

**G**

CHA 116

## COMPANIES FORM No. 155(6)b

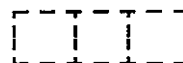
**Declaration by the directors  
of a holding company in  
relation to assistance for the  
acquisition of shares****155(6)b**Please do not  
write in this  
marginPlease complete  
legibly, preferably  
in black type, or  
bold block lettering**Note**  
Please read the notes  
on page 3 before  
completing this form.\* insert full name  
of company§ insert name(s) and  
address(es) of all  
the directors† delete as  
appropriate§ delete whichever  
is inappropriate

Pursuant to section 155(6) of the Companies Act 1985

To the Registrar of Companies  
(Address overleaf - Note 5)

For official use

Company number



00383312

Name of company

\* GALA LEISURE (1991) LIMITED

I/We § JOHN KELLY OF

WILLOWBANK COTTAGE,

WICKEN ROAD, CLAVERING,

SAFFRON WALDEN ESSEX CB11 4QT AND

RICHARD SOWERBY OF

21 ST. ALBANS AVENUE, WEYBRIDGE

SURREY KT13 8RN

~~the sole director~~ [all the directors]† of the above company (hereinafter called 'this company') do  
solemnly and sincerely declare that:

The business of this company is:

- ~~(a) that of a recognised bank licensed institution within the meaning of the Banking Act 1979~~  
~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on  
insurance business in the United Kingdom~~  
(c) something other than the above§

This company is ~~the~~ [a] holding company of\* ESSOLDO GROUP HOLDINGS LIMITED

\_\_\_\_\_ which is  
proposing to give financial assistance in connection with the acquisition of shares  
in ~~this company~~ [ THE HOLDING COMPANIES OF THIS COMPANY, BOTH GALA HOLDINGS  
LIMITED AND CANGARD LIMITED ~~the holding company of this company~~ ]†

Presentor's name address and  
reference (if any) :Clifford Chance  
200 Aldersgate Street  
London  
EC1A 4JJUSER04\LF0RMS\LNKG69\$8.LFD  
AJS/G2743/30/MROSFor official Use  
General Section

Post room



The assistance is for the purpose of [that acquisition] [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

Please do not  
write in this  
margin

**Please complete  
legibly, preferably  
in black type, or  
bold block  
lettering**

The number and class of the shares acquired or to be acquired is: SEE ATTACHED SCHEDULE A

The assistance is to be given to: (note 2) SEE ATTACHED SCHEDULE B

The assistance will take the form of:

SEE ATTACHED SCHEDULE C

The person who [has acquired] [will acquire]† the shares is:

SEE ATTACHED SCHEDULE D

† delete as  
appropriate

The principal terms on which the assistance will be given are:

SEE ATTACHED SCHEDULE E

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced by giving it is NIL

The amount of cash to be transferred to the person assisted is £ NIL

The value of any asset to be transferred to the person assisted is £ NIL

Please do not  
write in this  
margin

Please complete  
legibly, preferably  
in black type, or  
bold block lettering

\* delete either (a) or  
(b) as appropriate

The date on which the assistance is to be given is WITHIN EIGHT WEEKS OF THE DATE HEREOF 19 \_\_\_\_\_

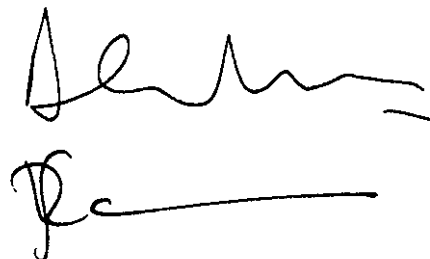
I/We have formed the opinion, as regards this company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

- (a) [I/We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date]\* (note 3)
- (b) [~~It is intended to commence the winding up of this company within 12 months of that date, and I/we have formed the opinion that this company will be able to pay its debts in full within 12 months of the commencement of the winding up.~~]\* (note 3)

And I/we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at Clifford Chance  
200 Aldersgate, London  
the 3rd day of July  
one thousand nine hundred and 98  
before me Richard Gates

Declarants to sign below



A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

## NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies  
Companies House  
Crown Way  
Cardiff  
CF4 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies  
Companies House  
37 Castle Terrace  
Edinburgh  
EH1 2EB

SCHEDULE A  
to the  
STATUTORY DECLARATION

RSG

dated 3 July 1998

- (a) in respect of the assistance given in connection with the acquisition of shares in Gala Holdings Limited, 229,486,661 ordinary shares;
- (b) in respect of the assistance given in connection with the reducing or discharging of a liability incurred for the purpose of the acquisition of shares in Gala Holdings Limited (together with (a) above the "**Gala Acquisition**"); and
- (c) in respect of the assistance given in connection with the acquisition of shares in Cangard Limited (the "**Cangard Acquisition**") 36,000 A ordinary and 622,263 B ordinary shares.

