held in CREST may be withdrawn from CREST so that the entitlement under Basic Entitlements are reflected in an Application Form. Normal CREST procedures (including timings) apply in relation to any such deposit or withdrawal, subject (in the case of a deposit into CREST) as set out in the Application Form.

A holder of an Application Form who is proposing to deposit the Basic Entitlement set out in such form into CREST is recommended to ensure that the deposit procedures are implemented in sufficient time to enable the person holding or acquiring the Basic Entitlement and the entitlement to apply under the Excess Application Facility following its deposit into CREST to take all necessary steps in connection with taking up his, her or its entitlement prior to 11.00 a.m. on 9 February 2018. In particular, having regard to normal processing times in CREST and on the part of Neville Registrars, the recommended latest time for depositing an Application Form with the CREST Courier and Sorting Service, where the person entitled wishes to hold the entitlement under the Open Offer set out in such Application Form as Basic Entitlements or Excess Entitlements in CREST, is 3.00 p.m. on 6 February 2018, and the recommended latest time for receipt by Euroclear of a dematerialised instruction requesting withdrawal of Basic Entitlements from CREST is 4.30 p.m. on 2 February 2018, in either case so as to enable the person acquiring or (as appropriate) holding the Basic Entitlement following the deposit or withdrawal (whether as shown in an Application Form or held in CREST) to take all necessary steps in connection with applying in respect of the Basic Entitlement and/or Excess Entitlements as the case may be prior to 11.00 a.m. on 9 February 2018.

Delivery of an Application Form with the CREST deposit form duly completed whether in respect of a deposit into the account of the Qualifying Shareholder named in the Application Form or into the name of another person, shall constitute a representation and warranty to the Company and Neville Registrars by the relevant CREST member(s) that it/they is/are not in breach of the provisions of the notes under the paragraph headed "*Instructions for depositing entitlements under the Open Offer into CREST*" on page 3 of the Application Form, and a declaration to the Company and Neville Registrars from the relevant CREST member(s) that it/they is/are not citizen(s) or resident(s) of any Restricted Jurisdiction or any jurisdiction in which the application for Open Offer Shares is prevented by law and, where such deposit is made by a beneficiary of a market claim, a representation and warranty that the relevant CREST member(s) is/are entitled to apply under the Open Offer by virtue of a *bona fide* market claim.

(h) *Validity of application*

A USE instruction complying with the requirements as to authentication and contents set out above which settles by no later than 11.00 a.m. on 9 February 2018 will constitute a valid application under the Open Offer.

(i) *CREST procedures and timings*

CREST members and (where applicable) their CREST sponsors should note that Euroclear does not make available special procedures, in CREST, for any particular corporate action. Normal system timings and limitations will therefore apply in relation to the input of a USE instruction and its settlement in connection with the Open Offer. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST sponsored member, to procure that his, her or its CREST sponsor takes) such action as shall be necessary to ensure that a valid application is made as stated above by 11.00 a.m. on 9 February 2018. In this connection, CREST members and (where applicable) their CREST sponsors are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(j) *Incorrect or incomplete applications*

If a USE instruction includes a CREST payment for an incorrect sum, the Company, through Neville Registrars, reserves the right:

- (i) to reject the application in full and refund the payment to the CREST member in question without payment of interest;
- (ii) in the case that an insufficient sum is paid, to treat the application as a valid application for such lesser whole number of Open Offer Shares as would be able to be applied for with that payment at the Issue Price, refunding any unutilised sum to the CREST member in question without payment of interest; and
- (iii) in the case that an excess sum is paid, to treat the application as a valid application for all the Open Offer Shares referred to in the USE instruction, refunding any unutilised sum to the CREST member in question, without payment of interest.

