

5332261

DATED

19 September

2005

CADUGAN DEVELOPMENTS LIMITED

- and -

SIMON HOWE BROOKS-WARD

- and -

THE HPOWER GROUP LIMITED

SHARE EXCHANGE AGREEMENT

Field Seymour Parkes
The Old Coroner's Court
No 1 London Street
Reading
Berkshire
RG1 4QW

31772-5

#241670.v3



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COMPANIES HOUSE

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01/10/2005

THIS AGREEMENT is dated

19 September

2005

BETWEEN :-

- (1) **CADUGAN DEVELOPMENTS LIMITED** (Company Number 4718836) whose registered office is at The Old Coroner's Court No 1 London Street Reading Berkshire RG1 4QW ("Cadugan") ;
- (2) **SIMON HOWE BROOKS-WARD** of Meadow House Greywell Hook Hampshire RG29 1DE ("SBW");
- (3) **THE HPOWER GROUP LIMITED** (Company Number 5332261) whose registered office is at The Old Coroner's Court No 1 London Street Reading Berkshire RG1 4QW ("HPower")

WHEREAS:-

- (A) The Shareholders (as defined below) are the legal and beneficial owners of the Shares (as defined below) as set out against their names in the Schedule
- (B) The Shareholders wish to transfer the Shares to HPower in exchange for the Consideration Shares on the terms set out in this Agreement

NOW IT IS AGREED as follows:-

1. Definitions

- 1.1 In this Agreement and the recitals and the Schedule (unless the context otherwise requires) the following words and expressions shall have the following meanings:-

"Completion"	the performance by the Parties of the several obligations contained in Clause 3
"Consideration Shares"	the 183,955 ordinary shares of £1 each in the capital of HPower (details of which are set out in Schedule 1) to be issued to the Shareholders in accordance with Clause 2
"Encumbrances"	any interest or equity of any person (including any right to acquire, option for pre-emption) or any mortgage charge pledge lien assignment hypothecation security interest title retention or other security agreement or arrangement
"HPI"	Horsepower International Limited (details of which are set out in Part I of Schedule 3)

"HPI Shares"	the 200 ordinary shares of £1 each and the 200 non-voting ordinary shares of £1 each in the capital of HPI
"MWL"	Momentum Worldwide Limited (details of which are set out in Part II of Schedule 3)
"MWL Shares"	10,000 of the ordinary shares of £0.01 each in the capital of MWL
"Parties"	the Shareholders and HPower
"Shares"	the HPI Shares the WEP Shares and the MWL Shares
"Shareholders"	Cadugan and SBW
"WEP"	WEP Worldwide Limited (details of which are set out in Part III of Schedule 3)
"WEP Shares"	the ordinary shares of £1 each in the capital of WEP

- 1.2 Unless the context otherwise requires the singular includes the plural and vice versa and words importing individuals shall be treated as importing corporations and vice versa
- 1.3 Words and expressions defined in the Companies Act 1985 bear the same meanings in this Agreement and the Schedules
- 1.4 Reference in this Agreement and the Schedules to any statute or statutory provision include any statute or statutory provision which amends, extends, consolidates or replaces the same or which has been amended, extended, consolidated or replaced by the same and include any orders, regulations, instruments or other subordinate legislation made under the relevant statute
- 1.5 Reference in this Agreement to Clauses Recitals or the Schedules are to clauses of and recitals or the schedules to this Agreement
- 1.6 All words in this Agreement importing one gender only shall where the context so admits include either or both genders

2. Share Exchange

- 2.1 The Shareholders are the legal and beneficial owners of and shall sell the Shares respectively with all rights and privileges attaching to them at the date of this Agreement or subsequently becoming attached to them free and clear of all Encumbrances on the terms set out in this Agreement and HPower agrees to buy the Shares on those terms
- 2.2 HPower shall in consideration of the transfer to it of the Shares allot and issue to each of the Shareholders the Consideration Shares credited as fully

paid in the proportions set out in each column 3 of Parts I, II and III of Schedule 1

