

DATED

28 September 2022

SHARE PURCHASE AGREEMENT

between

STAR WORLD INTERNATIONAL HOLDINGS LTD

and

SPENCER GOLDSMITH LTD

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This agreement is dated 28 September 2022

Parties

- (1) STAR WORLD INTERNATIONAL HOLDINGS LTD incorporated and registered in British Virgin Islands with company number 1854431 whose registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (**Seller**)
- (2) SPENCER GOLDSMITH LTD incorporated and registered in England and Wales with company number 13849409 whose registered office is at Office 1 Embsay Mill, Embsay, Skipton, North Yorkshire BD23 6QF (**Buyer**)

BACKGROUND

- (A) The Seller has agreed to sell, and the Buyer has agreed to buy, the Sale Shares subject to the terms and conditions of this agreement.

Agreed terms

1. Interpretation

- 1.1 The definitions and rules of interpretation in this clause apply in this agreement.

Accounts: the audited accounts of the Company for the accounting period ended on the Accounts Date, including the statement of financial position as at the Accounts Date and the income statement and statement of other comprehensive income, statement of cash flows and statement of changes in equity for the accounting period ended on the Accounts Date, and the related notes to such accounts as required by law and applicable accounting standards, copies of which are included in the Disclosure Bundle.

Accounts Date: 31 March 2022.

Business: the business carried on by the Company, namely sale and distribution of consumable products, or any part of it.

Business Day: a day other than a Saturday, Sunday or public holiday in England when banks in London are open for business.

CA 2006: the Companies Act 2006.

Claim: a claim for breach of any of the Warranties.

Company: S&J Distribution Limited, a company incorporated and registered in England and Wales with company number 05680347 whose registered office is at Unit 1 Enterprise Way, Skipton, North Yorkshire BD23 2FJ, further details of which are set out in Schedule 1.

Completion: completion of the sale and purchase of the Sale Shares in accordance with this agreement.

Completion Date: 29 September 2022.

CTA 2009: the Corporation Tax Act 2009.

Connected: has, in relation to a person, the meaning given in section 1122 of the CTA 2010.

CTA 2010: the Corporation Tax Act 2010.

Deferred Payment: £200,000.00.

Deferred Payment Date: shall be the earlier of:

(a) the date 10 Working Days following service of notice on the Seller by the Buyer specifying that it wishes the Deferred Payment Date to be earlier than the Long Stop Date; and

(b) the Long Stop Date.

Director: each person who is a director or shadow director of the Company, as set out in Schedule 1.

Disclosed: fully, clearly, accurately and fairly disclosed (with sufficient details to identify the nature and scope of the matter disclosed) to the Buyer or within the actual knowledge or Michael Peter Williams.

Employee: has the meaning given in paragraph 14.1 of Part 1 of Schedule 3.

Encumbrance: any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement.

Group: in relation to a company, that company, any subsidiary or any holding company from time to time of that company, and any subsidiary from time to time of a holding company of that company. Each company in a Group is a **member of the Group**.

Interest: interest on the Deferred Payment calculated at the Interest Rate from the Completion Date to the date when the Deferred Payment is settled which shall be paid to the Seller bi-annually every 6 months from the Completion Date.

Interest Rate: 3% per annum.

Long Stop Date: the date 39 month of this agreement.

Properties: the land and buildings of the Company as described in 1 (or any part or parts of them).

Purchase Price: has the meaning given in clause 3.1.

Sale Shares: the 100 ordinary shares of £1 each in the Company, all of which have been issued and are fully paid.

Tax: has the meaning given in paragraph 1.1 of Schedule 4.

Tax Authority: has the meaning given in paragraph 1.1 of Schedule 4.

Tax Covenant: the tax covenant set out in Schedule 4.

Transaction: the transaction contemplated by this agreement or any part of that transaction.

Warranties: the warranties set out in Schedule 3.

Working Days: a day Monday to Friday that is not a bank or public holiday in England

- 1.2 References to clauses and Schedules are to the clauses of and Schedules to this agreement and references to paragraphs are to paragraphs of the relevant Schedule.
- 1.3 The Schedules form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the Schedules.
- 1.4 This agreement shall be binding on and enure to the benefit of, the parties to this agreement and their respective successors and permitted assigns, and references to a **party** shall include that party's successors and permitted assigns.
- 1.5 A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.6 A reference to a **holding company** or a **subsidiary** means a holding company or a subsidiary (as the case may be) as defined in section 1159 of the CA 2006 and a company shall be treated, for the purposes only of the membership requirement contained in sections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of:
 - (a) another person (or its nominee), by way of security or in connection with the taking of security; or
 - (b) its nominee.
- 1.7 Unless expressly provided otherwise in this agreement, a reference to **writing** or **written** excludes fax but not email.
- 1.8 Any words following the terms **including**, **include**, **in particular**, **for example** or any similar expression shall be interpreted as illustrative and shall not limit the sense of the words preceding those terms.
- 1.9 References to a document in **agreed form** are to that document in the form agreed by the parties and initialled by them or on their behalf for identification.
- 1.10 Unless expressly provided otherwise in this agreement, a reference to legislation or a legislative provision;

- (a) is a reference to it as it is in force as at the date of agreement ;
- (b) shall include all subordinate legislation made as at the date of this agreement under that legislation or legislative provision.

2. Sale and purchase

At Completion, the Seller shall sell, and the Buyer shall buy, the Sale Shares with full title guarantee and free from all Encumbrances, together with all rights attached or accruing to them.

3. Purchase Price

- 3.1 The total consideration for the sale of the Sale Shares is £1,900,000 (**Purchase Price**) which shall be paid by the Buyer in cash at Completion in accordance with clause 3.3 and clause 4.4(a).
- 3.2 The Purchase Price shall be deemed to be reduced by the amount of any payment made to the Buyer in respect of any Claim or claim under the Tax Covenant.
- 3.3 The Purchase Price shall be payable as follows:
 - (a) £1,700,000.00 on the Completion Date; and
 - (b) The Deferred Payment shall be payable on the Deferred Payment Date together with the balance of any Interest payable on.

4. Completion

- 4.1 Completion shall take place on the Completion Date at 1 Embsay Mill, Embsay, Skipton, North Yorkshire, BD23 2FJ or such other place as the parties shall agree in writing.
- 4.2 Completion of the sale and purchase of the Shares shall be completed on the Completion Date.
- 4.3 At Completion the Seller shall do the things listed in Schedule 2.
- 4.4 Subject to the Seller complying with clause 4.2, at Completion the Buyer shall:
 - (a) pay the Purchase Price by electronic transfer of immediately available funds to the client account of the Seller's solicitors (who are irrevocably authorised by the Seller to receive the same). Payment in accordance with this clause shall be a good and valid discharge of the Buyer's obligation to pay the Purchase Price; and
 - (b) deliver to the Seller a certified copy of the resolutions adopted by the Buyer's board of directors approving the execution and delivery of this agreement and any other documents to be delivered by the Buyer at Completion.

5. Warranties

- 5.1 The Seller warrants to the Buyer that, except as Disclosed, each Warranty is true, accurate and not misleading on the date of this agreement.
- 5.2 Warranties qualified by the expression **so far as the Seller is aware** (or any similar expression) are deemed to be given to the best of the knowledge, information and belief of the Seller after they have made due and careful enquiries.
- 5.3 Each of the Warranties is separate and, unless expressly provided otherwise, is not limited by reference to any other Warranty or any other provision in this agreement.
- 5.4 Except for the matters Disclosed, no information of which the Buyer, its agents or advisers has knowledge (in each case whether actual, constructive or imputed), or which could have been discovered (whether by investigation made by the Buyer or on its behalf), shall prejudice or prevent any Claim, or reduce the amount recoverable under any Claim.

6. Limitations on claims

- 6.1 The aggregate liability of the Seller for all Claims and all claims under the Tax Covenant shall not exceed an amount equal to £1,900,000.00.
- 6.2 The Seller shall not be liable for a Claim or a claim under the Tax Covenant unless notice in writing of the Claim or the claim under the Tax Covenant, summarising the nature of the Claim or the claim under the Tax Covenant (in so far as it is known to the Buyer) and, as far as is reasonably practicable, the amount claimed, has been given by or on behalf of the Buyer to the Seller:
- (a) in the case of a Claim made under the Warranties in **Part 2 of Schedule 3**, on or before the seventh anniversary of Completion;
 - (b) in the case if a claim under the Tax Covenant, on or before the seventh anniversary of Completion; or
 - (c) in any other case, on or before the sixth anniversary of Completion.
- 6.3 Nothing in this clause **6** applies to exclude or limit the Seller's liability if and to the extent that a Claim or a claim under the Tax Covenant arises or is delayed as a result of dishonesty, fraud, wilful misconduct or wilful concealment by the Seller (or the Seller's agents or advisers).

7. Tax Covenant

The provisions of Schedule 4 apply in this agreement in relation to Tax.

8. Confidentiality and announcements

- 8.1 Except to the extent required by law or any legal or regulatory authority of competent jurisdiction:
- (a) the Seller shall not (and shall procure that no other member of its Group shall) at any time disclose to any person (other than the Seller's professional advisers) the terms of this agreement or any trade secret, know how or other confidential information relating to the Company or the Buyer, or make any use of such information other than to the extent necessary for the purpose of exercising or performing its rights and obligations under this agreement; and
 - (b) neither party shall make, or permit any person to make, any public announcement, communication or circular concerning this agreement without the prior written consent of the other party.
- 8.2 Notwithstanding clause 8.1(b), the Buyer may, at any time after Completion, announce its acquisition of the Sale Shares to any employees, clients, customers or suppliers of the Company or any other member of the Buyer's Group.

9. Further assurance

At their own expense, the Seller shall (and shall use reasonable endeavours to procure that any relevant third party shall) promptly execute and deliver such documents and perform such acts as the Buyer may require from time to time for the purpose of giving full effect to this agreement.

