

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you are recommended immediately to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are a resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser. This Document does not constitute any offer to issue or sell or a solicitation of any offer to subscribe for or buy Ordinary Shares.

If you have sold or otherwise transferred all of your Existing Ordinary Shares, or all of your Bonds, please forward this Document and the accompanying White or Blue Form of Proxy (respectively) at once to the purchaser or transferee or to the stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold or transferred only part of your holding in the Existing Ordinary Shares or Bonds, you should retain this Document and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

This Document does not constitute a prospectus for the purposes of the Prospectus Rules of the FCA or an admission document for the purpose of the AIM Rules for Companies. The Directors accept responsibility for the information contained in this Document and to the best of their knowledge and belief (having 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.

London Stock Exchange Plc has not itself examined or approved the contents of this Document. AIM is a market designed primarily for emerging or smaller companies to which a higher degree of investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List and the AIM Rules are less demanding than those of the Official List.

Application will be made to London Stock Exchange Plc for the Bond Conversion Shares, the Placing Shares, the Fee Shares, the Broker Shares and the New Ordinary Shares to be admitted to trading on AIM. It is expected that dealings in the Bond Conversion Shares, the Placing Shares, the Fee Shares, the Broker Shares and New Ordinary Shares will commence on 26 August 2020.

The distribution of this Document in jurisdictions other than the UK may be restricted by law and, therefore, persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdictions. In particular, this Document should not be forwarded or transmitted in or into the United States, Canada, Australia, South Africa, Japan or any other jurisdiction where it would be illegal to do so. The Existing Ordinary Shares have not been registered under the United States Securities Act 1933 (as amended) or under any of the relevant securities laws of any state of the United States or of Canada, Australia, South Africa or Japan. Accordingly, none of the Existing Ordinary Shares may (unless an exemption under relevant securities laws is applicable) be offered, sold, resold or delivered, directly or indirectly, in or into the United States, Canada, Australia, South Africa or Japan or for the account or benefit of any such person located in the United States, Canada, Australia, South Africa or Japan.

This Document should be read as a whole, in deciding whether or not to vote in favour of the resolutions to be proposed at the General Meeting and at the Bondholder Meeting.

Vela Technologies Plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 03904195)

Proposals for: The Disposal Share Capital Reorganisations Bond Conversion Board Changes

**Placing of 4,166,666,875 New Ordinary Shares at 0.024p per share with 1 for 1 Placing Warrant
Amendment of Articles of Association**

Notice of General Meeting Notice of Bondholder Meeting

Your attention is drawn to the letter from the Independent Director of Vela Technologies Plc which is set out in Part I of this Document.

Notice of a General Meeting to be held at 11.00 a.m. on 24 August 2020 at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, BD16 1PY is set out at the end of this Document. A White Form of Proxy for holders of Existing Ordinary Shares for use at the General Meeting accompanies this Document and, to be valid, must be completed and returned to the Company's Registrars, Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD, as soon as possible but in any event to be received not later than 11.00 a.m. on 20 August 2020 or 48 hours before any adjourned meeting.

A summary of the action to be taken by Shareholders is set out in paragraph 19 in Part I of this Document and in the notice of the General Meeting. Please note the comments in paragraph 19, in respect of the COVID-19 pandemic.

Notice of a Bondholder Meeting to be held at 11.15 a.m. on 24 August 2020 at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, BD16 1PY (or as soon thereafter as the General Meeting convened for the same day has concluded or been adjourned) is set out at the end of this Document. A Blue Form of Proxy for holders of Bonds for use at the Bondholder Meeting accompanies this Document and, to be valid, must be completed and returned to the Company's Registrars, Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD, as soon as possible but in any event to be received not later than 11.15 a.m. on 20 August 2020 or 48 hours before any adjourned meeting.

A summary of the action to be taken by Bondholders is set out in paragraph 21 in Part I of this Document and in the notice of the Bondholder Meeting. Shareholders and Bondholders should note the comments in paragraph 21, in respect of the COVID-19 pandemic.

Allenby Capital Limited, which is a member of the London Stock Exchange, is authorised and regulated in the United Kingdom by the Financial Conduct Authority and is acting as nominated adviser to the Company in connection with the Proposals. Its responsibilities as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange and are not owed to the Company or to any Director or to any other person in respect of his decision to acquire Existing Ordinary Shares in the Company in reliance on any part of this Document. Allenby Capital Limited has not authorised the contents of, or any part of, this Document and no representation or warranty, express or implied, is made by Allenby Capital Limited as to any of the contents of this Document (without limiting the statutory rights of any person to whom this Document is issued). Allenby Capital Limited will not be offering advice and will not otherwise be responsible to anyone other than the Company for providing the protections afforded to customers of Allenby Capital Limited or for providing advice in relation to the contents of this Document or any other matter.

Peterhouse Capital Limited is authorised and regulated by the Financial Conduct Authority, and is acting as the broker to the Company and no-one else in connection with the Placing and will not be responsible to anyone other than the Company for providing the protections afforded to their customers or for affording advice in relation to the matters referred to herein. Peterhouse Capital Limited does not accept any liability whatsoever for the accuracy of opinions contained in this Document (or for the omission of any material information) and is not responsible for the contents of this Document.

Copies of this Document will be available free of charge from the Company's registered office, 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, BD16 1PY and from the offices of Peterhouse Capital Limited, 80 Cheapside, London EC2V 6EE, during normal business hours and a copy is available on the website of the Company at <http://www.velatechplc.com>.

IMPORTANT INFORMATION

Forward looking statements

Certain statements in this Document constitute "forward looking statements". Forward looking statements include statements concerning the plans, objectives, goals, strategies and future operations and performance of the Company and the assumptions underlying these forward looking statements. The Company uses the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "may", "will", "should", "could" and any similar expressions to identify forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Company's actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as at the date of this Document. The Company is not obliged, and does not intend, to update or to revise any forward looking statements, whether as a result of new information, future events or otherwise except to the extent required by any applicable law or regulation. All subsequent written or oral forward looking statements attributable to the Company, or persons acting on behalf of the Company, are expressly qualified in their entirety by the cautionary statements contained throughout this Document. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward looking statements.

CONTENTS

	Page
Expected Timetable of Principal Events	4
Share Capital Statistics	5
Definitions	6
Directors, Secretary and Advisers	10
Part I: Letter from the Independent Director	11
Part II: Summary of Group 1 Assets and Group 2 Assets	23
Notice of General Meeting	24
Notice of Bondholder Meeting	29

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Suspension of the Existing Ordinary Shares from trading on AIM	7:30 a.m. on 31 July 2020
Publication of this Document	31 July 2020
Latest time and date for receipt of White Forms of Proxy for the General Meeting	11.00 a.m. on 20 August 2020
Latest time and date for receipt of Blue Forms of Proxy for the Bondholder Meeting	11.15 a.m. on 20 August 2020
General Meeting	11.00 a.m. on 24 August 2020
Bondholder Meeting	11.15 a.m. on 24 August 2020
First Record Date	6.00 p.m. on 24 August 2020
First Share Capital Reorganisation becomes effective	6.00 p.m. on 24 August 2020
Bond Conversion becomes effective	24 August 2020
Second Record Date	6.00 p.m. on 25 August 2020
Second Share Capital Reorganisation becomes effective	6.00 p.m. on 25 August 2020
Disposal becomes effective	25 August 2020
Admission of the Bond Conversion Shares, Placing Shares, Fee Shares, Broker Shares and the New Ordinary Shares to trading on AIM and suspension lifted	8.00 a.m. on 26 August 2020
CREST stock accounts to be credited with the Placing Shares in uncertificated form	8.00 a.m. on 26 August 2020
Despatch of share certificates for the Bond Conversion Shares and the Placing Shares in certificated form	in the week commencing 31 August 2020
Despatch of warrant certificates for the Placing Warrants	in the week commencing 31 August 2020

Notes

1. References to time in this Document are to London time unless otherwise stated.
2. Unless expressly stated otherwise, all future times and dates in this Document are indicative only and may be subject to change.
3. All events in the above timetable following the General Meeting are conditional upon approval by the Shareholders of the Resolutions, and approval of the Bond Conversion by Bondholders.