- 2.3 So far as may be necessary to give effect to the provisions of this Agreement both of the Shareholders hereby waive all pre-emption rights in respect of the HPI Shares the MWL Shares and the WEP Shares whether contained in the Articles of Association of such company or in any agreement to which either of them is a party

3. Completion

- 3.1 Completion of the share exchange under Clause 2 shall take place on the date of this Agreement when each of the Shareholders shall deliver to HPower duly executed transfers in favour of HPower of all the Shares together with definitive certificates of title for such Shares
- 3.2 HPower shall:-
- 3.1.1 procure that the Consideration Shares are allotted and issued credited as fully paid; and
- 3.2.2 deliver to the Shareholders share certificates for the Consideration Shares
- 3.3 The Parties shall procure that a meeting of the directors of each of HPI, MWL and WEP shall be held at which the transfer of the HPI Shares the MWL Shares and the WEP Shares (as the case may be) shall be approved subject to their being duly stamped and presented for registration and until such registration each of the Shareholders shall hold the Shares registered in his name as trustee for HPower and subject to its directions (including directions as to the exercise of voting and other rights attaching to the Shares)

4. Post-Completion

HPower shall:-

- 4.1 procure that the appropriate entries are made in the Registers of Allotments and Members in its statutory books;
- 4.2 procure that the necessary documents are filed with Companies House recording the allotment of the Consideration Shares to the Shareholders

5. Shareholders Warranty

Each of the Shareholders warrants to HPower that they were immediately prior to the date of this Agreement the legal and beneficial owners of their HPI Shares the MWL Shares and the WEP Shares (which shares were fully paid up) and as the registered holders thereof, are able to transfer or otherwise able to procure the transfer of such shares to HPower with full title guarantee free of all liens and encumbrances together with all rights accrued or accruing or attached thereto

6. Entire Agreement

This Agreement constitutes the entire agreement between the Parties with respect to the matters dealt with in this Agreement and supersedes any previous agreement between the Parties and each of the Parties acknowledges that in entering into this Agreement they have not relied on any representation or warranties save as expressly set out in this Agreement or in any document referred to in it. No variation of this Agreement shall be valid or effective unless made by one or more instruments in writing signed by such of the Parties which would be affected by such variation

7. Counterparts

This Agreement may be executed in any number of counterparts and by the different Parties on separate counterparts each of which when so executed and delivered shall be an original but all the counterparts shall together constitute one and the same instrument which shall only be deemed executed when counterparts executed by all the Parties are delivered

8. Governing Law

This Agreement shall be governed and construed in accordance with English Law

9. Third Parties

Except as expressly stated in this Agreement a person who is not a Party to this Agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999

10. Notices

All notices under this Agreement shall be in writing and shall be delivered by hand or sent by prepaid first class post or by facsimile transmission to the address shown in this Agreement of the Party to be served (or such other address as it shall notify in writing to the other Parties for this purpose) and unless delivered by hand shall be deemed in the case of notice sent by post to have been served 48 hours from the date of posting and in proving service by post it shall be sufficient to show that the notice was properly addressed and posted in accordance with the provisions of this Clause and in the case of notice by facsimile transmission to have been served when received during the hours of 9:00am and 5:30pm on any week day other than a Saturday or public or bank holiday but otherwise on the next working day thereafter and in proving service by facsimile transmission it shall be sufficient to show that the facsimile transmission was properly addressed and despatched in accordance with this Clause

AS WITNESS the hands of the Parties the day and year first before written

SCHEDULE 1

Part I

1 SHAREHOLDERS NAME AND ADDRESS	2 HPI SHARES (EACH OF £1)	3 CONSIDERATION SHARES (EACH OF £1)
Cadugan	94 Ordinary	46,535 Ordinary Shares
SBW	106 Ordinary	52,475 Ordinary Shares
Cadugan	49 Non-Voting Ordinary	49 Ordinary
SBW	151 Non-Voting Ordinary	151 Ordinary

Part II

1 SHAREHOLDERS NAME AND ADDRESS	2 MWL SHARES (EACH OF £0.01)	3 CONSIDERATION SHARES (EACH OF £1)
Cadugan	3,333 Ordinary	16,245 Ordinary Shares
SBW	6,667 Ordinary	32,496 Ordinary Shares