(k) *Effect of valid application*

A CREST member who makes or is treated as making a valid application in accordance with the above procedures thereby: (i) agrees to pay the amount payable on application in accordance with the above procedures by means of a CREST payment in accordance with the CREST payment arrangements (it being acknowledged that the payment to Neville Registrars' payment bank in accordance with the CREST payment arrangements shall, to the extent of the payment, discharge in full the obligation of the CREST member to pay to the Company the amount payable on application);

- (i) represents and warrants to the Company and WH Ireland that he has the right, power and authority, and has taken all action necessary, to make the application under the Open Offer and to execute, deliver and exercise his rights, and perform his obligations under any contracts resulting therefrom and that he is not a person otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares or acting on behalf of any such person on a non-discretionary basis;
- (ii) confirms to the Company and WH Ireland that in making the application he is not relying and has not relied on WH Ireland or any other person affiliated with WH Ireland in connection with any investigation of the accuracy of any information contained in this document or his investment decision;
- (iii) confirms to the Company and WH Ireland that no person has been authorised to give any information or to make any representation concerning the Group or the Open Offer Shares (other than as contained in this document) and, if given or made, any such other information or representation should not be, and has not been, relied upon as having been authorised by the Company or WH Ireland;

- (iv) requests that the Open Offer Shares to which he, she or it will become entitled be issued to him, her or it on the terms set out in this document and subject to the articles of association of the Company;
  - (v) agrees that all applications under the Open Offer and contracts resulting therefrom shall be governed by, and construed in accordance with, the laws of England;
  - (vi) represents and warrants that he, she or it is not applying on behalf of any Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of any Restricted Jurisdiction and he, she or it is not applying with a view to reoffering, reselling, transferring or delivering any of the Open Offer Shares which are the subject of the application to, or for the benefit of a Shareholder who is a citizen or resident or which is a corporation, partnership or other entity created or organised in or under any laws of a Restricted Jurisdiction except where proof satisfactory to the Company has been provided to the Company that he, she or it is able to accept the invitation by the Company free of any requirement which it (in its absolute discretion) regards as unduly burdensome, nor acting on behalf of any such person on a non-discretionary basis nor (a) person(s) otherwise prevented by legal or regulatory restrictions from applying for Open Offer Shares under the Open Offer;
  - (vii) represents and warrants that he, she or it is not and nor is he, she or it applying as nominee or agent for a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in Section 93 (depository receipts) or Section 96 (clearance services) of the Finance Act 1986;
  - (viii) confirms that the Open Offer Shares have not been offered to the applicant by the Company, WH Ireland or any of their affiliates, by means of any:
    - A. “directed selling efforts” as defined in Regulation S under the US Securities Act; or
    - B. “general solicitation” or “general advertising” as defined in Regulation D under the US Securities Act;
  - (ix) confirms that in making such application he, she or it is not relying on any information in relation to the Company other than that contained in this document and agrees that no person responsible solely or jointly for this document or any part thereof or involved in the preparation thereof, shall have any liability for any such other information and further agrees that having had the opportunity to read this document, he, she or it will be deemed to have had notice of all the information concerning the Company contained therein; and
  - (x) represents and warrants that he, she or it is the Qualifying Shareholder originally entitled to the relevant Basic Entitlement or that he, she or it has received such Basic Entitlement by virtue of a *bona fide* market claim.
- (l) *Discretion of the Company as to the rejection and validity of applications the Company may:*
- (i) treat as valid (and binding on the CREST member concerned) an application which does not comply in all respects with the requirements as to validity set out or referred to in this Part III;
  - (ii) accept an alternative properly authenticated dematerialised instruction from a CREST member or (where applicable) a CREST sponsor as constituting a valid application in substitution for, or in addition to, a USE instruction and subject to such further terms and conditions as the Company may determine;
  - (iii) treat a properly authenticated dematerialised instruction (in this sub-paragraph the “first instruction”) as not constituting a valid application if, at the time at which Neville Registrars receives a properly authenticated dematerialised instruction giving details of the first instruction, or thereafter, either the Company or Neville Registrars have received actual notice from Euroclear of any of the matters specified in Regulation 35(5)(a) of the CREST Regulations in relation to the first instruction. These matters include notice that any information contained in the first instruction was incorrect or notice of lack of authority to send the first instruction; and accept an alternative instruction or notification from a CREST member or CREST sponsored member or (where applicable) a CREST sponsor, or extend the time for settlement of a USE instruction or any alternative instruction or notification, in

