

BAKO North Western (Group) Limited

RING FENCING FAQs



1. Will I need to hand in my old share certificate?
You will need to hand in your old certificate and we will issue you with two certificates, one representing your 10 A Shares and one for your remaining 40 Ordinary Shares.
2. What if I have lost my share certificate?
We will have a form of indemnity for you to sign instead.
3. What is an A share?
It is a share in the company with a right to share (as a priority over the other shares) in the first £9.2 million of value on any sale.

For example, if the company was sold for £20 million, the first £9.2 million would be distributed to A shareholders, £1.08 million would be distributed to B shareholders (assuming 40 B shares are issued as part of the Executive Incentive Scheme) and the remaining £9.72 million would be distributed to Ordinary shareholders.

Alternatively, if the company was sold for less than £9.2 million, the A shareholders would receive all of the proceeds, with nothing to be distributed to B shareholders and Ordinary shareholders.

4. Why have you chosen to do this?
The Board now wishes to embark upon a recruitment drive to attract new shareholder members and to further strengthen its customer base. The proposed change should allow the Group to grow its shareholder base, increase shareholder sales, whilst recognising and preserving the value (£9.2 million) of the stake currently held by existing shareholders.
5. Are the Board all voting in favour?
Yes
6. Will new members get A shares?
No, the A shares are for registered shareholders of Bako North Western (Group) Limited on the Record Date of 30 September only
7. Is the company for sale?
No, the Board is not in receipt of an offer for sale of the company and is not proposing to sell the company. The sole purpose of this share reorganisation is to give existing shareholders to ring-fence the first £9.2 million of the value of the Group in the event of any future sale.
8. Can I sell my A shares?
The Board have decided that certain limited transfer rights will be permitted on the A Shares. These transfers are to 'related parties; subject to the prior approval of the Board.
9. Will I receive a dividend on my A shares?
There will be no guaranteed dividend payable on the A Shares.
10. Will this new share structure affect my rebate?
No, your rebate will continue to be paid on the same basis as previously, subject to you satisfying the terms of eligibility as detailed in the company's Articles of Association.
11. Will I pay tax on the issue to me of the new A shares?
That will depend on your own tax position and you must take advice. The advice the board has received is that it is very unlikely that this reorganisation will be taxable.

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12. When will I receive my new share certificates?
We will issue new share certificates as soon as possible after the AGM.
13. What if I do not want A shares, do I have to have them?
It is a requirement of the scheme that we treat all members equally. If you do not want the A shares please return the share certificate for them to be cancelled by the Company Secretary who on receipt of the share certificate will issue a £10.00 cheque for the nominal value of the A Share.
14. Can I put the new A shares in another name?
Refer to point 8. above.
15. Do A or B Shares hold any voting rights?
No, only Ordinary Shares hold voting rights.
16. I currently hold 50 Ordinary Shares of £1 each. Following this scheme I will hold 1 A Share and 40 Ordinary Shares, have I lost any value?
No, your 1 A Share has a nominal value of £10.00 and your 40 Ordinary Shares have a nominal value of £1, therefore the nominal value of your holding will remain at £50.00.
17. Can 1 A Share be divided into fractions of a share?
No. However you may want to seek independent advice on joint ownership of 1 A Share.
18. Can I sell my A Share back to the Company and claim my share of the £9.2 million?
No, the A Shares are only redeemable at a value other than the nominal value on the sale of the whole of the Ordinary Shares in the Company.

Please feel free to address any further queries relating to the share scheme to
CompanySecretary@bakonw.co.uk