10. Assignment and other dealings

- 10.1 Subject to the further provisions of this clause 10, no party shall assign, novate, transfer, mortgage, charge, subcontract, delegate, declare a trust of, or deal in any other manner with any or all of its rights and obligations under this agreement.
- 10.2 The Buyer may assign or transfer its rights (but not its obligations) under this agreement to:
- (a) a member of its Group. The Buyer shall procure that such company assigns any rights assigned to it in accordance with this clause 10 back to the immediately before that company ceases to be a member of the Buyer's Group; or
 - (b) any person to whom the Sale Shares are sold or transferred by the Buyer following Completion.
- 10.3 The Buyer may grant security over, or assign by way of security, any or all of its rights under this agreement for the purposes of, or in connection with, the financing (whether in whole or in part) of the Transaction. On the enforcement of any security of the kind referred to in this clause, the Buyer, or any administrative receiver of the Buyer or any person having the

benefit of such security, may assign any or all of the relevant rights to any person, but the Seller's liability to any assignee in respect of those rights shall not be greater than if no assignment had taken place.

- 10.4 If there is an assignment or transfer of the Buyer's rights under this agreement in accordance with clause 10.2 or clause 10.3:
- (a) the Seller may discharge its obligations under this agreement to the Buyer until it receives notice of the assignment or transfer; and
 - (b) the assignee or transferee may enforce this agreement as if it were named in this agreement as the Buyer, but the Buyer shall remain liable for any obligations under this agreement.

11. Entire agreement

This agreement constitutes the entire agreement between the parties and supersedes and extinguishes all previous and contemporaneous agreements, promises, assurances, warranties, representations and understandings between them, whether written or oral, relating to its subject matter.

12. Variation, waiver and rights and remedies

- 12.1 No variation of this agreement shall be effective unless it is in writing and signed by the parties (or their authorised representatives).
- 12.2 A waiver of any right or remedy is only effective if given in writing and shall not be deemed a waiver of any subsequent right or remedy.
- 12.3 A delay or failure to exercise, or the single or partial exercise of, any right or remedy shall not waive that or any other right or remedy, nor shall it prevent or restrict the further exercise of that or any other right or remedy.
- 12.4 Except as expressly provided in this agreement, the rights and remedies provided under this agreement are in addition to, and not exclusive of, any rights or remedies provided by law.

13. Notices

- 13.1 A notice given to a party under or in connection with this agreement shall be in writing and shall be:
- (a) delivered by hand or by pre-paid first-class post or other next working day delivery service at its registered office (if a company) or its principal place of business (in any other case); or

(b) sent by email to the following addresses (or an address substituted in writing by the party to be served):

(i) Seller: keith@huashengih.com & damon@huashengih.com

(ii) Buyer: steve.scott@scottswright.com

13.2 Any notice shall be deemed to have been received:

(a) if delivered by hand, at the time the notice is left at the proper address;

(b) if sent by pre-paid first-class post or other next working day delivery service, at 9.00 am on the second Business Day after posting; or

(c) if sent by email, at the time of transmission, or, if this time falls outside business hours in the place of receipt, when business hours resume. In this clause, **business hours** means 9.00am to 5.00pm Monday to Friday on a day that is not a public holiday in the place of receipt.

13.3 This clause 13 does not apply to the service of any proceedings or other documents in any legal action or, where applicable, any arbitration or other method of dispute resolution.

14. Agreement survives Completion

14.1 This agreement (other than obligations that have already been fully performed) remains in full force after Completion.

15. Severance

If any provision or part-provision of this agreement is or becomes invalid, illegal or unenforceable, it shall be deemed deleted, but that shall not affect the validity and enforceability of the rest of this agreement.

16. Third party rights

This agreement does not give rise to any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this agreement.

17. Governing law and jurisdiction

17.1 This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales.

17.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement or its subject matter or formation.

This agreement has been entered into on the date stated at the beginning of it.

Schedule 1 Particulars of the Company

Registered name:	S&J Distribution Limited
Registration number:	05680347
Place of incorporation:	England and Wales
Registered office:	Unit 1 Enterprise Way, Skipton, North Yorkshire BD23 2FJ
Issued share capital:	Amount: £100 Divided into: Ordinary shares of £1 each
Registered shareholder (and number of Sale Shares held):	Star World International Holdings Ltd – 100 Ordinary shares of £1 each
Directors and shadow directors:	Michael Peter Williams Jeffrey Wong
Secretary:	None
Auditor:	Moore (NW) LLP, 110-114 Duke Street, Liverpool, L1 5AG
Registered charges:	None

Schedule 2 Seller's Completion obligations

1. Documents to be delivered at Completion

At Completion, the Seller shall deliver to the Buyer:

- 1.1 a transfer of the Sale Shares, in agreed form, executed by the Seller in favour of the Buyer;
- 1.2 the share certificates for the Sale Shares or an indemnity, in agreed form, for any lost or damaged certificates;
- 1.3 the registers, minute books and other records required to be kept by the Company and each of the Subsidiaries under the CA 2006, in each case properly written up as at the Completion Date, together with the common seals (if any), certificates of incorporation and any certificates of incorporation on change of name for each of the Company and the Subsidiaries;
- 1.4 duly executed letter of resignation, in agreed form, from Jeffrey Wong resigning from his office and employment with the Company;
- 1.5 any papers or other documents relating to the Company that are in the Seller's possession;
- 1.6 signed minutes, in agreed form, of the board meeting held by the Company pursuant to paragraph 2 of this Schedule 2;
- 1.7 a certified copy of the resolutions, in agreed form, adopted by the Seller's board of directors approving the execution and delivery of this agreement and any other documents to be delivered by the Seller at Completion;
- 1.8 a duly executed settlement agreement, in agreed form, and made between the Company and Jeffrey Wong on Completion;
- 1.9 a letter, in agreed form, the Seller confirming that they have ceased to be a registrable relevant legal entity (within the meaning of section 790C of the CA 2006) in relation to the Company.

2. Completion board meeting

The Seller shall cause a board meeting of the Company to be held at Completion at which the matters set out in the agreed form completion board minutes delivered pursuant to paragraph 1.6 of this Schedule shall take place.

Schedule 3 Warranties

Part 1 General Warranties

1. Power to sell the Sale Shares

- 1.1 The Seller has the requisite power and authority to enter into and perform this agreement and the documents referred to in it to which it is a party, and they constitute valid, legal and binding obligations on the Seller in accordance with their respective terms.
- 1.2 The execution and performance by the Seller of this agreement and the documents referred to in it to which the Seller is a party will not breach or constitute a default under its articles of association, or any agreement, instrument, order, judgment or other restriction which binds the Seller.

2. Shares in the Company

- 2.1 The Sale Shares constitute the whole of the allotted and issued share capital of the Company and are fully paid, or credited as fully paid.
- 2.2 The Seller is the sole legal and beneficial owner of the Sale Shares and is entitled to transfer the legal and beneficial title to the Sale Shares to the Buyer free from all Encumbrances, without the consent of any other person.
- 2.3 No person has any right to require at any time the transfer, creation, issue or allotment of any share, loan capital or other securities of the Company (or any rights or interest in them), and no person has agreed to confer or has claimed any such right.
- 2.4 No Encumbrance has been granted to any person or otherwise exists affecting the Sale Shares or any unissued shares, debentures or other unissued securities of the Company, and no commitment to create any such Encumbrance has been given, nor has any person claimed any such rights.
- 2.5 The Company:
- (a) does not own, and has not agreed to acquire, any shares, loan capital or any other securities or interest in any company;
 - (b) has not, at any time, had any subsidiaries or subsidiary undertakings (within the meaning of section 1162 of the CA 2006);
 - (c) is not, and has not agreed to become, a member of any partnership or other unincorporated association, joint venture or consortium (other than recognised trade associations); and
 - (d) has no branch or permanent establishment outside England and Wales.

2.6 The Company has not purchased, redeemed, reduced, repaid or forfeited any of its share capital.

3. Constitutional and corporate documents

3.1 A copy of the memorandum and articles of association of the Company have been Disclosed, and such copy document are true, accurate and complete.

3.2 All returns, particulars, resolutions and other documents that the Company is required by law to file with, or deliver to, any authority have been correctly made up and duly filed or delivered.

3.3 All deeds and documents belonging to the Company (or to which it is a party) are in the Company's possession.

3.4 All accounting, financial and other records of the Company (including its statutory books and registers):

- (a) have been properly prepared and maintained;
- (b) constitute an accurate record of all matters required by law to appear in them, and comply with any applicable requirements of the CA 2006;
- (c) do not contain any material inaccuracies or discrepancies; and
- (d) are in the possession of the Company.

4. Information

4.1 The particulars set out in **Schedule 1** and **2** are true, accurate and complete.

4.2 All information given by or on behalf of the Seller to the Buyer (or its agents or advisers) in the course of the negotiations leading up to this agreement, was when given, and is now, true, accurate and complete.

4.3 All information Disclosed is true and accurate.

5. Compliance and consents

5.1 The Company has at all times conducted its business in accordance with, and has acted in compliance with, all applicable laws and regulations.

5.2 The Company holds all licences, consents, permits and authorities necessary to carry on the Business in the places and in the manner in which it is carried on at Completion (**Consents**).

5.3 Each of the Consents is valid and subsisting, the Company is not in breach of the terms or conditions of the Consents (or any of them) and there is no reason why any of the Consents may be revoked or suspended (in whole or in part) or may not be renewed on the same terms.

6. Insurance

6.1 The Company maintains, and has at all material times maintained, adequate insurance cover against all losses, liabilities and risks that are normally insured against by a person carrying on the same type of business as the Business.

6.2 The policies of insurance maintained by or on behalf of the Company (**Policies**) are in full force and effect, all premiums due on them have been paid and all other conditions of the Policies have been performed and observed. The Company has not done, or omitted to do, anything that may result in an increase in the premium payable for any of the Policies, or affect the renewal of any of the Policies.

6.3 There are no material outstanding claims under, or in respect of the validity of, any of the Policies and, so far as the Seller is aware, there are no circumstances likely to give rise to a claim under any of the Policies.

