

Our ref: THC/GLAWLESS/SHL01.00002/49928153  
Your ref: R1407/1  
Direct line: +44 (0)20 7859 1638  
Email: tom.connor@ashurst.com

Ashurst LLP  
Broadwalk House  
5 Appold Street  
London EC2A 2HA

Tel +44 (0)20 7638 1111  
Fax +44 (0)20 7638 1112  
DX 639 London/City  
www.ashurst.com

28 July 2016

## BY EMAIL AND POST

Michael Edwards  
Setfords Solicitors  
Jenner House  
1a Jenner Road  
Guildford  
Surrey  
GU1 3PH



Dear Sirs

### Realtime Analysis and News Ltd ("the Company")

1. We act for Schneider Holdings London Limited ("**SHL**").
2. We understand that you are instructed to act on behalf of the Company and the non-SHL shareholders. We are unclear whether or not your firm also acts for Mr Busfield and Mr Voce (together, "**the Directors**") in their capacity as directors of the Company. We have therefore copied this letter to them too.
3. We refer to your letter dated 26 July 2016 regarding our client's statutory demand. We address this below. Before doing so, we make the following preliminary observation. Recent events at the Company are extremely troubling. There is evidence of serious misconduct by those managing the affairs of the Company, which appears designed to exclude and prejudice our client's interests as a shareholder. The appropriate way forward needs to be considered against that backdrop.

### Our client's statutory demand

4. Our client's statutory demand was not misconceived and inappropriate. The sum of £146,272.23 (plus accrued interest) is held by the Company for our client's benefit. The Company has received (i) instructions to pay that sum from the debtors (Mr and Mrs Singh) and (ii) a demand from the creditor (our client) to receive that sum. There is no basis for the Company to withhold payment.
5. As to your letter:
  - (a) You represent that the Company is solvent and has the funds in its account. Our client asked you to provide evidence by 5pm yesterday to support these representations. You have not done so, even though it should have been straightforward for your client to supply such evidence. Please now provide this evidence.
  - (b) You appear to be suggesting that the Company can withhold payment until it receives the settlement payment from Mr and Mrs Singh. Please explain the basis for this. The Settlement Agreement does not say that. On the contrary, paragraphs 5 and 6.4.6

AUSTRALIA BELGIUM CHINA FRANCE GERMANY HONG KONG SAR INDONESIA (ASSOCIATED OFFICE) ITALY JAPAN PAPUA NEW GUINEA  
SAUDI ARABIA (ASSOCIATED OFFICE) SINGAPORE SPAIN SWEDEN UNITED ARAB EMIRATES UNITED KINGDOM UNITED STATES OF AMERICA

Ashurst LLP is a limited liability partnership registered in England and Wales under number OC330252 and is part of the Ashurst Group. It is a law firm authorised and regulated by the Solicitors Regulation Authority of England and Wales under number 468653. A list of members of Ashurst LLP and their professional qualifications is open to inspection at its registered office Broadwalk House, 5 Appold Street, London EC2A 2HA. The term "partner" in relation to Ashurst LLP is used to refer to a member of Ashurst LLP or to an employee or consultant with equivalent standing and qualifications. The Ashurst Group has an office in each of the places listed above.

contemplate the immediate payment of this sum by the Company as a condition to Mr and Mrs Singh maintaining their settlement discount.

- (c) You suggest that a lien is being exercised by your client. We do not understand the basis on which it is suggested that a lien is being exercised over (i) cash in a bank account that (ii) belongs not to the debtor (Mr and Mrs Singh) but a third party (i.e. our client, SHL). Please explain the basis on which a lien is asserted.
6. The fact that your client is unwilling to pay over funds which clearly it has no interest in or entitlement to only reinforces our client's wider concerns.
7. In light of the above, our client does not withdraw its demand. However, we are instructed that, in reliance on the representations in paragraph 1 of your letter, our client undertakes that it will not present a petition to wind-up the Company without providing you with 7 days' notice first. This step is taken without prejudice to our client's position that it is entitled to immediate repayment of the sums identified. Given our client's undertaking, there is therefore no need for your client to seek an injunction. Please confirm that your client will not be seeking an injunction. In the event that your client does, they proceed at their own risk as to costs. Any application should be made on notice to our client.
8. We also confirm that our client does not presently intend to serve notice of intent to wind-up the Company, or take any other legal action, prior to **Thursday 4 August**. The purpose in making this clear is to give the parties the opportunity to resolve matters by agreement and save Court time and legal costs. As we explain, if matters are not resolved by close of business on 4 August, our client reserves all of its rights to commence legal action, including claims against the non-SHL shareholders and/or the Directors and/or the Company. We set out the background to those claims below.

#### Recent events at the Company

9. Our client has very grave reservations about recent events at the Company.
10. The majority shareholder, Mr Matthew Cheung, has, as you know, admitted defrauding the Company. The two directors purporting to run the Company - one appointed by Mr Cheung - have shown a blatant disregard for corporate governance; are in breach of their directors' duties; and appear intent on excluding our client and prejudicing its interests.
11. In particular, we are very concerned by the circumstances around, and following, the Board meeting on the afternoon of Friday 10 June 2016. It appears that Mr Busfield and Mr Voce purported to: (i) remove our client's appointee, Mr Silvester, as a director without any due cause; (ii) for no obvious reason, move the operations of the Company away from its existing premises in the offices of our client's subsidiary; (iii) agree a settlement of the Company's claims with Mr Cheung for his fraud on new terms that were unagreed by Mr Silvester - even though the consent of all directors was required; and (iv) over the course of the weekend, to relocate the Company's operations and staff to new premises.
12. We understand that the meeting on 10 June ended in bizarre circumstances - with Mr Voce and Mr Busfield attempting to pass various, very quickly spoken, resolutions of which no notice had been given, and even though the Board's Chair had already closed the meeting. Despite your firm's attendance to take a minute, no minute of the meeting of 10 June has been produced - as required by the Companies Act - specifying the resolutions said to have been passed. Our client does not accept such purported resolutions and, without limitation, does not accept that Mr Silvester was validly removed as a director.
13. We understand that the Directors - having excluded Mr Silvester - are now seeking to run the Company from its new premises. It is possible that they are seeking to do so in conjunction

with Mr Cheung. These circumstances require urgent investigation.