SHARE CAPITAL STATISTICS

Existing Ordinary Shares of 0.1p each in issue at the date of this Document	1,748,943,717
Number of Ordinary Shares to be issued under the Bond Conversion	916,666,653
Bond Conversion Shares as a percentage of the issued ordinary share capital immediately following the Bond Conversion	34.39 per cent
Number of Ordinary Shares to be issued pursuant to the Placing	4,166,666,875
Number of Fee Shares to be issued	235,416,666
Number of Broker Shares to be issued	104,166,666
Enlarged Share Capital on completion of the Share Capital Reorganisations, Bond Conversion, issue of Fee Shares, issue of Broker Shares and Placing	7,171,860,577
Placing Price	0.024p
Placing Shares as a percentage of the Enlarged Share Capital	58.1 per cent.
Gross proceeds of the Placing	£1.0 million
Estimated net proceeds of the Placing	£870,000

DEFINITIONS

The following definitions apply throughout this Document unless the context requires otherwise:

“Act”	the Companies Act 2006 as amended including the regulations made under the Act;
“Admission”	the lifting of the current suspension from trading on AIM and the admission of the Bond Conversion Shares, Placing Shares, the Fee Shares, the Broker Shares and New Ordinary Shares to trading on AIM in accordance with the AIM Rules;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies, incorporating guidance notes, published by the London Stock Exchange governing, inter alia, admission to AIM and the continuing obligations of companies admitted to trading on AIM, as amended or reissued from time to time;
“Articles”	the articles of association of the Company;
“Blue Form of Proxy”	the blue form of proxy accompanying this Document for use by Bondholders in relation to the Bondholder Meeting;
“Bonds”	the £550,000 of Vela Secured Bonds due 2020, created by the Company in February 2017;
“Bondholders”	holders of the Bonds from time to time;
“Bond Conversion”	the proposed conversion of the Bonds pursuant to a scheme to be considered at the Bondholder Meeting, notice of which is set out at the end of this Document;
“Bond Conversion Shares”	the 916,666,653 ordinary shares of 0.02p each to be issued to Bondholders in connection with the Bond Conversion;
“Bondholder Meeting”	the meeting of Bondholders of the Company, to be held at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, BD16 1PY at 11.15 a.m. on 24 August 2020, or as soon thereafter as the General Meeting convened for the same date shall have concluded or been adjourned, or any adjournment of that meeting, which is being held to consider the Extraordinary Resolution;
“Broker Shares”	the 104,166,666 new Ordinary Shares to be issued at the Placing Price to Peterhouse in lieu of corporate fees relating to this transaction;
“Broker Warrants”	the 215,155,817 warrants to be granted to Peterhouse on Admission to subscribe for New Ordinary Shares of the Company, exercisable at the Placing Price, expiring on 1 September 2021;
“Company”, or “Vela”	Vela Technologies plc (incorporated and registered in England and Wales with registered number 03904195) whose registered office is at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, BD16 1PY;
“Conversion Price”	0.06p per share, being the conversion price for the Bonds;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 01/3755), as amended;
“CREST”	the relevant system (as defined in the CREST Regulations) for the paperless settlement of share transfers and the holding of shares in

	uncertificated form which is administered by Euroclear;
“Debt”	£855,000, being the consideration for the transfer of the Group 2 Assets to the Subsidiary which will remain outstanding following completion of that transfer, as described in paragraphs 4 and 6 of Part I;
“Deferred Shares”	the deferred shares of 0.08p each in the capital of the Company in issue following the First Share Capital Reorganisation;
“Directors”, the “Board” or the “Board of Directors”	the directors of the Company, comprising Nigel Brent Fitzpatrick and Antony Laiker at the date of this Document;
“Disposal”	the proposed disposal of the Subsidiary to NewCo, following the transfer of the Group 2 Assets to the Subsidiary;
“Document” or “Circular”	this document, being a circular to Shareholders and accompanying General Meeting Notice and Bondholder Meeting Notice;
“Enlarged Share Capital”	the issued ordinary share capital of the Company in issue following the Bond Conversion, the Placing, the issue of Fee Shares, the issue of the Broker Shares and the Share Capital Reorganisations;
“Euroclear”	Euroclear UK & Ireland Limited, a company incorporated in England and Wales and the operator of CREST;
“Existing Directors”	the directors as at the date of this Document;
“Existing Ordinary Shares”	the 1,748,943,717 ordinary shares of 0.1p each in the capital of the Company in issue at the date of this Document;
“Extraordinary Resolution”	the extraordinary resolution set out in the notice of the Bondholder Meeting;
“Fee Shares”	the 235,416,666 new Ordinary Shares to be issued at the Placing Price to Antony Laiker, Executive Director of the Company, in lieu of part of his notice period and fees owed amounting to, in aggregate, £56,500;
“First Share Capital Reorganisation”	the first reorganisation of the share capital of the Company in accordance with paragraph (a) of Resolution 2 as described in paragraph 7 of Part I;
“First Record Date”	6.00 p.m. on 24 August 2020, for the purposes of the First Share Capital Reorganisation;
“General Meeting Notice”	the notice convening the General Meeting which is set out at the end of this Document;
“General Meeting”	the general meeting of the Company, convened by the General Meeting Notice, to be held at 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, BD16 1PY at 11.00 a.m. on 24 August 2020, or any adjournment of that meeting, which is being held to consider the Resolutions;
“Group”	the Company and its subsidiary BIXX Tech Limited, as at the date of this Document;
“Group 1 Assets”	the assets of the Group as listed in Part II which will be retained by the Company;
“Group 2 Assets”	the assets of the Group as listed in Part II, which are proposed to be disposed of to NewCo, subject, <i>inter alia</i> , to the passing of the Resolutions and the Extraordinary Resolution;

“Independent Director”	Nigel Brent Fitzpatrick (Non-Executive Chairman);
“London Stock Exchange”	London Stock Exchange plc;
“New Ordinary Shares”	ordinary shares of 0.01p each in the capital of the Company following the Second Share Capital Reorganisation;
“NewCo”	BIXX Limited, (a company registered in England and with company number 012767460) whose registered office is at 10 Queen Street Place, London, EC4R 1AG;
“Ordinary Shares”	ordinary shares in the capital of the Company from time to time;
“Peterhouse”	Peterhouse Capital Limited (registered in England and Wales with company number 02075091) (authorised by the FCA with firm reference number 184761);
“Placees”	the placees for the Placing Shares;
“Placing”	the conditional placing of the Placing Shares at the Placing Price;
“Placing Price”	0.024p per New Ordinary Share;
“Placing Shares”	The 4,166,666,875 New Ordinary Shares proposed to be issued by the Company pursuant to the Placing;
“Placing Warrants”	the 4,166,666,875 warrants over new Ordinary Shares exercisable at the Placing Price until 1 September 2021, which are to be granted to the subscribers in the Placing on a <i>pro rata</i> basis to their size of their subscriptions in the Placing, subject to the approval of the Resolutions;
“Prior Shareholders”	the Shareholders in the Company on the register of members as at the Second Record Date, including the holders of Bond Conversion Shares;
“Proposals”	together the First Share Capital Reorganisation, the Second Share Capital Reorganisation, the Bond Conversion, the Disposal, the Placing, Board change, issue of Fee Shares and grant of authorities to allot securities including dis-application of pre-emption rights, as set in this Document;
“Proposed Director”	James Patrick Normand, who will join the Board following completion of the Proposals and subject to all the Resolutions and the Extraordinary Resolution being passed;
“Resolutions”	the resolutions set out in the notice of General Meeting;
“Second Share Capital Reorganisation”	the second reorganisation of the share capital of the Company, in accordance with paragraph (b) of Resolution 2 as described in paragraph 9 of Part I;
“Second Record Date”	6.00 p.m. on 25 August 2020, for the purposes of the Second Share Capital Reorganisation;
“Shareholders”	holders of ordinary shares in the capital of the Company from time to time;
“Special Deferred Shares”	the 2,665,610,370 special deferred shares of 0.01p each in the capital of the Company following the Second Share Capital Reorganisation;
“Special Dividend”	the special dividend payable to the holders of Special Deferred Shares in the event of and in respect of any repayment of the Debt as described in more detail in paragraph 6 of Part I;

“Sterling” or “£”	the lawful currency of the UK;
“Subsidiary”	the Company’s wholly-owned subsidiary, BIXX Tech Limited;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland; and
“White Form of Proxy”	the white form of proxy accompanying this Document for use by the Shareholders in relation to the General Meeting.

DIRECTORS, SECRETARY AND ADVISERS

Directors	Nigel <u>Brent</u> Fitzpatrick <u>Antony</u> Jon Laiker*
Proposed Director	<u>James</u> Patrick Normand**
Company Secretary	Emma K Wilson
Registered Office	15 Victoria Mews Mill Field Road Cottingley Business Park Bingley BD16 1PY
Nominated Adviser & Joint Broker	Allenby Capital Limited 5 St Helen's Place London EC3A 6AB
Joint Broker	Peterhouse Capital Limited 80 Cheapside London EC2V 6EE
Registrar & Receiving Agent	Neville Registrars Limited Neville House Steelpark Road Halesowen B62 8HD
Company's website	www.velatechplc.com

* *to resign upon completion of the Proposals and subject to the passing of the Resolutions and Extraordinary Resolution*

** *to be appointed upon completion of the Proposals and subject to the passing of the Resolutions and Extraordinary Resolution*

PART I
LETTER FROM THE INDEPENDENT DIRECTOR

Vela Technologies Plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 03904195)

Directors:

Nigel Brent Fitzpatrick
Antony Laiker

Registered Office:

15 Victoria Mews
Mill Field Road
Cottingley Business Park
Bingley
BD16 1PY

To all Shareholders and to all Bondholders

31 July 2020

Dear Shareholder and Bondholder

Proposals for:

**The Disposal
Share Capital Reorganisations
Bond Conversion
Board Changes**

**Placing of 4,166,666,875 New Ordinary Shares at 0.024p per share with 1 for 1 Placing Warrant
Amendment of Articles of Association**

**Notice of General Meeting
Notice of Bondholder Meeting**

1. Introduction

The Company has today announced a series of proposals, namely the Disposal, the First and Second Share Capital Reorganisation, the Bond Conversion, the Placing, the resignation of Antony Laiker as an Executive Director, the proposed appointment of James Normand as an Executive Director and certain other related matters to be proposed at the General Meeting.