7. Disputes and investigations

7.1 Neither the Company, nor any of its Directors nor any other person for whose acts the Company may be vicariously liable, is engaged or involved in any of the following matters (such matters being referred to in this paragraph **7** as **Proceedings**):

- (a) any litigation, or any administrative, arbitration or other proceedings, claims, actions or hearings (except for debt collection in the normal course of business); or
- (b) any dispute with, or any investigation, inquiry or enforcement proceedings by, any governmental, regulatory or similar body.

7.2 No Proceedings have been threatened or are pending by or against the Company, any Director or any person for whose acts the Company may be vicariously liable, and there are no circumstances likely to give rise to any such Proceedings.

7.3 The Company is not affected by any subsisting or pending judgment, order, or other decision or ruling of any court, tribunal or arbitrator, or any governmental, regulatory or similar body, nor has it given any undertaking in connection with any Proceedings which remains in force.

7.4 Neither the Seller, nor any member of the Seller's Group, has a claim of any nature against the Company, nor has it assigned to any person the benefit of any such claim.

8. Contracts and trading

- 8.1 Full particulars of all subsisting contracts, agreements, arrangements, understandings or commitments to which the Company is a party have been Disclosed.
- 8.2 The Company is not a party to any contract, agreement, arrangement, understanding or commitment which is of an unusual or exceptional nature, outside the ordinary course of the Business, or not on arm's-length terms.
- 8.3 No party is in default of any agreement to which the Company is a party, no such default has been threatened, and there are no facts or circumstances likely to give rise to any such default. No notice of termination of any such agreement has been received or served by the Company, and there are no grounds for the termination, rescission, repudiation or a material change in the terms of any such agreement.
- 8.4 There is no outstanding indebtedness or other liability (actual or contingent) and no outstanding contract, commitment or arrangement between the Company and any of the following:
- (a) the Seller or any other member of its Group) (or any person Connected with the Seller); or
 - (b) a director of the Seller or any other member of its Group (or any person Connected with any such director).

9. Effect of sale of the Sale Shares

- 9.1 The acquisition of the Sale Shares by the Buyer will not:
- (a) cause the Company to lose the benefit of any right, asset or privilege it presently enjoys;
 - (b) relieve any person of any obligation to the Company, or enable any person to determine any such obligation, or any right or benefit enjoyed by the Company, or to exercise any other right in respect of the Company;
 - (c) result in any customer, client or supplier materially reducing its business, or changing the terms on which it deals, with the Company;
 - (d) result in the loss of, or any default under, any Consent (as defined in paragraph 5.2 of Part 1 of this Schedule 3); or
 - (e) so far as the Seller is aware, result in any officer or senior employee leaving the Company.

10. Finance and guarantees

- 10.1 Full particulars of all money borrowed by the Company and all financial facilities currently outstanding or available to the Company, including copies of all related documentation have been Disclosed.
- 10.2 There are no circumstances or matters which could affect the continuance of any of the financial facilities that are currently available to the Company, or which may result in an amendment of their terms.
- 10.3 No Encumbrance over any of the Company's assets is now enforceable, and there are no circumstances likely to give rise to any such enforcement.
- 10.4 The Company has not factored or discounted any of its debts, or engaged in financing of a type that would not need to be shown or reflected in the Accounts.
- 10.5 No Encumbrance, guarantee, indemnity or other similar arrangement has been entered into, given or agreed to be given by:
- (a) the Company or any third party, in each case in respect of any indebtedness or other obligations of the Company; or
 - (b) the Company in respect of any indebtedness or other obligations of any third party.
- 10.6 The Company has no outstanding loan capital, nor has it lent any money that has not been repaid, and there are no debts owing to the Company other than debts that have arisen in the normal course of the Business.
- 10.7 The debts owing to the Company as reflected in the Accounts (and all debts subsequently recorded in its books since the Accounts Date) have been realised, or will within three months after Completion realise in cash their full amount, and none of those debts has been outstanding for more than two months.
- 10.8 No insolvency event has occurred in relation to the Company or the Seller.

11. Accounts

- 11.1 The definitions in this paragraph apply in this agreement:

IFRS: The International Financial Reporting Standards issued by the International Accounting Standards Board (IASB)

Management Accounts: the unaudited statement of financial position as at 31st July 2022 and the unaudited income statement of the Company (including any notes thereon) for the period of 4 months ended 31st July 2022.

Previous Accounts: the accounts equivalent to the Accounts in respect of each of the 3 accounting periods immediately preceding the accounting period ended on the Accounts Date.

11.2 The Accounts:

- (a) show a true and fair view of the state of affairs of the Company as at the Accounts Date, and of its profit or loss and total comprehensive income for the accounting period ended on the Accounts Date;
- (b) have been properly prepared in accordance with IFRS, using appropriate accounting policies and estimation techniques as required by the appropriate standards;
- (c) comply with the requirements of the CA 2006 and all other applicable law and regulations in the UK;
- (d) (save as the Accounts expressly disclose) are not affected by any extraordinary, exceptional or non-recurring items; and
- (e) (save as the Accounts expressly disclose) have been prepared using the same accounting policies and estimation techniques as those adopted and applied in preparing the Previous Accounts.

11.3 The Management Accounts have been prepared on a basis consistent with that employed in preparing the Accounts and fairly represent the assets and liabilities and the income and expenditure of the Company as at the date and in respect of the period to which they relate.

12. Changes since the Accounts Date

Since the Accounts Date:

- 12.1 the Company has conducted the Business in the normal course and as a going concern;
- 12.2 there has been no material adverse change in the turnover, financial position or prospects of the Company;
- 12.3 no dividend or other distribution of profits or assets has been, or agreed to be declared, made or paid by the Company;
- 12.4 the Company has not borrowed or raised any money or taken or given any form of financial security, nor has it incurred or committed to any capital expenditure, or acquired or disposed of any individual item, in either case in excess of £10,000; and
- 12.5 the Company has paid its creditors within the applicable periods agreed with the relevant creditor and there are no amounts owing by the Company which have been outstanding for more than 60 days.

13. Assets

- 13.1 The assets included in the Accounts, together with any assets acquired by the Company since the Accounts Date (except for those disposed of since the Accounts Date in the normal course of business) and all other assets used by the Company in connection with the Business are:
- (a) legally and beneficially owned by the Company, free from Encumbrance or any other third party right, and the Company has good and marketable title to such assets; and
 - (b) in the possession and control of the Company.
- 13.2 The plant, machinery, vehicles, office and other equipment used by the Company in connection with the Business are in good working order, have been regularly and properly maintained and are capable of doing the work for which they were designed.
- 13.3 Each element of the computer hardware (including network and telecommunications equipment), mobile devices, data (including any databases) and software (including associated user manuals, object code and source code) owned, used or held for use by the Company in relation to the Business (**IT Systems**):
- (a) is functioning adequately and materially in accordance with all applicable specifications;
 - (b) is not defective in any material respect, and reasonable steps have been taken to ensure the IT Systems contain no software virus, malware or software vulnerability; and
 - (c) has sufficient capacity, scalability and performance to meet the current and foreseeable peak volume requirements of the Business as carried on at Completion.
- 13.4 The Company has obtained all rights from third parties that are necessary to enable its exclusive and unrestricted use of the IT Systems for the purposes of the Business both before and after Completion.
- 13.5 The Company has in place appropriate data security breach, incident monitoring, business continuity and disaster recovery plans relating to the use of the IT Systems, each of which is in accordance with best industry practice and all applicable regulatory requirements.
- 13.6 During the seven-year period up to and including the date of this agreement, the Company has not:
- (a) suffered any event having an actual adverse effect on the security of the IT Systems and a significant impact on the continuity of the Business (**Security Incident**); or

- (b) breached any applicable regulatory requirements (including any reporting requirement) in relation to any Security Incident.

13.7 The assets owned by the Company comprise all the assets necessary for the continuation of the Business as it is carried on at Completion, and such assets are not shared with any other person.

14. Employment

14.1 The definitions in this paragraph apply in this agreement.

Employee: any person employed by the Company under a contract of employment.

Worker: any person who is not an Employee who personally performs work for the Company but who is not in business on their own account or in a client/customer relationship.

14.2 Particulars of each Employee and Worker, and the principal terms of their respective contracts with the Company have been Disclosed.

14.3 Details of all persons who are not Workers and who are providing services to the Company under an agreement that is not a contract of employment with the Company (including consultants and secondees), and full particulars of the terms on which such persons provide their services have been Disclosed.

14.4 Details of all Employees and Workers who are on secondment, maternity, paternity, adoption, shared parental or other leave or absent due to ill-health or for any other reason have been Disclosed.

14.5 No offer of employment or engagement has been made by the Company that is outstanding for acceptance, or that has been accepted but not yet commenced.

14.6 No notice to terminate the contract of employment of any Employee or Worker is pending, outstanding or threatened, and there are no circumstances likely to give rise to such notice.

14.7 Neither the Company nor any other member of the Seller's Group is a party to, bound by or proposing to introduce in respect of any of its current or former directors, Employees or Workers, any redundancy payment scheme (in addition to statutory redundancy pay), or any incentive arrangement or scheme (including, without limitation, any share option or share award plan, and commission, profit sharing or bonus scheme).

14.8 The Company has not incurred any actual or contingent liability in connection with any termination of employment of its Employees, or for failing to comply with any order for the reinstatement or re-engagement of any Employee.

- 14.9 The Company has not made or provided, or agreed to make or provide, any payment or benefit to any of its current or former directors, Employees or Workers (or their dependants) in connection with the actual or proposed termination or suspension of employment or variation of an employment contract.
- 14.10 There are no sums owing to or from any current or former Employee or Worker other than reimbursement of expenses, wages for the current salary period and holiday pay for the current holiday year.
- 14.11 The Company has not offered, promised or agreed to any future variation in the terms of employment or engagement of any Employee or Worker.
- 14.12 All contracts, handbooks, policies and other documents which apply to the Employees and Workers, identifying which applies to which individual have been Disclosed.
- 14.13 The Company has not entered into any agreement or arrangement (whether or not binding) with any trade union, staff association, staff council, works council, information and consultation body or any other worker representatives relating to any person employed or engaged by or in the Company or any of the Subsidiaries.
- 14.14 The Company has performed all obligations and duties it is required to perform in respect of each Employee and Worker, whether or not legally binding and whether arising under contract, statute, at common law or in equity or under any treaties or laws of the European Union (as any treaties or laws of the European Union apply in England and Wales from time to time, including as retained, amended, extended, re-enacted or otherwise given effect on or after 11pm on 31 January 2020) or otherwise.