630,335

RSG

SCHEDULE B  
to the  
STATUTORY DECLARATION

RSG

dated 3 July 1998

- (1) In respect of the Gala Acquisition, the assistance is to be given to Cangard Limited, whose registered office is at New Castle House, Castle Boulevard, Nottingham NG7 1FT; and;
- (2) In respect of the Cangard Acquisition, the assistance is to be given to:
  - (a) Duke Street Capital III Limited (as general partner of the HEV Limited partnerships); SG Hambros Trust Company (Guernsey) Limited for and on behalf of each of Brian Mattingley and Ian Edward; Brian Mattingley; and BT (Pacific) Limited, New York pursuant to an agreement for the sale and purchase of shares in Spicegold Limited dated on or about the date hereof the sale proceeds of which consist of shares in Cangard Limited (the "Exchange Agreement"); and
  - (b) Duke Street Capital III Limited (as general partner of the HEV Limited partnerships); Parcom Ventures B.V.; Sand Aire Investments plc; Financière Natexis; BT (Pacific) Limited, New York; and SG Hambros Trust Company (Guernsey) Limited for and on behalf of Ian Edward pursuant to an agreement for the sale and purchase of shares in Cangard Limited dated on or about the date hereof (the "Sale Agreement"); and
  - (c) Duke Street Capital III Limited (as general partner of the HEV Limited Partnerships) and the parties to the Exchange Agreement and the Sale Agreement indirectly by Cangard Limited lending funds to Spicegold Limited to facilitate the prepayment by Spicegold Limited of the Bankers Trust Loan Facilities defined in Schedule E hereof.

Jade Investments Limited;  
RSG

This is SCHEDULE C to the  
STATUTORY DECLARATION

RSG

dated 3 July 1998

The execution and delivery of, and the performance by the subsidiary of this Company (the "**Subsidiary**") of its obligations under:

- (i) a supplemental and accession agreement to be dated on or around the date hereof (the "**Supplemental and Accession Agreement**") to amend and restate a loan agreement dated 15 December 1997 (the "**Loan Agreement**") and made among Cangard Limited as parent, borrower and guarantor, Gala Holdings Limited, Gala Leisure Limited and Spicegold Limited and Ritz Clubs Limited as borrowers and guarantors, certain subsidiaries of Gala Holdings Limited (including the Subsidiary) as guarantors, the lenders listed in Schedule 1 thereto, J.P. Morgan Securities Ltd. as arranger and Morgan Guaranty Trust Company of New York as agent and to include provisions to reduce the Facility A and Facility B Tranches and to provide for a Facility D Tranche and to have certain companies accede as guarantors, (together with the Supplemental Agreement the ("**Restated Loan Agreement**"));
- (ii) a supplemental and accession deed to be dated on or around the date hereof (the "**Supplemental and Accession Deed**") to a debenture between Cangard Limited and Gala Holdings Limited (the "**Debenture**") in favour of Morgan Guaranty Trust Company of New York as security agent and trustee for the Creditors pursuant to which the Subsidiary will accede to the Debenture and the Subsidiary and others will secure their respective obligations under the Restated Loan Agreement; and
- (iii) an accession agreement to an inter-company loan agreement (the "**Inter-Company Loan**") to be dated on or about the date hereof between Cangard Limited and Gala Holdings Limited whereby Gala Leisure Limited, Spicegold Limited, Ritz Clubs Limited and certain subsidiaries of Gala Holdings Limited (including the Subsidiary) will accede to the Inter-Company Loan pursuant to which the Subsidiary may borrow or lend to the other parties to the Inter-Company Loan for the purpose of, *inter alia*, facilitating the repayment or payment of interest under the Restated Loan Agreement and/or the Subordinated Notes.

Where "**Obligors**" and "**Subordinated Loan Notes**" are defined in the Loan Agreement.

Where "**Creditors**" is defined in the Debenture.