The purpose of this Document is to provide Shareholders and Bondholders with the background to the Proposals and to explain why the Independent Director considers the Proposals to be in the best interests of the Company, Shareholders and Bondholders as a whole and why he recommends that Shareholders should vote in favour of the Resolutions to be proposed at the General Meeting and that Bondholders should vote in favour of the Extraordinary Resolution to be proposed at the Bondholder Meeting.

A notice convening a General Meeting of the Company to be held at the Company's offices, 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, BD16 1PY, on 24 August 2020 at 11.00 a.m. to consider the Resolutions is set out in the Notice of General Meeting on page 24 of this Document.

A notice convening a Bondholder Meeting to be held at the Company's offices, 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley, BD16 1PY, on 24 August 2020 at 11.15 a.m., or as soon thereafter as the General Meeting convened for the same date has concluded or been adjourned, to consider the Extraordinary Resolution is set out in the Notice of Bondholder Meeting at the end of this Document.

Shareholders and Bondholders should be aware that if the Resolutions are not approved at the General Meeting and/or the Extraordinary Resolution is not approved at the Bondholder Meeting, this may lead to the Company being unable to meet its liabilities in the future. As at the date of this Document the Company has insufficient cash resources available to enable it

to repay the Bondholders on the repayment date of 17 August 2020. Furthermore, the security trustee of the Bond is not currently in a position where it is able to further extend the repayment date for the Bonds. Accordingly, in the absence of any other proposal being completed or any actions being taken by the Company within the time constraints available to it, it is very important that Shareholders and Bondholders vote in favour of the Proposals at the respective General Meetings.

Given the complex nature of the Proposals and the Share Capital Reorganisations, the Directors of the Company have requested that the Existing Ordinary Shares be suspended from trading on AIM pending completion of the Proposals. As such the Existing Ordinary Shares were suspended from trading on AIM at 7:30 a.m. on 31 July 2020. The suspension will remain in place until completion of the Proposals and as such it is expected that the suspension of the Existing Ordinary Shares will be lifted with effect from Admission.

2. Background to the Proposals

Vela is a Rule 15 investing company. The Company's strategy is to seek out a range of investments within the technology field, focusing on companies that have identified areas of business or sectors which could be disrupted by either the development of new or use of existing technologies. The Company currently has a total of 11 investments, which the Directors consider to have a market value of no more than approximately £1.58 million in aggregate.

The Company is currently facing two challenges. Firstly, the Company has a current requirement to repay the Company's outstanding Bonds to the amount of £550,000 on 17 August 2020, details of which have been previously announced by the Company. Secondly, the Company has an ongoing requirement to raise additional funds in order to continue to implement its investing policy and add to its investment portfolio. At the current time the Company does not have sufficient cash resources to repay the Bonds nor does it have sufficient funding to enable it to continue to implement its investing policy and add to its investment portfolio.

It has also become apparent to the Company that there is a gap between the Directors' perceived value of certain assets in Vela's investment portfolio and that of potential investors. This gap is mainly associated with Vela's investments in certain unquoted companies which comprise eight of the current investments.

As such the Directors have concluded that the most practicable way forward is to effect a demerger of some of the Company's investments, dividing them into two groups. The Group 1 Assets (comprising five existing investments) will be retained by Vela. The Group 2 Assets (comprising six existing investments) will be transferred to the Subsidiary, with the Subsidiary being subsequently sold to NewCo. The shareholder structure of NewCo will reflect that of Vela so that a shareholder in Vela at the Second Record Date will hold a proportionate percentage shareholding in NewCo.

In conjunction with the Disposal and to recapitalise the Company for the reasons outlined above, the Company has conditionally raised £1.0 million (before expenses) via the Placing of a total of 4,166,666,875 Placing Shares at the Placing Price. 4,166,666,875 Placing Warrants to subscribe for new Ordinary Shares at a price of 0.06 pence per share (equivalent to the Conversion Price of the Bonds) are to be granted to the subscribers in the Placing on a *pro rata* basis to the size of their subscriptions in the Placing. The Placing has been undertaken by Peterhouse as broker to the Company in connection with the Placing and Peterhouse has today been appointed as joint broker to the Company with immediate effect.

It is intended that a conditional agreement will be entered into between the Company and the Subsidiary for the transfer of the Group 2 Assets to the Subsidiary, for a cash consideration of £855,000 which will remain outstanding as a debt owed by the Subsidiary to the Company on the terms of a loan agreement to be entered into on completion of that agreement. The Independent Director considers that the consideration represents not less than the market value of those assets. The Debt will remain outstanding as an interest free and unsecured debt owing to the Company by the Subsidiary, as described in more detail in paragraphs 4 and 6 of this Part I.

The Company has also agreed in principle to enter into a conditional agreement with NewCo for the sale of the entire issued share capital of the Subsidiary to NewCo (the "Disposal"), subject inter alia to the approval of Shareholders at the General Meeting. The consideration for the Disposal will be £1, which represents, in the opinion of the Independent Director, not less than the market value of the

Subsidiary, having regard to the value of the Debt that the Subsidiary owes to the Company. The agreement will also provide for the issue, in connection with the Disposal, of ordinary shares in NewCo to Prior Shareholders on the basis of one ordinary share in NewCo for every ten Ordinary Shares held by the Prior Shareholders in the Company as at the Second Record Date.

As part of the Proposals, the Company is proposing that the Bondholders sanction a scheme to convert their Bonds into ordinary shares in Vela, at a Conversion Price of 0.06p per share. As the Conversion Price is below the nominal value of the Existing Ordinary Shares of 0.1p, the Company proposes to effect the First Share Capital Reorganisation, subdividing each Existing Ordinary Share of 0.1p into one ordinary share of 0.02p, and one Deferred Share of 0.08p. Further details of the Bondholder Conversion are set out in paragraph 8 of this Part I.

In order to ensure that any sums repaid in respect of the Debt are accounted for by the Company only to the Prior Shareholders, it is proposed that, before completion of the Disposal, the share capital of the Company be reorganised under the Second Share Capital Reorganisation, with the result that the Prior Shareholders will hold one Special Deferred Share for each Ordinary Share held by them as at the Second Record Date. Further details of the Second Share Capital Reorganisation are set out in paragraph 9 of this Part I.

Under the terms of the loan agreement to be entered into by the Company in respect of the proposed transfer of the Group 2 Assets to the Subsidiary, the Company will undertake, subject to any legal constraints, to distribute a sum equal to any repayment of the Debt to the holders of Special Deferred Shares only (being the Prior Shareholders) by way of a dividend declared on the Special Deferred Shares.

On the tax advice that the Company has received, it is anticipated that there will be no tax liability to Prior Shareholders arising from the Disposal or issuance of ordinary shares in NewCo, on the basis that the consideration paid by NewCo to acquire the Subsidiary is not less than the current market value of the Subsidiary having regard to the Debt owing from the Subsidiary to the Company, totalling £855,000 (and that the estimated market value of the Group 2 Assets is not more than the Debt).

For the avoidance of doubt, Special Deferred Shares and shares in NewCo will only be held by those persons who are registered in the register of members of the Company at 6.00 p.m. on the Second Record Date. Any persons who buy or sell Ordinary Shares before the Second Record Date must make themselves aware of the settlement terms for their transaction and the date on which their transaction will be reflected in the register of members.

As referred to above, it will be necessary to recapitalise the Company following the Disposal. Peterhouse, acting as joint broker to the Company, has conditionally raised £1.0 million (before expenses) pursuant to the Placing, further details of which are set out in paragraph 12 of this Part I.

Following completion of the Proposals, the Company will continue to be a Rule 15 investing company with net cash of approximately £890,000 and the Group 1 Assets.

The Proposals are conditional upon Shareholders' and Bondholders' approvals at, respectively, the General Meeting and the Bondholder Meeting, notices of which are set out at the end of this Document.

3. NewCo

NewCo was incorporated on 24 July 2020 with an issued share capital of one ordinary share of 0.0001p each. The entire issued share capital of NewCo will be held by Prior Shareholders as at the Second Record Date on a one-for-ten basis. As at the date of the Disposal, the Company will have, in issue, 2,665,610,370 Ordinary Shares meaning that each Prior Shareholder will have the same proportionate beneficial interest in NewCo as they have in the New Ordinary Shares in the Company. Prior Shareholders will beneficially own one ordinary share in NewCo for every ten New Ordinary Shares they hold in the Company. Where the one-for-ten basis results in a Prior Shareholder being entitled to receive a number of ordinary shares in NewCo that includes a fractional number of shares, then that number shall be rounded down to the nearest whole number. The effect of this rounding down on a Prior Shareholder's percentage shareholding in NewCo, as compared to their existing percentage shareholding in Vela, will be negligible.

A copy of the Articles of Association of NewCo will be available for inspection at the General Meeting and on the Company's website at www.velatechplc.com.

The director of NewCo is Antony Laiker, who will step down as a Director of the Company on completion of the Proposals.

4. Pre-Disposal Internal Restructuring

In contemplation of the proposed Disposal, it is intended that a conditional transfer agreement will be entered into between the Company and the Subsidiary, conditional, *inter alia*, on the passing of the resolutions at the General Meeting and at the Bondholder Meeting, to effect an internal restructuring of the Group on the following basis:

- (a) the transfer of all of the Group 2 Assets to the Subsidiary for a cash consideration of £855,000 (being, in the opinion of the Independent Director, not less than the approximate market value of the Group 2 Assets); and
- (b) the execution of a loan agreement between the Company and the Subsidiary upon completion of the transfer agreement in respect of the consideration, which will remain unpaid at completion.