15. Retirement benefits

- 15.1 Save for the auto-enrolment obligations detailed in paragraph 15.2, the Company does not have (nor may it have) any obligation (whether or not legally binding) to provide or contribute towards pension, lump sum, death, ill-health, disability or accident benefits (**Relevant Benefits**) in respect of its current or former officers or employees (**Pensionable Employees**) and no proposal or announcement has been made to any employee or officer of the Company about the introduction, continuance, increase or improvement of, or the payment of a contribution towards, any Relevant Benefits.
- 15.2 The Company has complied with its automatic enrolment obligations as required by the Pensions Act 2008 and associated legislation.
- 15.3 No notices, fines, or other sanctions have been issued by the Pensions Regulator and no instances of non-compliance with the automatic enrolment obligations have been notified to the Pension Regulator in respect of the Company.

- 15.4 Prior to 1 October 2012, the Company facilitated access for its Pensionable Employees to a designated stakeholder scheme as required by Section 3 of the Welfare Reform and Pensions Act 1999.
- 15.5 The Company has not discriminated against any Pensionable Employee on any grounds in providing any Relevant Benefits.
- 15.6 No claims or complaints have been made or are pending or threatened in respect of the provision of (or failure to provide) any Relevant Benefits by the Company in relation to any of the Pensionable Employees and there is no fact or circumstance likely to give rise to such claims or complaints.

16. Property

- 16.1 In this paragraph **16. Previously-owned Land and Buildings** means any land and buildings that has or have, at any time before the date of this agreement, been owned (under whatever tenure) and/or occupied and/or used by the Company, but which are either:
- (a) no longer owned, occupied or used by the Company; or
 - (b) owned, occupied or used by the Company but pursuant to a different lease, licence, transfer or conveyance.
- 16.2 The Properties are the only land and buildings owned, used or occupied by the Company. The Company has no right of ownership, right to use, option, right of first refusal or contractual obligation to purchase, or any other legal or equitable right affecting any land and buildings, other than the Properties.
- 16.3 The Company has no liability (whether actual or contingent) in respect of any Previously-owned Land and Buildings, nor has it given any guarantee or indemnity for any liability relating to any of the Properties, any Previously-owned Land and Buildings or any other land and buildings.

Part 2 Tax Warranties

1. Tax Warranties

1. General

- 1.1 All notices, returns (including any land transaction returns), reports, accounts, computations, statements, assessments, claims, disclaimers, elections and registrations and any other necessary information which have, or should have, been submitted by the Company or any Subsidiary to any Tax Authority for the purposes of Tax have been made on a proper basis, were submitted within applicable time limits and were accurate and complete in all material

respects. None of the above is, or is likely to be, the subject of any material dispute with any Tax Authority.

- 1.2 All Tax (whether of the UK or elsewhere), for which the Company or any Subsidiary has been liable to account, has been duly paid (insofar as such Tax ought to have been paid) and no penalties, fines, surcharges or interest have been incurred.
- 1.3 The Company and each Subsidiary maintain complete and accurate records, invoices, elections, statements and other information in relation to Tax, that meet all legal requirements and enable the Tax (and deferred tax) liabilities of the Company and any Subsidiary to be calculated accurately in all material respects.
- 1.4 The Company is a **large company** within the meaning of regulation 3 of the Corporation Tax (Instalment Payment) Regulations 1998.
- 1.5 All Tax deductible under the PAYE system, the Construction Industry Scheme and/or any other Tax Statute have, so far as required to be deducted, been deducted from all payments made (or treated as made) by the Company or any Subsidiary. All amounts due to be paid to the relevant Tax Authority on or before the date of this agreement have been so paid.
- 1.6 Full details of any payments or loans made to, any assets made available or transferred to, or any assets earmarked, however informally, for the benefit of, any officer or employee officer or former officer or employee (or anyone linked with such officer or employee or former officer or employee) of the Company or any Subsidiary by an employee benefit trust or other third party, falling within the provisions of Part 7A to the ITEPA 2003 and details of any trust or arrangement capable of conferring such a benefit have been Disclosed.
- 1.7 Details of all concessions, agreements and arrangements that the Company or any Subsidiary has entered into with a Tax Authority have been Disclosed.
- 1.8 Neither the Company nor any Subsidiary is, or will become liable, to make to any person (including any Tax Authority) any payment in respect of any liability to Tax which is primarily or directly chargeable against, or attributable to, any other person (other than the Company or any Subsidiary).
- 1.9 Neither the Company nor any Subsidiary is involved in any dispute with any Tax Authority nor has, within the past 12 months:
 - (a) been subject to any enquiry, visit, audit or investigation (investigation); or
 - (b) received any notice, assessment, demand, discovery assessment, determination, information notice, access request or other communication from any Tax Authority that indicates that the Company or a Subsidiary has or may have a Tax liability.

The Seller is not aware of any circumstances that make it likely that an investigation will commence in the next 12 months.

2. Chargeable gains

The book value shown in, or adopted for the purposes, of the Accounts as the value of each of the assets of the Company or any Subsidiary, on the disposal of which a chargeable gain or allowable loss could arise, does not exceed the amount which on a disposal of such asset at the date of this agreement would be deductible, in each case, disregarding any statutory right to claim any allowance or relief other than amounts deductible under section 38 of TCGA 1992.

3. Capital losses

Details of all capital losses available for carry-forward by the Company or any Subsidiary have been Disclosed.

4. Capital allowances

Neither the Company nor any Subsidiary has claimed first-year tax credits within the meaning of Schedule A1 of the Capital Allowances Act 2001 (**CAA 2001**), business renovation allowances under Part 3A of CAA 2001, flat conversion allowances under Part 4A of CAA 2001 or owns any asset, which if disposed of at the date of this agreement for its book value as shown in, or adopted for the purpose of, the Accounts, would give rise to a balancing charge under CAA 2001 (or any other legislation relating to capital allowances) or other clawback of relief.

5. Distributions and other payments

5.1 No distribution or deemed distribution, within the meaning of section 1000 or sections 1022 to 1027 of CTA 2010, has been made (or will be deemed to have been made) by the Company or any Subsidiary, except dividends shown in their statutory accounts, and neither the Company nor any Subsidiary is bound to make any such distribution.

5.2 Neither the Company nor any Subsidiary has, within the period of seven years preceding the date of this agreement, been engaged in, nor been a party to, any of the transactions set out in Chapter 5 of Part 23 of CTA 2010 (demergers).

6. Loan relationships

All financing costs, including interest, discounts and premiums payable by the Company or any Subsidiary in respect of its loan relationships within the meaning of section 302 of CTA 2009 are eligible to be brought into account by the Company or the Subsidiaries as a debit

for the purposes of Part 5 of CTA 2009 at the time, and to the extent that such debits are recognised in the statutory accounts of the Company or the Subsidiaries.

7. Close companies

Any loans or advances made, or agreed to be made, by the Company or any Subsidiary within sections 455, 459 and 460 of CTA 2010 have been disclosed. Neither the Company nor any Subsidiary has released or written off, or agreed to release or write off, the whole or any part of any such loans or advances.

8. Group relief

Except as provided in the Accounts, neither the Company nor any Subsidiary is, or will be, obliged to make or be entitled to receive any payment for the surrender of losses under Part 5 or Part 5A of CTA 2010 or under Schedule 7 to the Finance Act 2022 or for the surrender of or tax refunds under section 963 of CTA 2010 in respect of any period ending on or before Completion, or any repayment of such a payment.

9. Groups of companies

9.1 Neither the Company nor any Subsidiary has entered into, or agreed to enter into, an election pursuant to section 171A of TCGA 1992, paragraph 16 of Schedule 26 to the Finance Act 2008, or section 792 of CTA 2009.

9.2 Neither the execution nor completion of this agreement, nor any other event since the Accounts Date, will result in any chargeable asset being deemed to have been disposed of and re-acquired by the Company or any Subsidiary for Tax purposes or will result in the clawback or disallowance of any relief or allowance previously given.

9.3 Neither the Company nor any Subsidiary has ever been party to any arrangements pursuant to sections 59F of TMA 1970 (group payment arrangements).

10. Intangible assets

10.1 The amount of expenditure on each of the intangible fixed assets of the Company and the Subsidiaries and the basis on which any debit relating to that expenditure has been taken into account in the Accounts or, in relation to expenditure incurred since the Accounts Date, will be available to the Company or any Subsidiary. No circumstances have arisen since the Accounts Date by reason of which that basis might change.

10.2 Neither the Company nor any Subsidiary holds or has held any right to which Part 8A of CTA 2010 applies or an exclusive licence in respect of such right within section 357BA of CTA 2010.

11. Company residence and overseas interests

- 11.1 The Company and the Subsidiaries have, throughout the past seven years, been resident in the UK for corporation tax purposes and have not, at any time in the past seven years, been treated as resident in any other jurisdiction for the purposes of any double taxation arrangements or for any other tax purposes.
- 11.2 Neither the Company nor any Subsidiary holds, or within the last seven years has held, shares in a company which is not resident in the UK, a material interest in an offshore fund, or a permanent establishment outside the UK.

12. Transfer pricing

All transactions or arrangements made by the Company or any Subsidiary have been made on fully arm's length terms. There are no circumstances in which Part 4 of TIOPA 2010 or any other rule or provision could apply causing any Tax Authority to make an adjustment to the terms on which such transaction or arrangement is treated as being made for Tax purposes.