**SCHEDULE D**  
to the

RSG

**STATUTORY DECLARATION**

dated 3 July 1998

- (1) Pursuant to the Exchange Agreement as defined in Schedule B hereto:
  - (a) Duke Street Capital III Limited (as general partner of the HEV Limited partnerships) will acquire 236898 B shares in Cangard Limited;
  - (b) SG Hambros Trust Company (Guernsey) Limited for and on behalf of each of Brian Mattingley and Ian Edward will acquire 8403 B shares in Cangard Limited;
  - (c) BT (Pacific) Limited, New York will acquire 1626 B shares in Cangard Limited; and
  - (d) Brian Mattingley will acquire 36,000 A shares in Cangard Limited.
- (2) Pursuant to the Sale Agreement as defined in Schedule B hereto:
  - (a) Duke Street Capital III Limited (as general partner of the HEV Limited partnerships) will acquire 151,785 B shares in Cangard Limited;
  - (b) SG Hambros Trust Company (Guernsey) Limited for and on behalf of Ian Edward will acquire 1,578 B shares in Cangard Limited;
  - (c) BT (Pacific) Limited, New York will acquire 60,538 B shares in Cangard Limited;
  - (d) Parcom Ventures B.V. will acquire 40,359 B shares in Cangard Limited;
  - (e) Sand Aire Investments plc will acquire 60,538 B shares in Cangard Limited;
  - (f) Financière Natexis will acquire 60,538 B shares in Cangard Limited; and
  - (g) Jade Investments Limited will acquire 8,072 B shares in Cangard Limited.
- (3) Pursuant to the Gala Acquisition, as defined in Schedule A hereto, Cangard Limited has acquired the shares in Gala Holdings Limited.

This is SCHEDULE E to the  
STATUTORY DECLARATION

RSG

dated 3 July 1998

In respect of the Gala Acquisition:-

- A. By executing the Supplemental and Accession Agreement, the Subsidiary:
- (i) guarantees the due and punctual performance of all obligations of each Obligor (but excluding the Subsidiary) under the Financing Documents and each Hedging Contract. (This guarantee is a continuing guarantee. No payment or other settlement will discharge any of the Subsidiary's obligations until the obligations of all the Obligors have been discharged in full);
  - (ii) agrees to pay on demand, at any time on or after the due date, each amount due by each Obligor (other than the Subsidiary) which is unpaid;
  - (iii) agrees to reimburse the person entitled to the payment for the losses and expenses (including loss of profit) that person incurs, or will incur, as a result of an Obligor failing to make a payment expressed to be due under any Financing Documents on the due date;
  - (iv) agrees to reimburse each Lender and the Agent for all losses and expenses arising from any obligations of another Obligor being or becoming void, invalid, illegal or unenforceable.
- B. By executing the Supplemental and Accession Deed to the Debenture, the Subsidiary:
- (i) covenants to pay and discharge all monies and liabilities (whether actual or contingent) which are at the date of the Debenture as amended or may at any time thereafter be due, owing or payable, or expressed to be due, owing or payable, to any Creditor from or by any Obligor under or in connection with the Loan Agreement, Hedging Contract, the Deposit Agreement and Charge on Cash Deposits or the Debenture (the "Secured Sums");
  - (ii) with full title guarantee and as continuing security for the payment and discharge of the Secured Sums charges:
    - (a) by way of first legal mortgage free from encumbrances other than as permitted by Clause 21.1(C) of the Loan Agreement all Real Property now vested in it as legal owner and all other Real Property acquired by the Subsidiary after the date of the Debenture and by way of first fixed equitable charge free from encumbrances other than as permitted by Clause 21.1(C) of the Loan Agreement, all Real Property now vested in it and not effectively charged by the first legal mortgage above and all other Real Property acquired by it after the date of the Debenture; and
    - (b) by way of first fixed charge free from encumbrances other than as permitted by Clause 21.1(C) of the Loan Agreement:



- (aa) all plant, machinery and equipment now or after the date of the Debenture owned by the Subsidiary (and not effectively charged by paragraph (a) or (b) above) and its interest in any plant, machinery or equipment now or after the date of the Debenture in its possession;
  - (bb) all its rights, title and interest in and to the Investments now or after the date of the Debenture beneficially owned by the Subsidiary, and all dividends, interest and other distributions or bonuses, benefit or derivative paid or payable in respect thereof;
  - (cc) all its rights under or in connection with any contracts or policies of insurance or indemnities taken out now or after the date of the Debenture by or on behalf of the Subsidiary or (to the extent of its interest) in which the Subsidiary has an interest, and all claims of whatsoever nature relating thereto and returns of premium in respect thereof providing that this paragraph (b) of the Debenture shall be subject to the provisions of Clause 3.7 of the Debenture;
  - (dd) all present and future goodwill of the Subsidiary;
  - (ee) all the present and future uncalled capital of the Subsidiary;
  - (ff) all the present and future Intellectual Property Rights of the Subsidiary;
  - (gg) all Book Debts of the Subsidiary;
  - (hh) all Bank Balances of the Subsidiary;
  - (ii) all Negotiable Instruments of the Subsidiary;
  - (jj) all its rights under or in connection with all present and future licences held in connection with the business of the Subsidiary or the use of any Charged Asset (but excluding any such licence which requires the consent of the licensor for the creation of the Charge and in respect of which such consent has not been obtained, any licence which is held by an employee of the Subsidiary and any licence incapable of being charged), and the right to recover and receive all compensation which might be payable to it in respect of such licences; and
  - (kk) all its rights under or in connection with any Hedging Contract which it enters into from time to time;
- (iii) grants with full title guarantee a floating charge over its business, undertaking property, assets, revenues, rights and uncalled capital, present and future and any interest therein; and
  - (iv) assigns with full title guarantee, all the Insurance Policies and all monies (including bonuses) that may become payable thereunder or under any substituted policy or policies or any new

policy effected under Clause 3.7(B)(iii) of the Debenture and all sums payable to the Subsidiary in connection with any such insurance policies pursuant to Section 76 of the Insurance Companies Act 1982.

Where "**Lender**", "**Financing Documents**", "**Obligor**", "**Agent**", "**Facility D**", "**Insurance Policies**", "**Lender**" and "**Hedging Contract**" are defined in the Loan Agreement.

Where "**Creditor**", "**Real Property**", "**Investments**", "**Intellectual Property Rights**", "**Book Debts**", "**Bank Balances**", "**Negotiable Instruments**" and "**Charged Asset**" are defined in the Debenture.

- C. The terms and conditions of the Inter-Company Loan Agreement include (inter alia) that the Subsidiary shall, subject to certain conditions, make available to Cangard Limited and its subsidiaries, loan facilities in order to assist Cangard Limited in complying with its obligations under the Subordinated Loan Notes due 2005-2007 (as amended to September 2006, 2007 and 2008) issued by it, and to assist Cangard Limited or the relevant subsidiary in complying with its payment obligations under the Restated Loan Agreement.

In respect of the Cangard Acquisition it is a condition precedent to Cangard Limited drawing down any of the increased Facilities under the Loan Agreement as amended by the Supplemental Agreement, that the Sale Agreement, the Exchange Agreement (both defined in Schedule B and under which the persons noted in Schedule B will acquire shares in Cangard Limited) and the Supplemental and Accession Deed are executed by the parties thereto. In order not to breach certain covenants under senior and mezzanine facilities made available to Spicegold Limited by Bankers Trust International plc as arranger and Bankers Trust Company as original bank, agent and security agent (in respect of the senior facility) and Bankers Trust International plc as arranger and Bankers Trust Company as original lender (in respect of the mezzanine facility) both dated 26 November 1997 (the "**Bankers Trust Loan Facilities**") it is the intention of Cangard Limited to lend Spicegold Limited funds to facilitate Spicegold Limited prepaying all amounts owed by it to the lenders under the Bankers Trust Loan Facilities (the "**Prepayment**"). It is the expressed intention of the parties to the Sale Agreement and Exchange Agreement that the Prepayment be made on execution of the Sale Agreement and Exchange Agreement.

By executing the Supplemental and Accession Agreement and the Supplemental and Accession Deed and by granting the guarantees and security contemplated thereby, Cangard Limited will be in a position to drawdown funds pursuant to the Restated Loan Agreement and to lend funds to Spicegold Limited to make the Prepayment.

The Directors  
Gala Leisure (1991) Limited

3 July 1998

Dear Sirs

**Report to the directors of Gala Leisure Limited (1991) (the "Company") pursuant to section 156(4) of the Companies Act 1985**

We refer to the statutory declaration (form 155(6)b) to which this report is annexed made by the Directors of the Company and dated the same dated as this report.

The statutory declaration is made in connection with the financial assistance which it is proposed will be given by Essoldo Group Holdings Limited in connection with the financing and refinancing of the acquisition of its parent Gala Holdings Limited and with the acquisition of certain shares of the holding company of its parent, Cangard Limited.

We have examined the contents of the statutory declaration and confirm that:

- (a) we have enquired into the state of affairs of the Company so far as necessary to review the bases for the statutory declaration; and
- (b) we are not aware of anything to indicate that the opinion expressed by the Directors in the statutory declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

..... *Ernst & Young*  
For and on behalf of Ernst & Young

Dated: *3/7/98*  
Registered auditor