Accordingly, the total outstanding indebtedness from the Subsidiary to the Company (the "Debt") will be £855,000, and the net value of the Subsidiary will be negligible. Further details of the terms of the Debt are set out in paragraph 6 below.

5. Disposal of the Group 2 Assets

The Disposal of the Group 2 Assets will not constitute a fundamental change of business under Rule 15 of the AIM Rules. Following completion of the Disposal, the Company will continue to be an investing company under the AIM Rules and will continue to implement its Investing Policy. Therefore, the Company will continue to seek to identify and make a range of investments within the technology field, focusing on companies that have identified areas of business or sectors which could be disrupted by either the development of new or use of existing technologies.

Resolution 1 at the General Meeting seeks Shareholders' approval for the Disposal.

6. Disposal, Repayment of the Debt and rights of the Special Deferred Shares

As described in paragraph 2 above, upon Bondholder approval of the Bond Conversion and shareholder approval of the Proposals, the Subsidiary, including its Debt, will be disposed of to NewCo for a consideration of £1. The transfer agreement will also provide for the issue, in connection with the Disposal, of ordinary shares in NewCo to Prior Shareholders on the basis of one ordinary share in NewCo for every ten Ordinary Shares held by the Prior Shareholders in the Company as at the Second Record Date.

Upon the Proposals being approved, the Debt will continue as an outstanding debt owed to the Company, unsecured and interest free, with a 7 year term. The Debt may be repaid early at the discretion of NewCo.

Upon repayment of all or any part of the Debt, providing the Company has sufficient distributable reserves, the Company will effect a distribution of a sum equivalent to the proceeds of such repayment as a special dividend to the holders of the Special Deferred Shares (the "Special Dividend"). In the event that the Company does not at the repayment date have sufficient distributable reserves, the term of the Debt shall be extended by one year. Further details of the Special Deferred Shares are set out in paragraph 9 of this Part I.

The Special Deferred Shares will be transferable only upon a simultaneous transfer of ordinary shares in NewCo to the same transferee. The transfer of any ordinary shares in NewCo will automatically be deemed to constitute a notice of transfer to the same transferee of Special Deferred Shares at the rate of 10 Special Deferred Shares for each share in NewCo. On a transfer of the final share in NewCo held by a transferor, all their remaining Special Deferred Shares will be transferred to the same transferee.

7. First Share Capital Reorganisation

In order to facilitate the conversion of the Bonds, as described in paragraph 8, it is proposed that the share capital of the Company be reorganised as follows. With effect from the First Record Date:

each Existing Ordinary Share of 0.1p then in issue will be subdivided into:

- (i) one ordinary share of 0.02p each; and
- (ii) one deferred share of 0.08p each (the "Deferred Shares").

Following the First Share Capital Reorganisation, Ordinary Shares will continue to be freely transferable, albeit they will remain suspended until Admission, as described in paragraph 1 above. The number of Ordinary Shares in issue will not be changed as a result of the First Share Capital Reorganisation.

The Deferred Shares will have very limited rights and will effectively be valueless. They will not be admitted to trading on AIM. The rights of the Deferred Shares will be set out in Article 5.2 of the Articles, as set out in resolution 3 to be proposed at the General Meeting.

8. Conversion of the Bonds

As announced on 14 February 2020, the Company currently has outstanding a principal amount of £550,000 of Bonds, which were issued in February 2017 to a number of sophisticated and high net worth bondholders (the "Bondholders") via UK Bond Network, now part of Pello Capital. The Bonds are due for repayment on 17 August 2020.

The Company is proposing the conversion of the Bonds into ordinary shares of 0.02p each in Vela, at a Conversion Price of 0.06p per share. The Bond Conversion would result in 916,666,653 ordinary shares of 0.02p being issued to Bondholders, representing approximately 34.39 per cent of the issued ordinary share capital following the Bond Conversion (but before the Placing). An application will be made for the admission of the Bond Conversion Shares to AIM.

Bondholders will also receive a final cash payment of interest under the Bonds up to the date of conversion.

The Bond Conversion would take effect following the First Record Date and prior to the Second Record Date, and accordingly, in conjunction with the Disposal, Bondholders would receive shares in NewCo, as described in paragraph 6 above, and Special Deferred Shares as described in paragraph 9 below, ensuring that they have an interest in both the Group 1 Assets (as a shareholder in the Company) and in the Group 2 Assets (as a shareholder in NewCo and as a holder of Special Deferred Shares in the Company).

Based on the Company's current cash position, it is unlikely that the Company will be able to repay the Bonds in August 2020 without the requirement to seek alternative funding (which may or may not include the sale of certain of its investments). While the Directors believe these Proposals to be in the best interest of the Bondholders, Bondholders may have other options available to them, and should consult their own adviser in respect to their actions.

9. Second Share Capital Reorganisation and restriction on transfer of Special Deferred Shares

In order to facilitate the Placing as described in paragraph 12, and in order to create the Special Deferred Shares as described in paragraph 6, it is proposed that the share capital of the Company will be reorganised under the Second Share Capital Reorganisation as follows. With effect from the Second Record Date:

the ordinary shares of 0.02p each then in issue following the subdivision effected by the First Share Capital Reorganisation will be subdivided into:

- (i) one ordinary share of 0.01p each ("New Ordinary Shares"); and
- (ii) one special deferred share of 0.01p each (the "Special Deferred Shares").

Following the Second Share Capital Reorganisation, the New Ordinary Shares will continue to be freely transferable and application will be made for the New Ordinary Shares to be admitted to trading

on AIM, with a nominal value of 0.01p each. The number of Ordinary Shares in issue will not be changed as a result of the Second Share Capital Reorganisation.

The Special Deferred Shares will not be admitted to trading on AIM (or any other investment exchange). The holders of the Special Deferred Shares shall not, by virtue or in respect of their holdings of Special Deferred Shares, have any right to receive notice of any general meeting of the Company nor the right to attend, speak or vote at any such general meeting. Save as required by law, the Company need not issue share certificates to the holders of the Special Deferred Shares in respect of their holdings thereof. The holders of Special Deferred Shares shall not be entitled to receive any dividend or distribution other than the Special Dividend described in paragraph 6 above, and shall only be entitled to any repayment of capital on a winding up once the holders of Ordinary Shares have received £1,000,000 in respect of each Ordinary Share held by them.

The Special Deferred Shares will be transferable only upon a simultaneous transfer of ordinary shares in NewCo to the same transferee. The transfer of any ordinary shares in NewCo will automatically be deemed to constitute a notice of transfer to the same transferee of Special Deferred Shares at the rate of 10 Special Deferred Shares for each share in NewCo. On a transfer of the final share in NewCo held by a transferor, all their remaining Special Deferred Shares will be transferred to the same transferee.

If the Proposals are approved, with effect from the Second Share Capital Reorganisation, for every 10 New Ordinary Shares of 0.01p in the Company held by them as at the Second Record Date, Prior Shareholders will hold:

- 10 Special Deferred Shares of 0.01p in the Company, and
- one ordinary share of 0.0001p in NewCo.

Shareholders should be aware that the New Ordinary Shares of 0.01p issued following the Second Record Date (including in particular the Placing Shares) will not carry any entitlement to Special Deferred Shares or shares in NewCo.

10. Summary

Set out below is a summary of the principal effects of the Proposals upon the shareholding structure and assets of the Company and of NewCo:

	Company		NewCo
	ordinary shares	special deferred shares	ordinary shares
<i>Existing Shareholders:</i>			
• current	1,748,943,717	-	-
• proposed	1,748,943,717	1,748,943,717	174,894,371
<i>Bondholders:</i>			
• current	-	-	-
• proposed	916,666,653	916,666,653	91,666,665
Total proposed		<u>2,665,610,370</u>	<u>266,561,036</u>
<i>Placees: proposed</i>	4,166,666,875	-	-
<i>Fee Shares: proposed</i>	235,416,666	-	-
<i>Broker Shares: proposed</i>	104,166,666	-	-
Total proposed	<u>7,171,860,577</u>		
<i>Assets:</i>			
• current	Group 1 Assets and Group 2 Assets	-	-
• proposed	Group 1 Assets	the Debt	Group 2 Assets

Notes:

- *the New Ordinary Shares (in column 2 above) will remain traded on AIM and will have the benefit of the Group 1 Assets following completion of the Proposals.*
- *the Special Deferred Shares and the shares of NewCo (in columns 3 and 4 above) will not be admitted to trading, and are “stapled” to each other for transfer purposes; they will be held only by the Prior Shareholders, following completion of the Proposals, who will have the benefit of the Group 2 Assets and the Debt, to the extent that it is repaid and that a Special Dividend can be made.*
- *Placees will have the benefit of the Group 1 Assets only; this is reflected in the Placing Price. The same is true for the Fee Shares and the Broker Shares.*

The separate class of Deferred Shares of 0.08p (issued following the First Share Capital Reorganisation) are effectively worthless and are omitted from the above table.

11. Amendment of Articles of Association

By resolution 3 in the notice of General Meeting, the Articles of Association will be amended to include a new Article 5, to set out the rights attaching to the Special Deferred Shares and to the Deferred Shares. The provisions of the new Article 5 are set out in full in resolution 3.