13. Anti-avoidance and prevention of tax evasion procedures

- 13.1 Neither the Company nor any Subsidiary has been a party to, nor has been otherwise involved in, any transaction, scheme or arrangement:
- (a) the main purpose, or one of the main purposes of which was avoiding, deferring or reducing a liability to Tax or producing a loss for Tax purposes with no corresponding commercial or economic loss; or
 - (b) in relation to which advisers advised that there was a risk that the Company or any Subsidiary could be liable to Tax as a result of the principles in *W. T. Ramsey Ltd v IRC* (54 TC 101) (as developed in subsequent cases), or as a result of the principles in *Halifax (C-255/02)* (as developed in subsequent cases) or under the General Anti-Abuse Rule (in Part 5 of the Finance Act 2013); or
 - (c) that is required to be disclosed to HMRC under any Tax Statute.
- 13.2 Details of the prevention procedures (as defined in sections 45(3) and 46(4) of the Criminal Finance Act 2017) that the Company and each Subsidiary has in place or, if no prevention procedures are in place, evidence of why it is reasonable for the Company and each Subsidiary to have no such procedures in place have been disclosed.

14. Inheritance tax

- 14.1 No asset owned by the Company or any Subsidiary, nor the Sale Shares, is subject to any Inland Revenue charge as mentioned in sections 237 and 238 of IHTA 1984 or is liable to be subject to any sale, mortgage or charge by virtue of section 212(1) of IHTA 1984.

15. Value Added Tax

- 15.1 The Company and the Subsidiaries are each taxable persons and are each registered for the purposes of VAT with quarterly prescribed accounting periods.
- 15.2 Neither the Company, nor any Subsidiary, is or has been in the period of six years ending with the date of Completion, a member of a group of companies for the purposes of section 43 of VATA 1994.
- 15.3 All supplies made by the Company or any Subsidiary are taxable supplies. Neither the Company nor any Subsidiary has been, or will be, denied full credit for all input tax paid or suffered by it.
- 15.4 Neither the Company nor any Subsidiary owns any assets which are capital items subject to the capital goods scheme under Part XV of the VAT Regulations 1995 (*SI 1995/2518*), nor has exercised any option to tax under Part 1 of Schedule 10 to VATA 1994.

16. Stamp duty, stamp duty land tax, land transaction tax and stamp duty reserve tax

- 16.1 Any document that may be necessary or desirable in proving the title of the Company or any Subsidiary to any asset which is owned by the Company or any Subsidiary at the date of this agreement, is duly stamped for stamp duty purposes. No such documents which are outside the UK would attract stamp duty if they were brought into the UK.
- 16.2 Neither entering into this agreement nor Completion will result in the withdrawal of a stamp duty, stamp duty land tax or land transaction tax relief granted on or before Completion which will affect the Company or any Subsidiary.
- 16.3 Full and accurate details of any chargeable interest (as defined under section 48 of the Finance Act 2003 and/or section 4 of the Land Transaction Tax and Anti-avoidance of Devolved Taxes (Wales) Act 2017) acquired or held by the Company or any Subsidiary before the date of this agreement in respect of which the Seller is aware, or ought reasonably to be aware, that an additional land transaction return will be required to be filed with a Tax Authority and/or a payment of stamp duty land tax and/or land transaction tax made on or after the date of this agreement.

17. Construction industry sub-contractors' scheme

Neither the Company nor any Subsidiary is required to register as a Contractor under the provisions of section 59 of the Finance Act 2004 and the expenditure incurred or expected to be incurred by each of the Company and any Subsidiary on construction, refurbishment and fitting-out works in the 12-month period ending on the date of this agreement is less than £3 million. No election has been made or intended to be made under section 59(3) or (3A) of the Finance Act 2004 and of any grace period under section 61 of that Act.

Schedule 4

Tax Covenant

1. Interpretation

1.1 The following definitions and rules of interpretation apply in this Tax Covenant.

Accounts Relief:

- a) any Relief (including the right to a repayment of Tax) shown as an asset in the Accounts; and
- b) any Relief taken into account in computing (and so reducing or eliminating) any provision for deferred Tax in the Accounts.

Buyer's Relief:

- a) any Accounts Relief;
- b) any Relief arising in connection with any Event occurring after the Accounts Date; and
- c) any Relief, whenever arising, of the Buyer or any member of the Buyer's Tax Group other than the Company.

Buyer's Tax Group: the Buyer and any other company or companies that are, from time to time, treated as members of the same Group as, or otherwise connected or associated in any way with, the Buyer for any Tax purpose.

Dispute: any dispute, appeal, negotiations or other proceedings in connection with a Tax Claim.

Event: includes (without limitation) the expiry of a period of time, the Company or any Subsidiary becoming or ceasing to be associated with any other person for any Tax purpose or ceasing to be, or becoming, resident in any country for any Tax purpose, the death, winding up or dissolution of any person, the earning, receipt or accrual for any Tax purpose of any income, profit or gains, the incurring of any loss or expenditure, and any transaction (including the execution and completion of this agreement), event, act or omission whatsoever, and any reference to an Event occurring on or before a particular date shall include Events that, for Tax purposes, are deemed to have, or are treated or regarded as having, occurred on or before that date.

Group Relief: any or all of the following:

- a) relief capable of being surrendered or claimed under Part 5 or Part 5A of the CTA 2010;
- b) a Tax refund capable of being surrendered or claimed under section 963 of the CTA 2010;

- c) the notional transfer of an asset or reallocation of a gain or loss under sections 171A or 179A of TCGA 1992 and the notional reallocation of a gain under section 792 of the CTA 2009; and
- d) any other Relief available between members of a group for Tax purposes.

Liability for Tax:

- a) any liability of the Company or any Subsidiary to make an actual payment of, or in respect of, or on account of, Tax whether or not the same is primarily payable by the Company or the relevant Subsidiary and whether or not the Company or the relevant Subsidiary has, or may have, any right of reimbursement against any other person, in which case the amount of the Liability for Tax will be the amount of the actual payment;
- b) the Loss, otherwise than by use or setting off, of any Accounts Relief (including any Relief surrendered or to be surrendered by a member of the Seller's Group), in which case, the amount of the Liability for Tax will be the amount of Tax that would (on the basis of Tax rates current at the date of that Loss) have been saved but for that Loss, assuming for this purpose that the Company or the relevant Subsidiary had sufficient profits or was otherwise in a position to use the Relief, or where the Relief is the right to repayment of Tax or to a payment in respect of Tax, the amount of the repayment or payment; and
- c) the use or setting off of any Buyer's Relief where, but for that set off or use, the Company or the relevant Subsidiary would have had a liability to make a payment of or in respect of Tax for which the Buyer would have been able to make a claim against the Seller under this Tax Covenant, in which case, the amount of the Liability for Tax will be the amount of Tax for which the Seller would have been liable but for the setting off or use.

Loss: includes absence, failure to obtain, non-existence, non-availability, reduction, modification, loss, counteraction, nullification, utilisation, disallowance, withdrawal or clawback for whatever reason.

Overprovision: the amount by which any provision for tax (other than deferred tax) in the Accounts is overstated, except where that overstatement arises due to:

- a) a change in law;
- b) a change in the accounting bases on which the Company or any Subsidiary values its assets; or
- c) a voluntary act or omission of the Buyer,

that, in each case, occurs after Completion.

Relief: includes any loss, relief, allowance, credit, exemption or set off for Tax or any deduction in computing income, profits or gains for the purposes of Tax and any right to a repayment of Tax or to a payment in respect of Tax.

Saving: the reduction or elimination of any liability of the Company or any Subsidiary to make an actual payment of corporation tax (at a time when the Company or Subsidiary is a member of the Buyer's Tax Group) for which the Seller would not have been liable under paragraph 2, by the use of any Relief arising wholly as a result of a Liability for Tax for which the Seller has made a payment under paragraph 2 of this Tax Covenant.

Seller's Group: the Seller and any other company or companies (other than the Company and any Subsidiaries) that are (or become) after Completion, or have in the seven years ending at Completion been members of the same group, or otherwise connected or associated in any way with the Seller for Tax purposes.

Seller's VAT Group: the VAT Group, within the meaning of sections 43A to 43C of the VATA 1994, of which a member of the Seller's Group is the representative member.

Tax: all forms of tax and statutory, governmental, state, federal, provincial, local, government or municipal charges, duties, imposts, contributions, levies, withholdings or liabilities wherever chargeable and whether of the UK or any other jurisdiction (including, for the avoidance of doubt, National Insurance contributions in the UK and corresponding obligations elsewhere) and any penalty, fine, surcharge, interest, charges or costs relating to it (including interest and penalties arising from the failure of the Company or any Subsidiary to make adequate instalment payments under the Corporation Tax (Instalments Payments) Regulations 1998 (SI 1998/3175) in any period ending on or before Completion).

Tax Authority: any government, state or municipality or any local, state, federal or other fiscal, revenue, customs or excise authority, body or official competent to impose, administer, levy, assess or collect Tax in the UK or elsewhere.

Tax Claim: any assessment, notice, demand, letter or other document issued or action taken by or on behalf of any Tax Authority, self-assessment or other occurrence from which it appears that the Company or any Subsidiary or the Buyer is or may be subject to a Liability for Tax or other liability for which the Seller is or may be liable under this Tax Covenant.

Tax Statute: any directive, statute, enactment, law or regulation wherever enacted or issued, coming into force or entered into providing for or imposing any Tax, including orders, regulations, instruments, bye-laws or other subordinate legislation made under the relevant statute or statutory provision and any directive, statute, enactment, law, order, regulation or provision that amends, extends, consolidates or replaces the same or that was amended, extended, consolidated or replaced by the same.

VAT: value added tax or equivalent tax in any other jurisdiction.

WRA: the Welsh Revenue Authority.

- 1.2 References to gross receipts, income, profits or gains earned, accrued or received shall include any gross receipts, income, profits or gains deemed under the relevant Tax Statute to have been, or treated or regarded as, earned, accrued or received.