the event that, for reasons or due to circumstances outside the control of any CREST member or CREST sponsored member or (where applicable) CREST sponsor, the CREST member or CREST sponsored member is unable validly to apply for Open Offer Shares by means of the above procedures. In normal circumstances, this discretion is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST) or on the part of the facilities and/or systems operated by Neville Registrars in connection with CREST.

#### **4. MONEY LAUNDERING REGULATIONS**

##### **4.1 Holders of Application Forms**

It is a term of the Open Offer that, to ensure compliance with the Money Laundering Regulations 2007 (as amended and supplemented) (the **"Money Laundering Regulations"**), the money laundering provisions of the Criminal Justice Act 1993, Part VIII of FSMA and the Proceeds of Crime Act 2002 (together with other guidance and source books produced in relation to financial sector firms), Neville Registrars may at its absolute discretion require verification of identity from any person lodging an Application Form (the "applicant") including, without limitation, any applicant who (i) tenders payment by way of cheque drawn on an account in the name of a person or persons other than the applicant, or (ii) appears to Neville Registrars to be acting on behalf of some other person. In the former case, verification of the identity of the applicant may be required. In the latter case, verification of the identity of any person on whose behalf the applicant appears to be acting may be required.

The verification of identity requirements will not usually apply:

- (a) if the applicant is an organisation required to comply with the Money Laundering Directive (the Council Directive on prevention of the use of the financial system for the purpose of money laundering (no. 91/308/EEC));
- (b) if the applicant (not being an applicant who delivers his application in person) makes payment by way of a cheque drawn on an account in the applicant's name; or
- (c) if the aggregate consideration for the Open Offer Shares is less than the Sterling equivalent of €15,000 (approximately £13,274).

In other cases the verification of identity requirements may apply. Satisfaction of these requirements may be facilitated in the following ways:

- (i) if payment is made by building society cheque (not being a cheque drawn on an account in the name of the applicant), by the building society or bank endorsing on the cheque the applicant's name and the number of an account held in the applicant's name at such building society or bank, such endorsement being validated by a stamp and an authorised signature;
- (ii) if the Application Form is lodged with payment by an agent which is an organisation of the kind referred to in (a) above or which is subject to anti-money laundering regulation in a country which is a member of the Financial Action Task Force (the non-EU members of which are Argentina, Australia, Brazil, Canada, China, Gibraltar, Hong Kong, Iceland, Japan, Mexico, New Zealand, Norway, Russian Federation, the Republic of Korea, the Republic of South Africa, Singapore, Switzerland, Turkey, UK Crown Dependencies and the United States and, by virtue of their membership of the Gulf Co-operation Council, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the agent should provide with the Application Form written confirmation that it has that status and a written assurance that it has obtained and recorded evidence of the identity of the person for whom it acts and that it will on demand make such evidence available to Neville Registrars. If the agent is not such an organisation, it should contact Neville Registrars using the telephone numbers set out above.

If you deliver your Application Form personally by hand, you should ensure that you have with you evidence of identity bearing your photograph (for example your passport). If, within a reasonable period of time following a request for verification of identity, and in any case by no later than 11.00 a.m. on 9 February 2018, Neville Registrars have not received evidence satisfactory to them as aforesaid, Neville Registrars may, at their discretion, as the agents of the Company, reject the relevant application, in which event the monies submitted in respect of that application will be returned without interest to the account at the drawee bank from which such monies were originally debited (without

prejudice to the rights of the Company to undertake proceedings to recover monies in respect of the loss suffered by it as a result of the failure to produce satisfactory evidence as aforesaid).