12. The Placing

Following completion of the Disposal and the Bond Conversion, it will be necessary to recapitalise the Company.

Peterhouse has conditionally raised £1.0 million (before expenses) through the Placing of 4,166,666,875 Placing Shares at the Placing Price, representing 58.10 per cent. of the Enlarged Share Capital. The Placing Price represents a discount of approximately 65.71 per cent. to the Company's middle market closing share price of 0.07p on 30 July 2020, being the last practicable date prior to the publication of this Document.

In addition, 4,166,666,875 Placing Warrants to subscribe for new Ordinary Shares at 0.06 pence per Ordinary Share, being equivalent to the Conversion Price, are to be granted to the subscribers in the Placing on a *pro rata* basis to the size of their subscriptions in the Placing. The Placing Warrants may be exercised until 1 September 2021, but if the closing mid-market price for New Ordinary Shares should reach at least 0.1p per share for at least five consecutive trading days, the Company may elect to serve notice on holders of the Placing Warrants to shorten the exercise period so as to expire 7 calendar days after service of a notice that the criteria has been met. In the event the Company serves such a notice, any Placing Warrants remaining unexercised after 7 calendar days following receipt of the notice will be cancelled. The Placing Warrants will not be admitted to trading on AIM or any other stock market and will not be transferable.

The issue of the Placing Shares and the Placing Warrants is conditional on: (i) the passing of the Resolutions; (ii) the passing of the Extraordinary Resolution; (iii) completion of the Bond Conversion; (iv) completion of the Disposal; and (v) Admission.

An application will be made for the admission of the Placing Shares to trading on AIM. The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the New Ordinary Shares and therefore will rank equally for all dividends or other distributions declared in respect of the New Ordinary Shares only, made or paid after the issue of the Placing Shares on Admission.

In the first instance, the net proceeds of the Placing, estimated to be £870,000, will be used for general working capital purposes and to provide funding to identify, evaluate and select investment opportunities in accordance with the Company's existing investing policy. The net proceeds of the Placing will not be utilised to repay the Bonds.

13. Issue of Fee Shares and Broker Shares

Conditional on (i) the passing of the Resolutions; (ii) the passing of the Extraordinary Resolution; (iii) completion of the Bond Conversion; (iv) completion of the Disposal; and (v) Admission, the Company intends to issue Antony Laiker 235,416,666 New Ordinary Shares in lieu of £22,500 unpaid and

accrued fees owed to him for the period from 1 March 2020 and £34,000 in connection with certain amounts owed to him pursuant to the notice period under his existing service agreement (the “Fee Shares”), equating to, in aggregate, £56,500. The Fee Shares are being issued in order to conserve Vela’s cash resources. The Fee Shares will be issued at the Placing Price, at the same time as the Placing Shares.

In addition, the Company intends to issue Peterhouse 104,166,666 New Ordinary Shares at the Placing Price in lieu of fees owed to it in connection with the Proposals.

14. Related party transactions

Bond Conversion

The Bond Conversion would result in the conversion of £50,000 of the Bonds held by Antony Laiker, a director of the Company, into 83,333,333 ordinary shares in the Company. In addition, Kevin Sinclair, a substantial shareholder of the Company within the past 12 months, holds £100,000 of the Bonds which would be converted into 166,666,666 ordinary shares in the Company. Antony Laiker and Kevin Sinclair are each considered related parties under the AIM Rules, and so the above Bond Conversions constitute related party transactions pursuant to Rule 13 of the AIM Rules.

The Independent Director, being Nigel Brent Fitzpatrick, considers, having consulted with Allenby Capital Limited, the Company’s Nominated Adviser, that the terms of the Bond Conversion are fair and reasonable insofar as Shareholders are concerned.

Disposal

NewCo was incorporated on 24 July 2020 with an issued share capital of one ordinary share of 0.0001p each. This share was subscribed for by Antony Laiker (Executive Director). The entire issued share capital of NewCo will be held by Prior Shareholders as at the Second Record Date on a one-for-ten basis. Prior Shareholders will beneficially own one ordinary share in NewCo for every ten New Ordinary Shares they hold in the Company.

The Disposal constitutes a related party transaction pursuant to Rule 13 of the AIM Rules given Antony Laiker is the sole shareholder of NewCo prior to the Disposal.

The Independent Director, being Nigel Brent Fitzpatrick, considers, having consulted with Allenby Capital Limited, the Company’s Nominated Adviser, that the terms of the Disposal are fair and reasonable insofar as Shareholders are concerned.

Issue of Fee Shares

The Company intends to issue the Fee Shares at the Placing Price to Antony Laiker, a director of the Company, in consideration of accrued and unpaid fees and pursuant to part of his notice period under his existing service agreement equivalent to, in aggregate, £56,500. The issue of the Fee Shares constitutes a related party transaction under Rule 13 of the AIM Rules.

The Independent Director, being Nigel Brent Fitzpatrick considers, having consulted with Allenby Capital Limited, the Company’s Nominated Adviser, that the issue of the Fee Shares is fair and reasonable insofar as Shareholders are concerned.

15. Existing and future options and warrants

There are currently 100 million warrants to subscribe for Ordinary Shares in issue, which were granted to subscribers for shares placed in August 2019. Those warrants are exercisable in the two year period ending on 30 August 2021, at an exercise price of 0.15 p per share.

Each of the Existing Directors has been granted options to subscribe for up to a total of 14,562,427 Ordinary Shares. All these options are exercisable for seven years from grant and have been issued as to: (i) 4,117,647 options on 8 April 2014 exercisable at 0.85p per share; (ii) 2,000,000 options on 2 October 2014 exercisable at 0.325p per share; (iii) 5,244,780 options on 18 September 2015 exercisable at 0.15p per share; and (iv) 3,200,000 options on 22 October 2015 exercisable at 0.205p per share. All these options have fully vested and are exercisable without any performance conditions.

In connection with the Placing and conditional on the Proposals being approved by Shareholders and upon approval of the Resolutions and the Bond Conversion, the Company has agreed to enter into a warrant instrument (the "Warrant Instrument") pursuant to which it will issue warrants to Peterhouse (being the "Broker Warrants") to subscribe for 215,155,817 New Ordinary Shares of the Enlarged Share Capital of the Company.

The Broker Warrants may be exercised at any time up to 1 September 2021 and will entitle Peterhouse to acquire one New Ordinary Share for each Broker Warrant held, at the Placing Price. The Broker Warrants will not be admitted to trading on AIM.

As described in paragraph 12, 4,166,666,875 Placing Warrants will be issued on completion of the Proposals. It is the intention of the Board, following completion of the Proposals, to formulate proposals for the grant of options to the Directors.

16. Dis-application of pre-emption rights and authority to allot shares

In order to facilitate the Bond Conversion, issue of the Fee Shares and Broker Shares, and the Placing and the exercise of the Broker Warrants and Placing Warrants, and to enable the Company to raise further funds to implement its Investing Policy, Shareholders' approval is being sought for the authority of the Directors to allot Ordinary Shares, and to grant rights to subscribe for Ordinary Shares on a non-pre-emptive basis for cash up to an aggregate £1,072,143 in nominal amount in respect of the Proposals, and for up to £430,000 in nominal amount to provide headroom for future issues of shares, the latter representing approximately 60 per cent. of the Enlarged Share Capital of the Company following the Proposals, such authorities to expire at the conclusion of the annual general meeting of the Company to be held in 2021 or 15 months from the date of passing of the relevant resolutions, whichever is the earlier.

17. Proposed Board Changes

The Board currently consists of Nigel Brent Fitzpatrick (Non-Executive Chairman) and Antony Laiker (Executive Director).

It is proposed that upon completion of the Proposals Antony Laiker will step down as a director of Vela and James Normand will be appointed as Executive Director of the Company.

JAMES NORMAND (aged 66)

Mr Normand qualified as a Chartered Accountant in 1978, having trained with Spicer and Pegler (now part of Deloitte). Following a secondment to 3i plc, Mr Normand specialised for the next 15 years in the provision of advice to management buy-out and buy-in teams and on private company acquisitions, disposals and capital raisings.

Since 2002 Mr Normand has filled management and finance officer roles for a number of different commercial and charitable organisations, mostly on a part-time basis. From 2009 to 2016, he was the full-time finance director of Pathfinder Minerals Plc, an AIM-listed mining exploration company.

He is currently non-executive chairman of All Active Asset Capital Limited, an AIM-listed investing company and of Global Resources Investment Trust plc, premium-listed on the London Stock Exchange.

In an unremunerated extra-curricular capacity, Mr Normand is active in the governance of the Church of England, being Chair of the London Diocesan Synod's House of Laity and Chair of the Finance and HR Committees of the Bishop of London's Council.

In addition to the proposed directorship of the Company, the Proposed Director holds or has held the following directorships (including directorships of companies registered outside England and Wales), or has been a partner in the following partnerships within the five years prior to the date of this Document:

<u>Director</u>	<u>Current Directorships/Partnerships</u>	<u>Past Directorships/Partnerships</u>
James Patrick Normand	All Active Asset Capital Limited All Active Asset Company Limited Global Resources Investment Trust plc The London Diocesan Fund The London Diocesan Board of Finance	Pathfinder Minerals plc Ubecorp Limited (<i>formerly known as Nyota Minerals Limited</i>) Central Rand Gold Limited IM Minerals Limited Free Trade Barter (UK) Limited (<i>formerly known as Nyota Minerals (UK) Limited</i>) Micah Minerals Limited Vox Markets Group plc

Mr Normand is a member of the trustee board of the Parochial Church Council of the Ecclesiastical Parish of Holy Trinity with Saint Paul Onslow Square and Saint Augustine South Kensington, which is a body corporate under the terms of the Parochial Church Councils (Powers) Measure 1956 and a charity subject to the Charities Act 2011.