Part III

1 SHAREHOLDERS NAME AND ADDRESS	2 WEP SHARES (EACH OF £1)	3 CONSIDERATION SHARES (EACH OF £1)
Cadugan	3 Ordinary	18,002 Ordinary Shares
SBW	3 Ordinary	18,002 Ordinary Shares

SCHEDULE 2

Basic details concerning HPower

- | | | |
|----|----------------------------|---|
| 1. | Name: | The HPower Group Limited |
| 2. | Registered No: | 05332261 |
| 3. | Date of Incorporation : | 13 January 2005 |
| 4. | Registered Office : | The Old Coroner's Court
No 1 London Street
Reading
Berkshire RG1 4QW |
| 5. | Authorised Share Capital : | £1,000 divided into 1,000 ordinary shares of £1 each |
| 6. | Issued Share Capital : | £2 divided into 2 ordinary shares of £1 each |
| 7. | Directors : | Colin Michael Brooks
Simon Howe Brooks-Ward |
| 8. | Secretary : | Speafi Limited |

SCHEDULE 3

Part I **Details of HPI**

1. Name: Horsepower International Limited
2. Registered No: 02383294
3. Date of Incorporation : 12 May 1989
4. Registered Office :
Lion House
Red Lion Street
London WC1R 4GB
5. Authorised Share Capital : £400 divided into 200 ordinary shares of £1 each and 200 non-voting ordinary shares of £1 each
6. Issued Share Capital : £400 divided into 200 ordinary shares of £1 each and 200 non-voting ordinary shares of £1 each
7. Directors :
Colin Michael Brooks
Simon Howe Brooks-Ward
8. Secretary : Speafi Limited

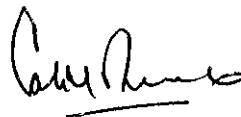
Part II **Details of Momentum**

1. Name: Momentum Worldwide Limited
2. Registered No: 02602160
3. Date of Incorporation : 17 April 1991
4. Registered Office :
Lion House
Red Lion Street
London WC1R 4GB
5. Authorised Share Capital : £1,000 divided into 100,000 ordinary shares of £0.01 each
6. Issued Share Capital : £133.33 divided into 13,333 ordinary shares of £0.01 each
7. Directors :
Colin Michael Brooks
Simon Howe Brooks-Ward
8. Secretary : Speafi Limited

Part III
Details of WEP

- | | | |
|----|----------------------------|---|
| 1. | Name: | WEP Worldwide Limited |
| 2. | Registered No: | 03166219 |
| 3. | Date of Incorporation : | 29 February 1996 |
| 4. | Registered Office : | Lion House
Red Lion Street
London WC1R 4GB |
| 5. | Authorised Share Capital : | £1,000 divided into 1,000 ordinary shares of
£1 each |
| 6. | Issued Share Capital : | £6 divided into 6 ordinary shares of £1 each |
| 7. | Directors : | Colin Michael Brooks
Simon Howe Brooks-Ward |
| 8. | Secretary : | Speafi Limited |

SIGNED by **COLIN BROOKS** for and on
behalf of **CADUGAN DEVELOPEMENTS**
LIMITED in the presence of:-



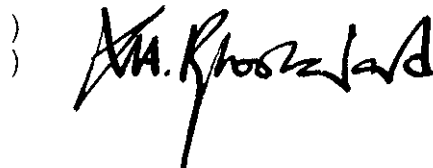
Witness Signature: 

Witness Name: **PS GARDEN**

Address: 1 London Street
Reading

Occupation: trainee solicitor

SIGNED by **SIMON HOWE BROOKS-WARD**
in the presence of:-



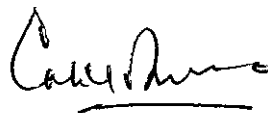
Witness Signature: 

Witness Name: **PS GARDEN**

Address: 1 London Street
Reading

Occupation: trainee solicitor

SIGNED by **COLIN BROOKS** for and
on behalf of **THE HPOWER GROUP**
LIMITED in the presence of:-



Witness Signature: 

Witness Name: **PS GARDEN**

Address: 1 London Street
Reading

Occupation: trainee solicitor