#### 4.2 **Basic Entitlements and Excess Entitlements held in CREST**

If you hold your Basic Entitlements and Excess Entitlements in CREST and apply for Open Offer Shares in respect of all or some of your Basic Entitlement and/or Excess Entitlements as agent for one or more persons and you are not a UK or EU regulated person or institution (e.g. a UK financial institution), then, irrespective of the value of the application, the Registrar is obliged to take reasonable measures to establish the identity of the person or persons on whose behalf you are making the application. You must therefore contact the Receiving Agent before sending any USE instruction or other instruction so that appropriate measures may be taken.

Submission of a USE instruction which on its settlement constitutes a valid application as described above constitutes a warranty and undertaking by the applicant to provide promptly to the Registrar such information as may be specified by the Registrar as being required for the purposes of the Money Laundering Regulations. Pending the provision of evidence satisfactory to the Registrar as to identity, the Registrar may in its absolute discretion take, or omit to take, such action as it may determine to prevent or delay issue of the Open Offer Shares concerned. If satisfactory evidence of identity has not been provided within a reasonable time, then the application for the Open Offer Shares represented by the USE instruction will not be valid. This is without prejudice to the right of the Company to take proceedings to recover any loss suffered by it as a result of failure to provide satisfactory evidence as to the identity of the person or persons on whose behalf the application is made.

#### 5. **OVERSEAS SHAREHOLDERS (i.e. Shareholders who are resident in a Restricted Jurisdiction)**

Only Qualifying Shareholders, which means only Shareholders that are resident and domiciled in the United Kingdom, will be eligible to make an application for Open Offer Shares, and in particular no person receiving a copy of this document, the Application Form and/or a credit of an Open Offer Entitlement to a stock account in CREST in any other territory may treat the same as constituting an offer or invitation to him/her nor should he/she in any event use the Application Form nor a credit of an Open Offer Entitlement to a stock account in CREST. Accordingly, persons receiving this document and Application Form should not send the same into any other territory, and any copy of this document or the Application Form which is received in any such jurisdiction is sent for information only, is confidential and should not be copied or distributed.

The Company reserves the right to treat as invalid any application or purported application to subscribe for New Ordinary Shares pursuant to the Open Offer which appears to the Company or its agent to have been executed, effected or dispatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction or which does not include the warranties set out in the Application Form.

The Company also reserves the right, in its absolute discretion provided it is lawful to do so, to permit non-UK resident Shareholders to participate in the Open Offer.

**The Open Offer Shares have not been and are not intended to be registered or qualified for sale under in any jurisdiction other than the United Kingdom. Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Shareholders with registered addresses in any other jurisdiction other than the United Kingdom since to do so would require compliance with the relevant securities laws of that jurisdiction. Applications from any such person will be deemed to be invalid. If an Application Form is received by any Shareholder whose registered address is elsewhere but who is in fact a resident or domiciled in a territory other than the United Kingdom, he/she should not seek to take up his/her allocation.**

## 5.1 **Representations and warranties relating to Shareholders resident in a Restricted Jurisdiction**

### (a) *Qualifying Non-CREST Shareholders*

Any person completing and returning an Application Form or requesting registration of the Open Offer Shares comprised therein represents and warrants to the Company, WH Ireland and the Receiving Agent that, except where proof has been provided to the Company's satisfaction that such person's use of the Application Form will not result in the contravention of any applicable legal requirements in any jurisdiction: (i) such person is not requesting registration of the relevant Open Offer Shares from within any Restricted Jurisdiction; (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares or to use the Application Form in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person located within any Restricted Jurisdiction (except as agreed with the Company) or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) such person is not acquiring Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories. The Company and/or the Receiving Agent may treat as invalid any acceptance or purported acceptance of the allotment of Open Offer Shares comprised in an Application Form if it: (i) appears to the Company or its agents to have been executed, effected or dispatched from a Restricted Jurisdiction or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements; or (ii) provides an address in a Restricted Jurisdiction for delivery of the share certificates of Open Offer Shares (or any other jurisdiction outside the UK in which it would be unlawful to deliver such share certificates); or (iii) purports to exclude the representation and warranty required by this sub-paragraph 5.1(a).