As at the date of this Document, James Normand does not hold any Existing Ordinary Shares.

There are no other matters under paragraph (g) of Schedule 2 of the AIM Rules for Companies to be disclosed.

The Company also intends to appoint a further director to the Board of Vela by 31 December 2020.

18. General Meeting

The Notice convening the General Meeting at which the Resolutions will be proposed is set out on page 24. A summary of the Resolutions is set out below. Please note that the Resolutions are inter-conditional therefore, unless all of the Resolutions are passed, the Proposals outlined in this Circular will not proceed. They are also conditional on the passing of the Extraordinary Resolution at the Bondholder Meeting.

At the General Meeting, the following Resolutions will be proposed, of which resolutions 1, 2 and 4 will be proposed as ordinary resolutions and resolutions 3 and 5 will be proposed as special resolutions:

Resolution 1, which will be proposed as an ordinary resolution, seeks approval for the Disposal.

Resolution 2, which will be proposed as an ordinary resolution, seeks approval for the First Share Capital Reorganisation and the Second Share Capital Reorganisation.

Resolution 3, which will be proposed as a special resolution, seeks approval for the amendment of the Articles of Association to include the rights of the Special Deferred Shares.

Resolution 4, which will be proposed as an ordinary resolution, seeks to grant the Directors of the Company general authority to allot Ordinary Shares in the capital of the Company. To enable the issue of ordinary shares upon the Bond Conversion, and the Placing Shares to be issued pursuant to the Placing, the issue of the Fee Shares and the exercise of Placing Warrants, and Broker Warrants, and to allow for future share issues, the Company is seeking authorisation for the Directors to exercise the powers of the Company to allot Ordinary Shares up to an aggregate nominal amount of £1,502,143. Such authority is to expire at the conclusion of the annual general meeting of the Company to be held in 2021 or the date which is 15 months after the date of the passing of the resolution, whichever is the earlier.

Resolution 5, which will be proposed as a special resolution, seeks to dis-apply statutory pre-emption rights in respect of the allotment for cash of Ordinary Shares pursuant to the Bond Conversion, the Placing, the issue of the Fee Shares, Broker Shares and the exercise of Placing Warrants, and Broker Warrants up to an aggregate nominal amount of £1,072,143, and to provide headroom for future issues of shares of up to £430,000 in nominal amount, the latter representing approximately 60 per

cent. of the Company's Enlarged Share Capital, such disapplication to expire on the same date as the expiration of any authority given in terms of Resolution 4.

19. Action to be taken by Shareholders in relation to the General Meeting

A White Form of Proxy for use by Shareholders in connection with the General Meeting accompanies this Document. The White Form of Proxy should be completed in accordance with the instructions printed thereon and returned to the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD, as soon as possible, but in any event so as to be received by 11.00 a.m. on 20 August 2020.

Due to Covid-19 and related legal restrictions and guidance from government authorities, shareholders may not physically attend the meeting, and will not be permitted access to the venue on the day of the meeting. Shareholders are strongly encouraged to participate in the meeting by voting by proxy ahead of the meeting. Shareholders who hold their Existing Ordinary Shares through a nominee should instruct their nominee to submit the Form of Proxy on their behalf. Only the formal business set out in the Notice of General Meeting will be considered at the meeting.

20. Bondholder Meeting

The Notice convening the Bondholder Meeting at which an Extraordinary Resolution will be proposed is set out at the back of this Document. A summary of the Extraordinary Resolution is set out below. Please note that all the Proposals in this Document are inter-conditional, therefore, unless the Extraordinary Resolution is passed, the Proposals outlined in this Circular will not proceed.

At the Bondholder Meeting, an Extraordinary Resolution will be proposed to sanction a scheme to convert the Bonds into New Ordinary Shares with effect from the First Record Date, under which:

- (a) Bondholders would receive their final interest payment in cash, up to the date of the Bond Conversion;
- (b) the principal amount of the Bonds would be converted into ordinary shares of 0.02p in the Company under the terms of a Bond conversion notice executed on behalf of all Bondholders whereby the Bonds are redeemed and the Company is irrevocably authorised to apply the redemption monies in subscribing for ordinary shares of 0.02p at the Conversion Price of 0.06p per share; and
- (c) the security trustee is authorised to effect releases of all the security for the Bonds.

21. Action to be taken by Bondholders in relation to the Bondholder Meeting

A Blue Form of Proxy for use by Bondholders in connection with the Bondholder Meeting accompanies this Document. The Blue Form of Proxy should be completed in accordance with the instructions printed thereon and returned to the Company's registrars, Neville Registrars Limited, Neville House, Steelpark Road, Halesowen, B62 8HD, as soon as possible, but in any event so as to be received by 11.15 a.m. on 20 August 2020.

Due to Covid-19 and related legal restrictions and guidance from government authorities, Bondholders may not physically attend the meeting, and will not be permitted access to the venue on the day of the meeting. Bondholders are strongly encouraged to participate in the meeting by voting by proxy ahead of the meeting. Bondholders who hold their Bonds through a nominee should instruct the nominee to submit the Form of Proxy on their behalf. Only the formal business set out in the Notice of Bondholder Meeting will be considered at the meeting.

22. Documents available

Copies of this Document will be available to the public, free of charge, at the offices of the Company, 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley BD16 1PY, during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for one month from the date of this Document. This Document will also be available on the Company's website www.velatechplc.com.

23. Additional Information

Your attention is drawn to the information contained in the notice of General Meeting and notice of the Bondholder Meeting.

24. Recommendation and voting intentions of major Shareholders and Bondholders

The Board unanimously recommends that Shareholders vote in favour of the Resolutions, and that Bondholders vote in favour of the Extraordinary Resolution. Shareholders and Bondholders should be aware that if the Resolutions are not approved at the General Meeting and/or the Extraordinary Resolution is not approved at the Bondholder Meeting this may lead to the Company being unable to meet its liabilities in the future. As at the date of this Document the Company has insufficient cash resources available to enable it to repay the Bondholders on the repayment date of 17 August 2020. Furthermore, the security trustee of the Bond is not currently in a position where it is able to further extend the repayment date for the Bonds. Accordingly, in the absence of any other proposal being completed or any actions being taken by the Company within the time constraints available, it is very important that Shareholders and Bondholders vote in favour of the Proposals at the respective General Meetings.

The Existing Directors intend to vote in favour of the Resolutions to be proposed at the General Meeting in respect of their shareholdings which in aggregate amount to 306,608,301 Existing Ordinary Shares representing 17.53 per cent. of the existing issued ordinary share capital.

In addition the Company has received written confirmation from Scott Fletcher and Kevin Sinclair that they intend to vote in favour of the Resolutions to be proposed at the General Meeting in respect of their shareholdings which, in aggregate amount, to 456,378,117 Existing Ordinary Shares representing 26.09 per cent. of the existing issued ordinary share capital. In addition the Company has received written confirmation from Kevin Sinclair that he intends to vote in favour of the Extraordinary Resolution to be proposed at the Bondholder Meeting in respect of his holding of £100,000 Bonds representing 18.18 per cent of the Bonds.

Yours faithfully,

Nigel Brent Fitzpatrick
Independent Director

PART II

SUMMARY OF GROUP 1 ASSETS AND GROUP 2 ASSETS

Set out below are details of the Group 1 Assets which are to be retained by the Company, and the Group 2 Assets which are to be disposed of to NewCo:

GROUP 1 ASSETS

310,000 common shares in North Peak Resources Ltd*

71,429 shares in WeShop Limited**

272,000 shares in BlockchainK2 Corp*

200 "A" shares and 49,800 "B" shares in Revolve Performance Limited**

266,000 shares in Disruptive Tech Limited**

The Directors consider these investments to have an aggregate current market value of not more than £727,615 as at the date of this Document.

**listed on the TSX Venture Exchange*

***unquoted*

GROUP 2 ASSETS

127,817 ordinary shares of 0.01p, 37,117 A ordinary shares of 0.01p, and 91,341 B ordinary shares of 0.01p in Portr Limited**

3,000,000 ordinary shares in Argo Blockchain plc*

5,674 ordinary shares in Vibe Group Holdings Limited**

114,564 ordinary shares and 333,335 warrants for Class A shares (at an exercise price of \$1.50 per Class A common share) in Stream TV Networks, Inc**

10,484 ordinary shares in Advanced Laser Imaging Limited**

185,000 ordinary shares in Nektan plc (in administration)**

The Directors consider these investments to have an aggregate current market value of not more than £855,000 as at the date of this Document.

Shareholders should note that the Company's investments in Advanced Laser Imaging Limited and Nektan plc have been written down to £nil.