- 1.3 References to a repayment of Tax shall include any repayment supplement or interest in respect of it.
- 1.4 Any reference to something occurring in the ordinary course of business shall not include:
- (a) anything that involves, or leads directly or indirectly to, any liability of the Company or any Subsidiary to Tax that is (or but for an election would have been) the primary liability of, or properly attributable to, or due from another person (other than a member of the Buyer's Tax Group);
 - (b) anything that relates to or involves the acquisition or disposal (or deemed acquisition or disposal) of an asset or the supply of services (including the lending of money, or the hiring or licensing of tangible or intangible property) in a transaction that is not entered into on arm's length terms;
 - (c) anything that relates to or involves the making of a distribution or deemed distribution for Tax purposes, the creation, cancellation or reorganisation of share or loan capital, the creation, cancellation or repayment of any intra-group debt or the Company or any Subsidiary becoming or ceasing to be, or being treated as ceasing to be, a member of a group of companies, or becoming or ceasing to be associated or connected with any other company for any Tax purposes;
 - (d) anything that relates to any scheme, transaction or arrangement that gives rise, or may give rise, to a Liability for Tax under any anti-avoidance legislation, that is designed partly or wholly (or contains steps or stages designed partly or wholly) to avoid, reduce or defer a Liability for Tax, or that gives rise to a duty to notify a Tax Authority under any legislation introduced to counter tax avoidance;
 - (e) anything that gives rise to a Liability for Tax on deemed (as opposed to actual) profits or if and to the extent that it gives rise to a Liability for Tax on an amount of profits greater than the difference between the sale proceeds of an asset and the amount attributable to that asset in the Accounts or, in the case of an asset acquired since the Accounts Date, the cost of that asset;
 - (f) anything that involves, or leads directly or indirectly to, a change of residence of the Company or any Subsidiary for Tax purposes; or
 - (g) any liability arising as a result of the failure to properly deduct or account for Tax, or to comply with the provisions of any Tax Statute and any act, omission or transaction that gives rise to any fine, penalty, surcharge, interest or other imposition relating to any Tax.
- 1.5 Unless the contrary intention appears, words and expressions defined in this agreement have the same meaning in this Tax Covenant and any provisions in this agreement concerning matters of construction or interpretation also apply in this Tax Covenant.

- 1.6 Any stamp duty charged on any document (or in the case of a document that is outside the UK, any stamp duty that would be charged on the document if it were brought into the UK) that is necessary to establish the title of the Company or any Subsidiary to any asset, and any interest, fine or penalty relating to the stamp duty, shall be deemed to be a liability of the Company or the relevant Subsidiary to make an actual payment of Tax because of an Event arising on the last day on which it would have been necessary to pay the stamp duty to avoid any liability to interest or penalties arising on it.
- 1.7 References to the due date for payment of any Tax shall mean the last day on which that Tax may, by law, be paid without incurring any penalty, fine, surcharge, interest, charges, costs or other similar imposition (after taking into account any postponement of the date that was obtained for the payment of that Tax).

2. Covenant

- 2.1 Subject to the provisions of this Tax Covenant, the Seller covenants to pay to the Buyer an amount equal to any:
- (a) Liability for Tax resulting from, or by reference to, any Event occurring on or before Completion or in respect of any gross receipts, income, profits or gains earned, accrued or received by the Company or any Subsidiary on or before Completion, whether or not that liability was discharged on or before Completion;
 - (b) Liability for Tax, including liability for payments in respect of Tax that arises due to or in connection with the relationship for Tax purposes solely before Completion of the Company or any Subsidiary with any person other than a member of the Buyer's Tax Group, whether arising before or after Completion;
 - (c) Liability for Tax that arises due to any Event that occurs after Completion under a legally binding obligation (whether or not conditional) entered into by the Company or any Subsidiary on or before Completion otherwise than in the ordinary course of business;
 - (d) Liability for Tax that is a liability of the Company or any Subsidiary to account for income tax or National Insurance contributions (NICs), whether arising before or after Completion, in respect of the grant, exercise, surrender, exchange or other disposal of an option or other right to acquire securities, or in respect of any acquisition, holding, variation or disposal of employment-related securities (as defined for the purposes of Part 7 of ITEPA 2003) where the acquisition of the security or the grant of the option, or other right to acquire the security occurred on or before Completion;
 - (e) Liability for Tax under Part 7A of ITEPA 2003, whether arising before or after Completion, including any liability arising as a consequence of any payments or loans made to, any assets made available or transferred to, or any assets earmarked (however informally) for the benefit of any officer or employee or

former officer or employee of the Company or any Subsidiary, or for the benefit of any relevant person, by an employee benefit trust (EBT) or another third party where the arrangement giving rise to the charge was entered into at a time when the third party was acting on the instructions of, or for the benefit of, the Seller or an associate of the Seller;

- (f) Liability for Tax being a liability for inheritance tax that:
- (i) is a liability of the Company or any Subsidiary and arises because of a transfer of value occurring (or being deemed to occur) on or before Completion (whether or not in conjunction with the death of any person whenever it happens);
 - (ii) gives rise, at Completion, to a charge on, or a power to sell, mortgage or charge, any of the Sale Shares or assets of the Company or any Subsidiary; or
 - (iii) gives rise after Completion to a charge on, or a power to sell, mortgage or charge, any of the Sale Shares or assets of the Company or any Subsidiary because of the death of any person within seven years of a transfer of value that occurred before Completion;

and in determining for the purposes of this Schedule 4 whether a charge on, or power to sell, mortgage or charge any of the shares or assets of the Company exists at any time, the fact that the inheritance tax is not yet payable, or may be paid by instalments, shall be disregarded, and the inheritance tax shall be treated as becoming due, and a charge or power to sell, mortgage or charge as arising, on the date of the transfer of value or other date or event on or in respect of which it becomes payable or arises, and the provisions of section 213 of the IHTA 1984 shall not apply;

- (g) liability of the Company or any Subsidiary to make a payment, or to make a repayment of the whole or any part of any payment, to any person (other than a member of the Buyer's Tax Group) in respect of Group Relief under any arrangement or agreement entered into by the Company on or before Completion save where and to the extent that the payment or repayment is reflected in the Accounts;
- (h) loss, in whole or in part, of the right of the Company or any Subsidiary to receive any payment (other than from a member of the Buyer's Tax Group) for Group Relief under any arrangement or agreement entered into on or before Completion where the payment was taken into account in the Accounts; and
- (i) costs and expenses (including legal costs on a full indemnity basis), properly incurred by the Buyer, the Company or any Subsidiary, or any member of the Buyer's Tax Group in connection with any Liability for Tax or other liability in

respect of which the Seller is liable under this Schedule, any Tax Claim or taking or defending any action under this Schedule.

3. Payment date and interest

3.1 Payment by the Seller in respect of any liability under this Schedule must be made in cleared and immediately available funds on:

- (a) in the case of a Liability for Tax that involves an actual payment of or in respect of Tax, the later of seven Business Days before the due date for payment and seven Business Days after the date on which the Buyer serves notice on the Seller requesting payment;
- (b) in the case of the loss of a right to repayment of Tax or a liability under paragraph 2.1(g), paragraph 2.1(h) or paragraph 2.1(i) seven Business Days following the date on which the Buyer serves notice on the Seller requesting payment;
- (c) in a case that involves the loss of a Relief (other than a right to repayment of Tax), the later of seven Business Days after the date on which the Buyer serves notice on the Seller requesting payment and the last date on which the Tax is or would have been required to be paid to the relevant Tax Authority in respect of the earlier of:
 - (i) the period in which the Loss of the Relief gives rise to an actual liability to pay Tax; or
 - (ii) the period in which the Loss of the Relief occurs (assuming for this purpose that the Company had sufficient profits or was otherwise in a position to use the Relief);
- (d) in a case that falls within paragraph (c) of the definition of Liability for Tax, the date on which the Tax saved by the Company or the relevant Subsidiary is or would have been required to be paid to the relevant Tax Authority.

3.2 If the Liability for Tax is a liability to corporation tax payable by instalments under the Corporation Tax (Instalment Payments) Regulations 1998 (SI 1998/3175):

- (a) the notice served by the Buyer on the Seller under paragraph 3.1 shall state the amount of the liability due for payment on each instalment date for the accounting period in which the Liability for Tax arises; and
- (b) the due dates for payment of the Tax in paragraph 3.1(a) to paragraph 3.1(d) shall be the due dates for payment of each of the instalments.

3.3 Any dispute about the amount stated in any notice served on the Seller under paragraph 3.1(b) shall be determined by the auditors of the Company or the relevant Subsidiary for the time being, acting as experts and not as arbitrators (the Seller and the Buyer sharing equally the costs of that determination).

3.4 If any amount due from the Seller under this Tax Covenant is not paid on the date specified in paragraph 3.1, then, except where and to the extent that the Seller's liability under paragraph 2 includes interest and penalties to compensate the Buyer for the late payment, the amount due shall bear interest (to accrue on a daily basis and before as well as after any judgment) at the rate of 2% a year over the base rate from time to time of Royal Bank of Scotland plc or (in the absence of that) at any similar rate as the Buyer shall select from the day following the due date up to, and including, the day of actual payment of those sums, any interest to be compounded quarterly.

4. Exclusions

4.1 The covenant contained in paragraph 2 above shall not cover any Liability for Tax if and to the extent that:

- (a) specific provision or reserve (other than a provision for deferred tax) for the liability is made or reflected in the Accounts;
- (b) the Liability for Tax was paid on or before the Accounts Date and the Accounts reflected that payment;
- (c) it arises as a result of a transaction in the ordinary course of business of the Company or any Subsidiary between the Accounts Date and Completion;
- (d) it arises or is increased only as a result of any change in the law or rates of Tax (other than a change targeted specifically at countering tax avoidance) announced and coming into force after Completion, or the withdrawal of any extra-statutory concession previously made by a Tax Authority (whether or not the change is retrospective in whole or in part), provided that this paragraph 4.1(d) will not apply to any payment made under Schedule 4;
- (e) it would not have arisen but for a change in accounting policies (including a change in accounting reference date) or the accounting bases on which the Company or any Subsidiary values its assets (other than a change made to comply with UK GAAP) after Completion;
- (f) the Buyer is compensated for the Liability for Tax under any other provision of this agreement;
- (g) a Relief other than a Buyer's Relief is available to the Company or any Subsidiary; or
- (h) it would not have arisen but for a voluntary act, transaction or omission of the Company or any Subsidiary or the Buyer or any member of the Buyer's Tax Group outside the ordinary course of business after Completion and which the Buyer was aware, or ought reasonably to have been aware, would give rise to the Liability for Tax or other liability in question.