### (b) *Qualifying CREST Shareholders*

A CREST member or CREST sponsored member who makes a valid acceptance in accordance with the procedures set out in this Part III represents and warrants to the Company and WH Ireland that, except where proof has been provided to the Company's satisfaction that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) neither it nor its client is within any Restricted Jurisdiction; (ii) neither it nor its client is in any territory in which it is unlawful to make or accept an offer to acquire Open Offer Shares; (iii) it is not accepting on a non-discretionary basis for a person located within any Restricted Jurisdiction or any territory referred to in (ii) above at the time the instruction to accept was given; and (iv) neither it nor its client is acquiring any Open Offer Shares with a view to the offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such Open Offer Shares into any of the above territories.

## **6. NO WITHDRAWAL RIGHTS**

An application under the Open Offer once made is irrevocable and cannot be withdrawn or changed.

## **7. ADMISSION, SETTLEMENT AND DEALINGS**

The result of the Open Offer is expected to be announced on 9 February 2018. Application will be made to the London Stock Exchange for all of the New Ordinary Shares to be admitted to trading on AIM. It is expected that, subject to the Open Offer becoming unconditional in all respects, Second Admission will become effective and that dealings in the Open Offer Shares will commence on 14 February 2018. The earliest date for settlement of such dealings will be 14 February 2018.

The Company's Existing Ordinary Shares are already admitted to CREST. Accordingly, no further application for admission to CREST is required for the Open Offer Shares, all of which, when issued and fully paid, may be held and transferred by means of CREST.

Application has been made for the Basic Entitlements to be admitted to CREST. The conditions to admission having already been met, the Basic Entitlements are expected to be admitted to CREST with effect from 18 January 2018. Basic Entitlements held in CREST are expected to be disabled in all respects after 11.00 a.m. on 9 February 2018 (the latest time and date for applications under the Open Offer).

Open Offer Shares will be issued in uncertificated form to those persons who submitted a valid application for Open Offer Shares by utilising the CREST application procedures and whose applications have been accepted by the Company on the day on which all conditions to the Open Offer are satisfied (expected to be 14 February 2018). On this day, Neville Registrars will instruct Euroclear to credit the appropriate stock accounts of such persons with such persons' entitlements to Open Offer Shares with effect from Second Admission (expected to be 14 February 2018). The stock accounts to be credited will be accounts under the same participant IDs and member account IDs in respect of which the USE instruction was given.

Qualifying CREST Shareholders should note that they will be sent no confirmation of the credit of the Open Offer Shares to their CREST stock account nor any other written communication by the Company in respect of the issue of the Open Offer Shares.

Notwithstanding any other provision of this document, the Company reserves the right to send Qualifying CREST Shareholders an Application Form instead of crediting the relevant stock account with a Basic Entitlement, Excess Entitlements and/or to issue Open Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by Neville Registrars in connection with CREST. This right may also be exercised if the correct details (such as participant ID and member account ID details) are not provided as requested.

For Qualifying Non-CREST Shareholders who have applied by using an Application Form, share certificates for the Open Offer Shares validly applied for are expected to be despatched by post within 10 business days of Second Admission. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of the Open Offer Shares by Qualifying Non-CREST Shareholders will be certified against the register. All documents or remittances sent by or to an applicant (or his agent as appropriate) will (in the latter case) be sent through the post and will (in both cases) be at the risk of the applicant.

## **8. TIMES AND DATES**

The Company shall, in its discretion, and after consultation with its financial and legal advisers, be entitled to amend the dates on which Application Forms are despatched or amend or extend the latest date for acceptance under the Open Offer and all related dates set out in this document and in such circumstances shall make an announcement on a regulatory information service.