### **Request for access to Company documents**

14. To enable us to understand what has gone on and when, and the current state of the Company's affairs, please provide us urgently with the following information in relation to the Company:
- (a) A copy of the Board Minute from the meeting on 10 June 2016, and the Minutes, agendas or resolutions of any Board or Shareholder Meetings since that date.
  - (b) Copies of all legal advice provided, including by your firm, to the Company since 1 June, including but not limited to the note referred to in Mr Edwards' email of 8 June 2016 (16.59).
  - (c) Copies of all correspondence relating to the relocation of the Company's business, including without limitation any correspondence with Mr Cheung or any third parties.
  - (d) Copies of all correspondence since 1 June 2016, with Mr Cheung or any representative of Mr Cheung in relation to the proposed settlement of the Company's claims against him, including draft agreements.
  - (e) Copies of all correspondence relating to any contracts which the Company has entered into (or is considering entering) into since 1 June 2016, including copies of any contracts or draft contracts.
  - (f) A copy of the Company's unaudited management accounts for June 2016, as previously requested by our client.
  - (g) Copies of the Company's bank statements since 1 June 2016, as previously requested by our client.
15. Please provide this information by close of business on Monday 1 August. If the information is not provided, we will infer that this is further evidence of a decision to exclude our client from the affairs of the Company and our client reserves the right to apply to the Court for disclosure.

### **Our client's legal claims**

16. Based on the evidence gathered so far, we believe that Mr Busfield and Mr Voce have acted in breach of their duties owed as directors to the Company.
17. Mr Cheung is also plainly in breach of his obligations under the Shareholders' Agreement, given his admitted fraud. Other non-SHL shareholders may also be in breach of their contractual obligations under that agreement.
18. The full extent and nature of those breaches will become clearer when your client provides the information requested above.
19. However, for present purposes, one thing is already clear: our client has been excluded and its interests unfairly prejudiced. This is more than evidenced by the conduct described in paragraph 11 above.
20. Given its continuing exclusion and unfair prejudice, our client can petition the Court seeking redress from the non-SHL shareholders, the Directors and/or the Company. In particular, it is

open to our client to seek:

- (a) an Order for the purchase of its shares at a fair value. We address this further below;
  - (b) payment of the sums owed by the Company to SHL. As set out in the statutory demand, and discussed above, the Company has failed to pay the loan (which with interest accrued to 19 July was in the sum of approximately £155,000). This amount is due and owing to SHL; and
  - (c) compensation for all losses suffered. This includes the payment of all legal costs – which are significant and accruing on a daily basis.
21. Our client reserves all of its rights to seek those remedies from the non-SHL shareholders and/or the Directors and/or the Company, including interim remedies to safeguard our client's interests during the course of the proceedings and compensation for any other losses which our client may have suffered.
22. Given the events described above, our client also reserves the right to apply to wind the Company up on a just and equitable basis.

### **Resolution without legal proceedings**

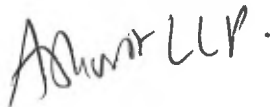
23. Whilst our client is willing and able to commence legal proceedings if necessary, as set out in paragraphs 16-22 above, our client wishes – notwithstanding recent events – to provide a short window of opportunity to resolve the dispute without litigation.
24. This should be possible because, whilst in our client's opinion it represents a considerable undervalue, and our client reserves the right to argue this, as you know our client has taken the position that it will accept £1.2 million for the purchase of its shares. In your letter of 17 June, we understand that you agreed in principle to this sum – albeit you chose to structure the proposed payment of £1.2 million in a particular way. Unfortunately, however, in your firm's email of 11 July, your clients appeared to go backwards and were only offering to pay £738,000 to SHL for the shares and to pay the outstanding loan (i.e. £146,272.23) plus interest. On any view, that is not a fair offer.
25. Beyond the acquisition of shares, our client will also require (a) the satisfaction of its debt identified in the statutory demand and (b) the payment of its legal costs.
26. We emphasise that any agreement will need to be documented in a signed contract before it is binding.

### **Next steps**

27. Given the breakdown of trust and confidence, our client is not prepared to allow matters to drift.
28. We therefore require your clients to take the following steps:
- (a) Provide the documents requested in paragraph 14 above by Monday.
  - (b) Negotiate in good faith the terms of the settlement agreement (to include the purchase of our client's shares, repayment of the loan and our clients' legal costs) so that a binding agreement is executed by no later than 4 August. We are instructed to be available to negotiate this document and are content to meet to do so if that is the most efficient way to proceed.

29. In the event that these steps are not completed, and no agreement has been executed by close of business on 4 August, then our client will have no option but to pursue its rights through legal proceedings, including by bringing claims against the non-SHL shareholders, the Directors and/or the Company and/or providing notice that our client will petition after 7 days to wind up the Company.
30. In the meantime, all of our client's rights are reserved.

Yours faithfully

A handwritten signature in black ink that reads "Ashurst LLP." The signature is written in a cursive, stylized font.

**Ashurst LLP**

**CC: Mr George Busfield (by email)**

**Mr Adam Voce (by email)**