4.2 For the purposes of paragraph 4.1(h), an act will not be regarded as voluntary if undertaken under a legally binding obligation entered into by the Company or any Subsidiary on or

before Completion or imposed on the Company or any Subsidiary by any legislation whether coming into force before, on or after Completion, or to avoid or mitigate a penalty imposed by any legislation, or if carried out at the written request of the Seller.

5. Limitations

5.1 The liability of the Seller under paragraph 2 will terminate on:

- (a) the twenty-first anniversary of Completion, for any claim under paragraph 2 for a liability arising from a loss of Tax caused fraudulently or deliberately by the Company, any Subsidiary or any related person, including a liability arising from an arrangement caught by Part 7A of ITEPA 2003 or from the failure of the Company or any Subsidiary to comply with an obligation to disclose information about a tax avoidance scheme to which it was a party; or
- (b) the seventh anniversary of Completion (in any other case),

except for any claim under paragraph 2 of which written notice is given to the Seller before that relevant date containing, if and to the extent reasonably practicable, a description of that claim and the estimated total amount of the claim.

5.2 Subject to paragraph 5.5 and paragraph 5.6, the aggregate liability of the Seller under paragraph 2 and for all Claims, when taken together, shall not exceed £1,900,000.

5.3 The Seller shall not be liable for any claim under this Tax Covenant unless the amount of the claim exceeds £5,000.

5.4 The Seller shall not be liable for a claim under this Tax Covenant unless the claim when aggregated with all other claims under this Tax Covenant and the Seller's liability for all Claims exceeds £5,000.

5.5 The amount of the aggregate liability of the Seller under paragraph 5.2 will be increased by any amount received by the Seller by payment or set off under paragraph 6 (Overprovisions), paragraph 7 (Savings) or paragraph 8 (Recovery from third parties).

5.6 The amount of the Seller's aggregate liability under paragraph 5.2 will be increased by the amount of any liability of the Seller arising (or that would have arisen but for paragraph 4) in respect of Tax that is primarily the liability of, or is attributable to, a person other than the Company.

6. Overprovisions

6.1 If, on or before the seventh anniversary of Completion, the Buyer believes that there is an Overprovision, the Buyer shall notify the Seller and if the auditors for the time being of the

Company or any Subsidiary determine (at the request and expense of the Seller) that there is an Overprovision, then:

- (a) the amount of any Overprovision shall first be set off against any payment then due from the Seller under this Tax Covenant;
- (b) if there is an excess, a refund shall be made to the Seller of any previous payment or payments made by the Seller under this Tax Covenant (and not previously refunded under this Tax Covenant) up to the amount of that excess; and
- (c) if the excess referred to in paragraph 6.1(b) is not exhausted, the remainder of that excess will be carried forward and set off against any future payment or payments that become due from the Seller under this Tax Covenant.

6.2 After the Company's or Subsidiary's auditors have made a determination under paragraph 6.1, the Seller or the Buyer may, at any time before the seventh anniversary of Completion, request the auditors for the time being of the Company or the relevant Subsidiary to review and, if necessary and as appropriate, amend the original determination (at the expense of the party requesting the review, or where a payment becomes due under this paragraph 6.2, at the expense of the party required to make that payment) and an adjusting payment equal to the amount of any disparity between the original and revised determinations shall be made by or to the Seller as soon as reasonably practicable.

7. Savings

7.1 If, on or before the seventh anniversary of Completion, the Buyer believes that a Saving has arisen, it shall inform the Seller and if the Company's or Subsidiary's auditors for the time being determine (at the request and expense of the Seller) that a Saving has arisen, the Buyer shall, as soon as reasonably practicable, repay to the Seller, after deduction of any amounts then due by the Seller, the lesser of:

- (a) the amount of the Saving (as determined by the auditors) less any costs incurred by the Buyer, the Company or the relevant Subsidiary; and
- (b) the amount paid by the Seller under paragraph 2 for the Liability for Tax which gave rise to the Saving less any part of that amount previously repaid to the Seller under any provision of this Tax Covenant or otherwise.

7.2 After the Company's or Subsidiary's auditors have made a determination under paragraph 7.1, the Seller or the Buyer may, at any time before the seventh anniversary of Completion, request the auditors for the time being of the Company or the relevant Subsidiary to review and, if necessary and as appropriate, amend the original determination (at the expense of the party requesting the review, or where a payment becomes due under this paragraph 7.2, at the expense of the party required to make that payment) and an adjusting payment equal to the amount of any disparity between the original and revised determinations shall be made by or to the Seller as soon as reasonably practicable.

8. Recovery from third parties

8.1 Where the Seller has paid an amount under paragraph 2 for any Liability for Tax and the Buyer, the Company or any Subsidiary is, or becomes, entitled to recover from some other person that is not the Buyer, the Company or any Subsidiary or any other company in the Buyer's Tax Group, any amount for any Liability for Tax, the Buyer shall or shall procure that the Company or the relevant Subsidiary shall:

- (a) notify the Seller of its entitlement as soon as reasonably practicable; and
- (b) if required by the Seller and, subject to the Buyer and the Company being secured and indemnified by the Seller against any Tax that may be suffered on receipt of that amount and any costs and expenses incurred in recovering that amount, take, or procure that the Company or the relevant Subsidiary takes, all reasonable steps to enforce that recovery against the person in question (keeping the Seller fully informed of the progress of any action taken) provided that the Buyer shall not be required to take any action under this paragraph 8.1 other than an action against:
 - (i) a Tax Authority; or
 - (ii) a person who gave Tax advice to the Company or any Subsidiary on or before Completion,

that, in the Buyer's reasonable opinion, is likely to harm its, the Company's or the relevant Subsidiary's commercial or employment relationship (potential or actual) with that or any other person.

8.2 If the Buyer, the Company or the relevant Subsidiary recovers any amount referred to in paragraph 8.1, the Buyer shall account to the Seller for the lesser of:

- (a) any amount recovered (including any related interest or related repayment supplement) less any Tax suffered in respect of that amount and any costs and expenses incurred in recovering that amount (except where and to the extent that amount has already been made good by the Seller under paragraph 8.1(b)); and
- (b) the amount paid by the Seller under paragraph 2 in respect of the Liability for Tax in question.

9. Surrender of Group Relief or other election

9.1 Subject to, and in accordance with, the provisions of this Schedule 4 if any liability of the Seller under this Tax Covenant or for any claim under the Tax Warranties can be reduced or eliminated by:

- (a) the surrender of Group Relief by the Seller or any other company (other than a member of the Buyer's Tax Group or a company connected with the Buyer), to the Company or the relevant Subsidiary; or

- (b) the making of an election for any gain on the disposal or notional disposal of an asset by the Company or any Subsidiary to be treated as accruing to a member of the Seller's Group,

the Seller may make, or procure the making of, any surrender or election and the Buyer shall procure that the Company or the relevant Subsidiary shall take any action that the Seller reasonably requests to ensure that the surrender or election is validly made.

- 9.2 The Company or the relevant Subsidiary shall not be liable to give any consideration for any surrender of or election in relation to Group Relief under paragraph 9.1.

10. Corporation tax returns

- 10.1 Subject to this paragraph 10, the Buyer will have exclusive conduct of all Tax affairs of the Company and the Subsidiaries after Completion.

- 10.2 The Buyer will procure that the Company keeps the Seller or the Seller's duly authorised agent fully informed of its Tax affairs for any accounting period ended on or before Completion, for which final agreement with the relevant Tax Authority of the amount of Tax due from the Company or any Subsidiary has not been reached. The Buyer will not submit any substantive correspondence, or submit or agree any return or computation for any such period to any Tax Authority, without giving the Seller a reasonable opportunity to comment and taking account of the Seller's reasonable representations.

- 10.3 The Buyer will procure that neither the Company nor any Subsidiary amends or withdraws any return or computation or any claim, election, surrender or consent made by it for its accounting periods ended on or before Completion without giving the Seller a reasonable opportunity to comment and taking account of the Seller's reasonable representations.

- 10.4 The Buyer shall procure that the returns and computations referred to paragraph 10.3 shall be authorised, signed and submitted to the relevant Tax Authority without amendment or with any amendments as the Buyer reasonably considers to be necessary and shall give the Seller or its agent all reasonable assistance (at the Seller's cost and expense) to finalise those returns and computations, save where the return or computation is not full, true and accurate in all material respects.

- 10.5 The Seller or its duly authorised agent shall, at the Seller's cost and expense, prepare all documents and shall have conduct of all matters (including correspondence) relating to the corporation tax returns and computations of the Company and the Subsidiaries for all accounting periods ended on or before the Accounts Date provided that the Seller shall not, without the prior written consent of the Buyer (not to be unreasonably withheld or delayed), transmit any communication (written or otherwise) to the relevant Tax Authority or agree any matter with the relevant Tax Authority.

- 10.6 The Buyer shall procure that the Company and the Subsidiaries, at the Seller's cost and expense, provide such access to their books, accounts and records as is necessary and reasonable to enable the Seller or its duly authorised agent to prepare the corporation tax returns and computations of the Company and the Subsidiaries for all accounting periods ended on or before the Accounts Date and conduct matters relating to them in accordance with this paragraph 10.
- 10.7 The Seller shall take all reasonable steps to ensure that the corporation tax returns and computations of the Company and the Subsidiaries for all accounting periods ended on or before the Accounts Date are prepared and submitted to the relevant Tax Authority as soon as possible.
- 10.8 For the avoidance of doubt:
- (a) where any matter gives rise to a Tax Claim, the provisions of paragraph 12 shall take precedence over the provisions of this paragraph 10; and
 - (b) the provisions of this paragraph 10 shall not prejudice the rights of the Buyer to make a claim under this Tax Covenant.