**listed on the Standard Segment of the LSE*

*** unquoted*

Vela Technologies plc

(Registered in England No. 03904195)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a General Meeting of the Company will be held at the offices of the Company, 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley BD16 1PY at 11.00 a.m. on 24 August 2020, to consider and, if thought fit, to pass the following resolutions, which will be proposed as to resolutions 1, 2 and 4 as ordinary resolutions, and as to resolutions 3 and 5 as special resolutions:

RESOLUTIONS

- 1 THAT, conditional upon (i) each of the other resolutions being passed and (ii) the Extraordinary Resolution to be proposed at the Bondholder Meeting (as defined in the circular to which this notice is attached) being passed, the Disposal described in the circular to which the notice of this meeting is attached, be approved.
- 2 THAT, conditional upon (i) each of the other resolutions being passed and (ii) the Extraordinary Resolution to be proposed at the Bondholder Meeting (as defined in the circular to which this notice is attached) being passed, the issued ordinary share share capital of the Company be subdivided, as follows:
 - (a) with effect from 6.00 pm on 24 August 2020 (**First Share Capital Reorganisation Record Date**) each ordinary share of 0.1p then in issue be subdivided into:
 - (i) one ordinary share of 0.02p; and
 - (ii) one deferred share of 0.08p, having the rights and being subject to the restrictions set out Article 5.2 of the Articles of Association of the Company as amended pursuant to resolution 3 below; and
 - (b) with effect from 6.00 pm on 25 August 2020 (**Second Share Capital Reorganisation Record Date**) each ordinary share of 0.02p then in issue following the subdivision effected by paragraph (a) of this resolution be subdivided into:
 - (i) one ordinary share of 0.01p; and
 - (ii) one special deferred share of 0.01p, having the rights and being subject to the restrictions set out Article 5.1 of the Articles of Association of the Company as amended pursuant to resolution 3 below.
- 3 THAT, conditional upon (i) each of the other resolutions being passed and (ii) the Extraordinary Resolution to be proposed at the Bondholder Meeting (as defined in the circular to which this notice is attached) being passed, the Articles of Association of the Company be amended by the deletion of Article 5 and the insertion in lieu thereof of the following new Article 5:
 - "5. The share capital at the date of adoption of this Article comprises ordinary shares of 0.01p, special deferred shares of 0.01p ("Special Deferred Shares") and deferred shares of 0.08p ("Deferred Shares").
 - 5.1 The special rights and restrictions attaching to the Special Deferred Shares shall be as follows:
 - 5.1.1 as regards income
 - (a) the Special Deferred Shares shall entitle the holders of them to participate in the Special Dividend only but, subject thereto, shall not entitle the holders thereof to receive a dividend or other distribution;
 - (b) Special Dividend
Upon repayment to the Company of any amount(s) owed to it pursuant to the Loan Agreement entered into between the Company and BIXX Tech Limited (no. 12767094) and dated on or around the date of adoption of this Article 5 ("BIXX Tech Loan Agreement"), the Company shall, subject to the Statutes, in priority to any payment of dividend to the holders of the Ordinary Shares or any other class of shares, declare and pay to the holders of Special Deferred

Shares a special dividend of an aggregate amount equal to the amount of such sum repaid, pro rata according to the number of Special Deferred Shares paid up as to their nominal value held by each Shareholder at the time of the distribution provided that the Special Deferred Shares shall be treated as one class in respect of such distribution;

- 5.1.2 as regards voting
The Special Deferred Shares shall not entitle the holders thereof to receive notice of or to attend or vote at any general or class meeting (other than a class meeting of the Special Deferred Shares) of the Company;
- 5.1.3 as regards capital
On a return of capital on a winding up of the Company the holders of Special Deferred Shares shall only be entitled to receive the amount paid up on such shares up to a maximum of 0.01p per Special Deferred Share after (i) the holders of the ordinary shares have received the sum of £1,000,000 for each ordinary share held by them, and (ii) the holders of Deferred Shares have received the sum equal to amount paid up on such Deferred Shares; and shall have no other right to participate in the assets of the Company;
- 5.1.4 as regards transfer
- (a) Subject to Article 5.1.4(b), Special Deferred Shares shall only be transferred by any Shareholder ("Transferor") to any person ("Transferee") simultaneously with a transfer of ordinary shares of 0.0001p each in the capital of BIXX Limited (no. 12767460) ("NewCo Shares") to the Transferee. For this purpose, a transfer of NewCo Shares shall automatically be deemed to constitute a notice of transfer of Special Deferred Shares to the Transferee at the rate of 10 Special Deferred Shares for each NewCo Share. On a transfer of the final NewCo Share held by a Transferor, all their remaining Special Deferred Shares will be transferred to the Transferee. The Directors shall refuse to register or authorise the registration of the transfer of any Special Deferred Share unless they shall be provided with evidence satisfactory to them of the transfer of NewCo Shares; and
 - (b) subject to the Statutes, and provided that all sums owing to the Company pursuant to the BIXX Tech Loan Agreement have been repaid, discharged, waived, released or otherwise settled, or the Special Dividend has been paid, the provisions of Articles 5.1.4(a) and 5.1.7 shall no longer apply to the Special Deferred Shares, the approval of Directors shall be required for any transfer of the Special Deferred Shares, and the Company is authorised at any time:
 - (i) to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof and persons so entitled, to such persons as the Company so determine as holder thereof beneficially entitled thereto;
 - (ii) to cancel and/or purchase the same (in accordance with the provisions of the Statutes) without making any payment to or obtaining the sanction of the holder or holders thereof; or
 - (iii) pending any such transfer not to issue certificates for the Special Deferred Shares;
- 5.1.5 as regards variation of rights
Neither
- (a) the passing by the Company of any resolution for a reduction of capital involving the cancellation of the Special Deferred Shares without any repayment of capital in respect thereof, or a reduction of share premium account, or the obtaining by the Company or the making by the Court of an order confirming any such reduction of capital or share premium account or the making effective of such order, or
 - (b) the purchase by the Company in accordance with the provisions of the 2006 Act of any of its own shares or other securities or the passing of a resolution to permit any such purchases,

shall constitute a variation or abrogation of rights attaching to the Special Deferred Shares, and

5.1.6 as regards further issues

The rights conferred by the Special Deferred Shares shall not be varied or abrogated by the creation or issue of further shares ranking *pari passu* with or in priority to the Special Deferred Shares.

5.1.7 To enable the Directors to determine whether or not there has been a disposal of Special Deferred Shares (or any interest in Special Deferred Shares) in breach of Article 5.1.4(a), the Directors may from time to time require any holder of Special Deferred Shares to provide the Company with such information and evidence as they may reasonably require relevant to that purpose. If such shareholder fails to provide information or evidence in respect of any shares registered in its name to the reasonable satisfaction of such Directors within 14 days of their request, such Directors may serve a notice on the shareholder stating that the shareholder shall not in relation to those shares be entitled to receive the Special Dividend until such evidence or information has been provided to the Directors' satisfaction.

5.2 The rights and restrictions attaching to the Deferred Shares shall be as follows:

- (a) no right to participate in or receive any dividends declared, made or paid by the Company;
- (b) no right to receive notice of or attend or speak or vote at any general or class meeting (other than a class meeting of the Deferred Shares) of the Company;
- (c) the approval of the Directors shall be required for any transfer of Deferred Shares;
- (d) the right on a return of assets in a winding-up to a repayment of the capital paid up on such shares after the rights of all holders of Ordinary Shares have been discharged in full and a sum of £1,000,000 has been paid in respect of each issued Ordinary Share in the capital of the Company, but no other right to participate in the assets of the Company;
- (e) the Directors shall have irrevocable authority at any time to appoint any person to execute on behalf of the holders of the Deferred Shares a transfer thereof and/or an agreement to transfer the same, without making any payment to the holders thereof, to such person as the Directors may determine as custodian thereof and to cancel and/or purchase the same (in accordance with the provisions of statute) without making any payment to or obtaining the sanction of the holders thereof and pending the transfer and/or cancellation and/or purchase to retain the certificate for such shares; and
- (f) the Company may at its option at any time purchase all or any of the Deferred Shares then in issue at a price not exceeding one penny for all the Deferred Shares purchased;

but so that none of the rights or restrictions attached to such Deferred Shares shall be or be deemed to be varied or abrogated in any way by the passing or coming into effect of any resolution of the Company to reduce its share capital and/or reduce or cancel (as the case may be) its share premium account (including a resolution to reduce the capital paid up on, and to cancel, such Deferred Shares)."

- 4 THAT, conditional upon (i) each of the other resolutions being passed and (ii) the Extraordinary Resolution to be proposed at the Bondholder Meeting (as defined in the circular to which this notice is attached) being passed, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be authorised generally and unconditionally pursuant to Section 551 of the Companies Act 2006 as amended to exercise all the powers of the Company to allot shares and/or rights to subscribe for or to convert any security into shares, provided that the authority conferred by this resolution shall be limited to the allotment of shares and/or rights to subscribe or convert any security into shares of the Company up to an aggregate nominal amount of £1,502,143 such authority (unless previously revoked, varied or renewed) to expire on the conclusion of the Annual General Meeting of the Company to be held in 2021 or, if earlier, 15 months after the date on which this resolution has been passed, provided that the Company may, before such expiry, make an offer, agreement or other arrangement which would or might require shares and/or rights to subscribe for or to convert any security into shares to be allotted after such expiry and the directors may allot such shares and/or rights to subscribe for or to

convert any security into shares in pursuance of such offer, agreement or other arrangement as if the authority conferred hereby had not expired.