## **9. TAXATION**

Shareholders who are in any doubt as to their tax position in relation to taking up their entitlements under the Open Offer, or who are subject to tax in any jurisdiction other than the United Kingdom, should immediately consult a suitable professional adviser.

## **10. GOVERNING LAW AND JURISDICTION**

The terms and conditions of the Open Offer as set out in this document, the Application Form and any non-contractual obligation related thereto shall be governed by, and construed in accordance with, the laws of England. The courts of England are to have exclusive jurisdiction to settle any dispute which may arise out of or in connection with the Open Offer, this document or the Application Form including, without limitation, disputes relating to any non-contractual obligations arising out of or in connection with the Open Offer, this document or the Application Form. By taking up Open Offer Shares under the Open Offer in accordance with the instructions set out in this document and, where applicable, the Application Form Qualifying Shareholders irrevocably submit to the jurisdiction of the courts of England and waive any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum.

## NOTICE OF GENERAL MEETING

# Touchstar plc

*(incorporated and registered in Scotland under number SC005543)*

NOTICE is hereby given that a General Meeting of Touchstar plc will be held at the offices of Touchstar Technologies Limited, 7 Commerce Way, Trafford Park, Manchester M17 1HW, UK on 13 February 2018 at 10.00 a.m. to consider and, if thought fit, pass the following Resolutions, of which Resolution numbered 3 will be proposed as an Ordinary Resolution and Resolutions numbered 1, 2 and 4 will be proposed as Special Resolutions.

### SPECIAL RESOLUTIONS

1. **That** the directors be and they are:

- (a) generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “**Act**”) to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being “**Relevant Securities**”) up to an aggregate nominal amount of £31,957.90 in connection with the Conditional Placing (as that term is defined in the circular to shareholders published by the Company dated 17 January 2018 (the “**Circular**”)); and
- (b) empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by paragraph (a) of this Resolution as if section 561(1) of the Act did not apply to such allotment, provided that such power conferred by this Resolution shall be limited to the allotment of equity securities up to an aggregate nominal value equal to £31,957.90 in connection with the Conditional Placing,

provided that this power shall expire on 28 February 2018 except that the Company may before the expiry of this power make an offer or agreement which would or might require Relevant Securities or equity securities to be allotted or granted (as applicable) in pursuance of such an offer or agreement as if this power had not expired.

2. **That** the directors be and they are:

- (a) generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot Relevant Securities up to an aggregate nominal amount of £45,062.50 in connection with the Open Offer (as that term is defined in the Circular); and
- (b) empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by paragraph (a) of this Resolution as if section 561(1) of the Act did not apply to such allotment, provided that such power conferred by this Resolution shall be limited to the allotment of equity securities up to an aggregate nominal value equal to £45,062.50 in connection with the Open Offer,

provided that this power shall expire on 28 February 2018 except that the Company may before the expiry of this power make an offer or agreement which would or might require Relevant Securities or equity securities to be allotted or granted (as applicable) in pursuance of such an offer or agreement as if this power had not expired.

### ORDINARY RESOLUTION

3. **That**, subject to and conditional upon Second Admission (as that term is defined in the Circular) and in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this Resolution (save for the authorities conferred pursuant to Resolutions 1 and 2 above), the directors be and they are generally and unconditionally authorised pursuant to section 551 of the Act to exercise all powers of the Company to allot or grant (as applicable) Relevant Securities up to an aggregate nominal amount of £140,000, or, if lower, Relevant Securities having an aggregate nominal

value equal to one third of the aggregate nominal value of the Enlarged Share Capital (as defined in the Circular), provided that, unless previously revoked, varied or extended, this authority shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2018, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot or grant (as applicable) Relevant Securities in pursuance of such an offer or agreement as if this authority had not expired.