11. Corporation tax group payment arrangements

- 11.1 The Seller shall ensure that the Company and the Subsidiaries are removed from the group payment arrangement (GPA) made under section 59F of the TMA 1970, immediately following Completion.
- 11.2 The Seller shall ensure that the nominated company under the GPA exercises its rights to apportion and reapportion payments under the GPA to ensure that any Liability for Tax of the Company or any Subsidiary for which (disregarding any *de minimis* provisions in this agreement) recovery would otherwise be available under this Tax Covenant, is fully and swiftly discharged.
- 11.3 For the avoidance of doubt, where any matter relating to Tax gives rise to a Tax Claim, the provisions of paragraph 12 shall take precedence over the provisions of this Schedule 4.

12. Conduct of Tax Claims

- 12.1 Subject to paragraph 12.2, if the Buyer, the Company, or any Subsidiary becomes aware of a Tax Claim, the Buyer shall give or procure that notice in writing is given to the Seller or to the Seller's duly authorised agent as soon as reasonably practicable, provided that giving that notice shall not be a condition precedent to the Seller's liability under this Tax Covenant.
- 12.2 If the Seller becomes aware of a Tax Claim, it shall notify the Buyer in writing as soon as reasonably practicable, and, on receipt of the notice, the Buyer shall be deemed to have given the Seller notice of the Tax Claim in accordance with the provisions of paragraph 12.1.

- 12.3 Subject to paragraph 12.4, if the Seller indemnifies and secures the Buyer, the Company and the relevant Subsidiary to the Buyer's reasonable satisfaction against all liabilities, costs, damages or expenses that may be incurred (including any additional Liability for Tax), the Buyer shall take and shall procure that the Company or the relevant Subsidiary shall take any action that the Seller may reasonably request by notice in writing given to the Buyer to avoid, dispute, defend, resist, appeal or request an internal HMRC or WRA review, or compromise any Tax Claim.
- 12.4 The Buyer, the Company or any Subsidiary shall not be obliged to appeal or procure an appeal against any assessment to Tax if the Buyer, having given the Seller written notice of that assessment, does not receive written instructions to do so from the Seller within ten Business Days.
- 12.5 Without prejudice to the liability of the Seller under this Schedule, the Buyer shall not be obliged to take, or procure the taking of, any action under paragraph 12.3 in respect of any Tax Claim:
- (a) if the Seller does not request the Buyer to take any action under *paragraph 12.3* or fails to indemnify and secure the Buyer, the Company or the relevant Subsidiary to the Buyer's reasonable satisfaction in a reasonable period of time (starting with the date of the notice given to the Seller) considering the nature of the Tax Claim and the existence of any time limit for avoiding, disputing, defending, resisting, appealing, seeking a review or compromising that Tax Claim, and that period will not, in any event, exceed ten Business Days;
 - (b) where it reasonably appears that the Seller (or the Company or any Subsidiary before Completion) has been engaged in fraudulent conduct or deliberate default relating to the Liability for Tax that is the subject matter of the Dispute; or
 - (c) if the Dispute involves an appeal against a determination by the Tax Chamber of the First-tier Tribunal or higher tribunal, unless the Seller has obtained the opinion of Tax counsel of at least five years' standing that the appeal has a reasonable prospect of success.
- 12.6 If paragraph 12.3 does not apply by virtue of any provision in paragraph 12.5, the Buyer, the Company or the relevant Subsidiary shall have the absolute conduct of the Dispute (without prejudice to its rights under this Tax Covenant) and shall be free to pay or settle the Tax Claim on any terms that the Buyer, the Company or the relevant Subsidiary in its absolute discretion considers fit.
- 12.7 Subject to paragraph 12.9, by agreement in writing between the Buyer and the Seller and on any terms as they may agree from time to time, the conduct of a Dispute may be delegated to the Seller, provided that, unless the Buyer and the Seller specifically agree otherwise in writing, the Seller shall:

- (a) promptly inform the Buyer of all matters relating to a Dispute and shall provide the Buyer with copies of all correspondence and notes, or other written records of telephone conversations or meetings relating to a Dispute;
 - (b) obtain the Buyer's written approval (not to be unreasonably withheld or delayed) before appointing solicitors or other professional advisers;
 - (c) submit to the Buyer for prior written approval (not to be unreasonably withheld or delayed) all material written communications relating to the Dispute to be transmitted to the relevant Tax Authority and shall make any amendments the Buyer reasonably requests; and
 - (d) not settle or compromise the Dispute or agree any matter relating to it without the Buyer's prior written approval (not to be unreasonably withheld or delayed).
- 12.8 The Buyer shall provide and shall procure that the Company or the relevant Subsidiary provides to the Seller and the Seller's professional advisors reasonable access to premises and personnel, and to any relevant assets, documents and records in their power, possession or control to investigate the matter and enable the Seller to take any action referred to in this paragraph 12.
- 12.9 Neither the Buyer, the Company, nor any Subsidiary shall be liable to the Seller for non-compliance with any of the provisions of this paragraph 12 if the Buyer, the Company or the relevant Subsidiary has acted in good faith in accordance with the instructions of the Seller.

13. Grossing up

- 13.1 All amounts due under this Tax Covenant from the Seller to the Buyer shall be paid in full, without any set-off, counterclaim, deduction or withholding (other than any deduction or withholding of tax required by law). If any deductions or withholdings are required by law to be made from any of the sums payable under this Tax Covenant, the Seller shall provide any evidence of the relevant withholding as the Buyer may reasonably require and shall pay to the Buyer any sum as will, after the deduction or withholding is made, leave the Buyer with the same amount as it would have been entitled to receive without that deduction or withholding.
- 13.2 If any sum payable by the Seller to the Buyer under this agreement is subject to Tax in the hands of the Buyer, the Seller shall pay any additional amount required to ensure that the net amount received by the Buyer shall be the amount that the Buyer would have received if the payment was not subject to Tax.
- 13.3 If the Buyer would, but for the availability of a Buyer's Relief, incur a Tax liability falling within paragraph 13.2, it shall be deemed for the purposes of that *paragraph 13.2* to have incurred and paid that liability.

13.4 If the Buyer assigns the benefit of this Tax Covenant or this agreement, the Seller shall not be liable under paragraph 13.1 or paragraph 13.2, except where and to the extent that the Seller would have been so liable had that assignment not occurred.

14. Value added tax groups

14.1 The Seller will, on or before Completion, give notice to HMRC (copying the notice to the Buyer) that the Company and the Subsidiaries will cease to be under its control with effect from Completion and will use its best endeavours to procure that the date on which the Company and the Subsidiaries cease to be a member of the Seller's VAT Group, falls on Completion.

14.2 The Buyer will procure that the Company and the Subsidiaries provide to the representative member of the Seller's VAT Group all information relating to the Company and the Subsidiaries reasonably required to prepare the VAT return of the Seller's VAT Group for any period that the Company or any Subsidiary has been a member of that VAT Group at least ten Business Days before the last date for submission of that return.

14.3 The Buyer will procure that the Company and the Subsidiaries contribute to the representative member of the Seller's VAT Group that proportion of any VAT for which the representative member of the Seller's VAT Group is accountable that is properly attributable to supplies, acquisitions and importations (**Supplies**) made before Completion by the Company and the Subsidiaries (less any amount of deductible input tax that is attributable to those Supplies) and for which specific provision is made in the Accounts or that relates to Supplies made or deemed to be made in the Company's ordinary course of business after the Accounts Date and up to, and including, Completion.

14.4 Any contribution made under paragraph 14.3 shall be made in cleared funds the later of ten Business Days after demand is made for it and ten Business Days before the day on which the representative member must account for that VAT to HMRC.

14.5 The Seller shall pay, or shall procure to be paid, to the Company or the relevant Subsidiary an amount equivalent to the proportion of any repayment of VAT received by the representative member from HMRC or of any credit obtained by reference to an excess of deductible input tax over output tax that is attributable to Supplies made, or deemed to be made, by the Company or the relevant Subsidiary while a member of the Seller's VAT Group (ignoring, for this purpose, the deeming provisions in section 43(1) of VATA 1994) within ten Business Days of receipt by, or offset against a liability of, the representative member.

14.6 The Company or any Subsidiary shall make no contribution, under this Schedule 4, if and to the extent that it relates to an amount for which the Seller is liable to the Buyer under this agreement (disregarding any limitations on claims imposed by paragraph 5 of this agreement) or would have been so liable had the Company or the relevant Subsidiary never

been a member of the Seller's VAT Group and had instead been separately registered for VAT.

- 14.7 The Seller shall procure that an amount equal to any payment made by the Buyer under this paragraph shall be promptly and duly accounted for to HMRC.

15. General

- 15.1 All payments made by the Seller to the Buyer or by the Buyer to the Seller in accordance with this Tax Covenant will be treated, if possible, as an adjustment to the Purchase Price for the Sale Shares.
- 15.2 The Buyer shall in its absolute discretion decide whether to make a claim under this Schedule or the Tax Warranties or both.
- 15.3 Each party shall bear its own legal costs and disbursements in relation to this transaction and all stamp duty (if any) payable relating to the transfer of the Sale Shares shall be borne and paid by the Buyer.

Schedule 5 Particulars of the Properties

Part 1 Particulars of the Freehold Properties

None

Part 2 Particulars of the Leasehold Properties

Description of the Property	Unit 1 Enterprise Way, Airedale Business Centre, Skipton
Description of Lease (lease, underlease, licence, date and parties)	Lease
Owner	Ashtenne Industrial Fund Nominee No. 1 Limited and Ashtenne Industrial Funds Nominee No.2 Limited
Registered/unregistered	Unregistered
Title number (if registered)	None
Contractual date of termination of lease	September 2027
Occupier	S & J Distribution Limited
Current Use	Light industrial / storage / distribution

For and on behalf of
Star World International Holdings Limited



Signed by Wai Sing WONG

for and on behalf of Star World International Holdings Ltd

.....
Authorized Signature(s)
Director

Signed by Michael Williams

for and on behalf of Spencer Goldsmith Ltd

.....
Director

Signed by Wai Sing WONG

for and on behalf of Star World International Holdings Ltd

Signed by Michael Peter Williams

for and on behalf of Spencer Goldsmith Ltd

.....

Director

M. Williams

Director