- 5 THAT, conditional upon (i) each of the other resolutions being passed and (ii) the Extraordinary Resolution to be proposed at the Bondholder Meeting (as defined in the circular to which this notice is attached) being passed, in addition to all existing authorities conferred on the directors to allot shares or to grant rights to subscribe for or to convert any securities into shares, the directors be and are hereby generally empowered to allot equity securities (within the meaning of Section 560 of the Companies Act 2006) pursuant to the general authority conferred by resolution 4 above for cash or by way of sale of treasury shares as if Section 561 of the Companies Act 2006 or any pre-emption provisions contained in the Company's articles of association did not apply to any such allotment, provided that the power conferred by this resolution shall be limited to:
- (i) any allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to holders of equity securities in proportion (as nearly as may be practicable) to their then holdings of such securities, but subject to the directors having the right to make such exclusions or other arrangements in connection with such offer as they deem necessary or expedient to deal with fractional entitlements or legal or practical problems arising in, or pursuant to, the laws of any territory or the requirements of any regulatory body or stock exchange in any territory or otherwise howsoever;
 - (ii) the allotment of equity securities up to an aggregate nominal value of £183,334 (916,670,000 ordinary shares of 0.02p) in connection with the Bond Conversion (as defined in the circular to shareholders (**Circular**) of which this notice forms part);
 - (iii) the allotment of equity securities up to an aggregate nominal value of £416,667 (4,166,670,000 ordinary shares of 0.01p) in connection with the Placing (as defined in the Circular);
 - (iv) the allotment of equity securities up to an aggregate nominal value of £33,959 (339,590,000 ordinary shares of 0.01p) in connection with the issue of the Fee Shares and Broker Shares (as defined in the Circular);
 - (v) the allotment of equity securities up to an aggregate nominal value of £438,183 (4,381,830,000 ordinary shares of 0.01p) in connection with the exercise of the Placing Warrants, and Broker Warrants (as defined in the Circular);
 - (vi) the allotment (otherwise than pursuant to sub-paragraphs (i) to (v) above) of equity securities up to an aggregate nominal value of £430,000,
- such authority and power (unless previously revoked, varied or renewed) to expire on the earlier to occur of 15 months after the passing of this resolution or the conclusion of the Annual General Meeting of the Company to be held in 2021, provided that the Company may prior to such expiry make any offer, agreement or other arrangement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to any such offer, agreement or other arrangement as if the power hereby conferred had not expired.

Dated: 31 July 2020

Registered Office:
15 Victoria Mews
Mill Field Road
Cottingley Business Park
Bingley
BD16 1PY

By order of the Board
Emma K Wilson
Secretary

Notes:

1. As a member of the Company, 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.
2. **Due to Covid-19 and related legal restrictions and guidance from government authorities, shareholders may not physically attend the meeting, and will not be permitted access to the venue on the day of the meeting. Shareholders are strongly encouraged to participate in the meeting by voting by proxy ahead of the meeting.**

3. 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. **Given the restrictions on attendance in person, you are encouraged to appoint the Chairman of the meeting to submit proxy votes at the meeting, rather than a named person who will not be permitted to attend the physical meeting.**
4. 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, you may photocopy the enclosed proxy form.
5. If you do not give your proxy an indication of how to vote on any resolution, 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.
6. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.
To appoint a proxy using the proxy form, the form must be:
 - (a) completed and signed;
 - (b) sent or delivered to the Company's Registrars, Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD; and
 - (b) received by no later than 11.00 a.m. on 20 August 2020.
 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.
7. To change your proxy appointment, 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 apply 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, you may photocopy the enclosed proxy form.
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.
8. In order to revoke a proxy appointment you will need to inform the Company by sending a signed hard copy notice clearly stating that you revoke your proxy appointment to Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD. 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 no later than 11.00 a.m. on 20 August 2020.
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.
9. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company as at 6.00 p.m. on 20 August 2020 or, if this meeting is adjourned, at 6.00 p.m. on the date two business days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

Vela Technologies plc

(Registered in England No. 03904195)

NOTICE OF MEETING OF BONDHOLDERS

NOTICE IS HEREBY GIVEN that an Extraordinary Meeting of holders of the Vela Secured Bonds due 2020 will be held at the offices of the Company, 15 Victoria Mews, Mill Field Road, Cottingley Business Park, Bingley BD16 1PY at 11.15 a.m. on 24 August 2020, or as soon thereafter as the general meeting of shareholders of the Company convened for 11.00 a.m. on the same date has concluded or been adjourned, to consider and, if thought fit, to pass the following resolution, which will be proposed as an Extraordinary Resolution:

EXTRAORDINARY RESOLUTION

THAT, conditional upon each of the resolutions set out in the notice of general meeting in the circular to shareholders and Bondholders to which this notice is attached (“**Circular**”) being passed, a scheme binding upon all Bondholders (“**Scheme**”) be hereby sanctioned under the provisions of clause 8.9.4 of the Standard Terms incorporated into the Bond Document dated 17 February 2017 (“**Bond Terms**”) constituting the Vela Secured Bonds due 2020 (“**Bonds**”), for the payment in cash of interest on the Bonds up to the Conversion Date (as defined below) and the conversion of the principal amount of the Bonds into shares of the Company and for the appointment of a person with power on behalf of Bondholders to execute an instrument for such conversion, on the following terms:

- 1 That, immediately following the record date for the First Share Capital Reorganisation (as defined in the Circular) (“**Conversion Date**”), the principal amount of each £1 of the Bonds be converted into ordinary shares of 0.02p at 0.06p per share on the terms set out in paragraph 2 below;
- 2 That, for the purposes of the Scheme:
 - (a) any director of Vela be hereby authorised to sign a bond conversion notice on behalf of each holder of Bonds on the basis set out in paragraph 1 above;
 - (b) conversion of the Bonds shall be effected by the Company redeeming the principal amount of the relevant Bonds on the Conversion Date;
 - (c) each Bondholder shall be deemed to irrevocably authorise and instruct the Company to apply the redemption monies payable to that Bondholder in subscribing for ordinary shares of 0.02p on conversion of the Bonds;
 - (d) the ordinary shares of 0.02p arising on conversion of the Bonds shall be issued credited as fully paid and rank pari passu with shares of the same class in issue on the Conversion Date, including for the purposes of the subdivision of each ordinary share of 0.02p (including those arising on conversion of the Bonds) into one ordinary share of 0.01p and one special deferred share of 0.01p with effect from the record date for the Second Share Capital Reorganisation, as described in the Circular;
 - (e) certificates for ordinary shares of 0.01p (following the Second Share Capital Reorganisation) shall be dispatched to the persons entitled to them at their own risk;
 - (f) the entitlement of each Bondholder to a fraction of a share shall be rounded down to the nearest whole number of shares which result from the conversion of the Bonds;
 - (g) Jade State Wealth Limited being the security trustee shall be irrevocably authorised and instructed to execute and effect releases of the Company from all the security for the Bonds, including in particular releases from each of the Security Documents (as defined in the Bond Terms);
 - (h) each Bondholder shall be paid in cash accrued interest for the final Interest Period (as defined in the Bond Terms) up to the Conversion Date.

Dated: 31 July 2020

Registered Office:
15 Victoria Mews
Mill Field Road
Cottingley Business Park
Bingley
BD16 1PY

By order of the Board
Emma K Wilson
Secretary

Notes:

1. Under the terms of the Bonds, an extraordinary resolution needs to be passed by a majority of not less than 75% of the votes cast upon a show of hands or if a poll is demanded, not less than 75% of the principal amount of Bonds held by persons voting at the meeting. Validly passed resolutions shall be binding upon all the Bondholders. All Bondholders are therefore strongly encouraged to participate by lodging a proxy.
2. **Due to Covid-19 and related legal restrictions and guidance from government authorities, bondholders may not physically attend the meeting, and will not be permitted access to the venue on the day of the meeting, unless it is for the purpose of forming the quorum. Bondholders are strongly encouraged to participate in the meeting by voting by proxy ahead of the meeting.**
3. As a bondholder, 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.
4. A proxy does not need to be a bondholder 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. **Given the restrictions on attendance in person, you are encouraged to appoint the Chairman of the meeting to submit proxy votes at the meeting, rather than a named person who will not be permitted to attend the physical meeting.**
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different bonds. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, you may photocopy the enclosed proxy form.
6. If you do not give your proxy an indication of how to vote on any resolution, 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.
7. The notes to the proxy form explain how to direct your proxy how to vote on the extraordinary resolution or withhold their vote.
To appoint a proxy using the proxy form, the form must be:
 - (a) completed and signed;
 - (b) sent or delivered to the Company's Registrars, Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD; and
 - (b) received by no later than 11.15 a.m. on 20 August 2020.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.
8. To change your proxy appointment, 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 apply 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, you may photocopy the enclosed proxy form.
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.
9. In order to revoke a proxy appointment you will need to inform the Company by sending a signed hard copy notice clearly stating that you revoke your proxy appointment to Neville Registrars Limited, at Neville House, Steelpark Road, Halesowen B62 8HD. 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 no later than 11.15 a.m. on 20 August 2020.
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.

10. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of bondholders as at 6.00 p.m. on 20 August 2020 or, if this meeting is adjourned, at 6.00 p.m. on the date two business days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.