#### **SPECIAL RESOLUTION**

4. **That**, subject to and conditional upon, Second Admission the directors be and they are empowered pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by Resolution 3 above as if section 561(1) of the Act did not apply to such allotment provided that:
- (a) the power conferred by this resolution shall be limited to:
    - (i) the allotment or grant (as applicable) of equity securities in connection with an offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising under the laws or requirements of any overseas territory or by virtue of shares being represented by depository receipts or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
    - (ii) the allotment or grant (as applicable), otherwise than pursuant to sub-paragraph (i) above, of equity securities up to an aggregate nominal amount of £42,400; and
  - (b) unless previously revoked, varied or extended, this power shall expire on the conclusion of the Annual General Meeting of the Company to be held in 2018, except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted or granted (as applicable) after such expiry and the directors may allot, or grant, (as applicable) equity securities in pursuance of such an offer or agreement as if this power had not expired.

By Order of the Board

Natasha Rourke  
*Company Secretary*

Dated 17 January 2018

Touchstar plc  
1 George Street  
Glasgow  
G2 1AL

Notes:

#### **Entitlement to attend and vote**

1. Only those members registered on the Company's register of members at 6.00 p.m. on 11 February or, if this General Meeting (the "Meeting") is adjourned, at 6.00 p.m. on the day two days prior to the adjourned meeting, shall be entitled to attend and vote at the Meeting.

#### **Website giving information regarding the Meeting**

2. Information regarding the Meeting is available from [www.Touchstar.co.uk](http://www.Touchstar.co.uk).

#### **Attending in person**

3. If you wish to attend the Meeting in person, you will need to bring with you a form of formal identification which includes your photograph, such as a passport or a picture driving licence.

#### **Appointment of proxies**

4. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
5. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
6. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please complete and return the enclosed form of proxy and return it to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA in accordance with the instructions thereon.
7. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

#### **Appointment of proxy using hard copy proxy form**

8. The notes to the proxy form explain how to direct your proxy to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA in accordance with the instructions thereon; and
- received by Neville Registrars (at the above address) no later than 10.00 a.m. on 11 February 2018.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

#### **Appointment of proxy by joint members**

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

#### **Changing proxy instructions**

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars on 0121 585 1131 or if calling from outside the UK on +44 121 585 1131, where relevant, quoting the allotment number of your Application Form. Calls to Neville Registrars help line number are charged at your standard provider's rates.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

#### **Termination of proxy appointments**

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Neville Registrars no later than 10.00 a.m. on 9 February 2018.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified, then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

#### **Corporate representatives**

12. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

#### **Issued shares and total voting rights**

13. As at 6.00 p.m. on 16 January 2018, the Company's issued share capital comprised 6,308,750 ordinary shares of 5 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 16 January 2018 is 6,308,750.

#### **Questions at the Meeting**

14. The Company will answer any question you ask relating to the business being dealt with at the Meeting unless:
- (a) answering the question would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information;
  - (b) the answer has already been given on a website in the form of an answer to a question; or
  - (c) it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

#### **Voting**

15. Voting on all resolutions will be conducted by way of a poll rather than on a show of hands so that the votes of all shareholders attending in person or by proxy are properly taken into account.

#### **Documents on display**

16. The following documents will be available for inspection at the offices of Touchstar Technologies Limited, 7 Commerce Way, Trafford Park, Manchester M17 1HW, UK, from the date of this notice until the time of the Meeting and, at the Meeting, for at least 15 minutes prior to the Meeting until the end of the Meeting:
- (a) Copies of the service contracts of executive directors of the Company.
  - (b) Copies of the letters of appointment of the non-executive directors of the Company.
  - (c) A copy of the Circular.

#### **Communication**

17. Except as provided above, members who have general queries about the Meeting should use the following means of communication (no other methods of communication will be accepted):
- (a) in writing to the Company Secretary, Touchstar plc, 1 George Street, Glasgow G2 1AL, UK;
  - (b) by email to any electronic address provided either in this notice of general meeting or any related documents (including the chairman's letter and proxy form),
- to communicate with the Company for any purposes other than those expressly stated.





