

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, please immediately consult your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your holding(s) of Ordinary Shares or Preference Shares in Hawtin PLC, you should send this document immediately, together with the accompanying form of proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

HAWTIN PLC

Proposed Disposal of

The Certikin Group of Companies

and

Notice of Extraordinary General Meeting

Your attention is drawn to the letter from the Chairman of Hawtin PLC set out on pages 4 to 7 of this document, which contains a recommendation by your Board to vote in favour of the resolution to be proposed at the Extraordinary General Meeting referred to below.

Notice of an extraordinary general meeting of the Company to be held at 9.30 a.m. on 21 August 2003 at the offices of Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT is set out at the end of this document. To be valid, the enclosed form of proxy for use at the Extraordinary General Meeting, completed in accordance with the instructions thereon, must be received by the Company's registrars, Computershare Services PLC, PO Box 82, The Pavilions, Bridgewater Road, Bristol BS99 7NH, no later than 9.30 a.m. on 19 August 2003.

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OUTLINE TIMETABLE

Latest time and date for receipt of forms of proxy	9.30 a.m. on 19 August 2003
Date of Extraordinary General Meeting	21 August 2003
Expected Date of Completion	1 September 2003

DEFINITIONS

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

“Board” or “Directors”	the board of directors of Hawtin
“Certikin”	Certikin International Limited, a wholly-owned subsidiary of Hawtin
“Certikin Group” or “Certikin Group of Companies”	Certikin and MMC
“Completion”	completion of the Disposal
“Continuing Hawtin Group”	Hawtin and its remaining subsidiaries after the Disposal
“Disposal”	the proposed sale of Certikin to the Purchaser in accordance with the terms and conditions of the Sale Agreement
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held on 21 August 2003
“Group” or “Hawtin Group”	the Company and its subsidiaries
“Hawtin” or “Company”	Hawtin PLC
“MMC”	MMC SAS, a 95 per cent owned French subsidiary company of Certikin
“Norfleet” or “Norfleet Properties”	Norfleet Properties (Holdings) Limited, a wholly-owned subsidiary of Hawtin
“Option holders”	the holders of options as described in paragraph 2.2 of Part III of this document
“Ordinary Shares”	the ordinary shares of 5p each in Hawtin
“Ordinary Shareholders”	the holders of Ordinary Shares
“Preference Shares”	the 6.5 per cent cumulative preference shares of £1 each in Hawtin
“Purchaser”	European Corner SA
“Sale Agreement”	the conditional agreement dated 3 July 2003, entered into in connection with the Disposal, a summary of the principal terms of which is contained in paragraph 3.2 of Part III of this document
“Shareholders”	the holders of Ordinary Shares and Preference Shares

PART I
Letter from the Chairman

HAWTIN PLC

(Registered in England and Wales No. 7317)

Directors

L. Dovey, *Chairman and Chief Executive*
W.J. Dixon, *Finance Director*
S.H.P. Morgan, *Director and Company Secretary*
A.J. Woodhouse, *Non-Executive Director*

Registered Office:

Beechwood House
Greenwood Close
Cardiff Gate Business Park
Cardiff CF23 8RD

To the holders of Ordinary Shares and, for information only, the holders of Preference Shares and Option holders.

28 July 2003

Dear Sir/Madam

PROPOSED DISPOSAL OF THE CERTIKIN GROUP OF COMPANIES

Introduction

It was announced on 3 July 2003 that Hawtin had entered into an agreement to dispose of its swimming pool equipment businesses, Certikin and MMC, to European Corner SA. Consideration is to be £5.7 million in cash subject to certain potential downwards only adjustments.

The Disposal will be effected by way of the Sale Agreement, the principal terms of which are described in paragraph 3.2 of Part III of this document. In view of the size of the transaction relative to the size of Hawtin, the Disposal is conditional, among other things, upon the approval of Ordinary Shareholders at the EGM.

The purpose of this document is (i) to provide you with the details of, and the background to, the Disposal, (ii) to supply you with information relating to the Certikin Group and other matters currently relevant to the Company and (iii) to explain to you why the Directors consider the Disposal to be in the best interests of Hawtin and recommend that you vote in favour of the resolution approving the Disposal that will be proposed at the EGM.

Reasons for the Disposal

As Shareholders will already be aware, we have made it known in all our recent public announcements that, to further our objective of reducing Hawtin's borrowings, it has been the Board's policy to respond positively to purchase offers for assets and subsidiary companies belonging to the Group. Already this year, we have sold our Ultrabronz sunbed business in the USA, our Powersport fitness equipment business, our Gul wetsuit and watersports business and two investment properties in South Wales. The sale of the Certikin Group represents a continuation of, and is consistent with, this strategy.

We are also conscious that Certikin, a successful but mature business in its domestic UK market, needs to widen its international reach but that Hawtin is not strongly positioned to provide the necessary resources to do this. In contrast, European Corner is part of the Aquaria group of companies, a large European manufacturer and distributor of swimming pool and poolside equipment. Aquaria has a wholly-owned subsidiary in the UK, Astral UK Limited, and the Directors believe it is keen to expand its existing operations in the UK and is able to give Certikin the support it needs.

Information on the Certikin Group

Certikin is one of the UK's largest manufacturers and distributors of swimming pool equipment. Its stock range exceeds 4,000 products, including underwater lights, pool chemical systems, heating equipment, white goods, environmental controls, spas and saunas. Through its Aire Bank division it manufactures and sells liners and covers for swimming pools. The majority of sales occurs in the UK, but there is a fledgling export business to Europe, the Near East and parts of the rest of the world. Certikin principally sells proprietary products, but most manufacturing is undertaken by third parties on a sub-contract basis. Certikin employs 102 people and is based in Witney, Oxfordshire, in leasehold premises which house its offices, its warehouse and minor assembly facilities.

MMC also serves the swimming pool market, chiefly in France. Its main products, however, are pumps and commercial filters (where Certikin is less active) which it manufactures in-house and then distributes. Furthermore, MMC is active in the general market for water treatment, an important business in hot climates which extends outside swimming pools into hotels, condominiums and large public buildings. MMC, which has 36 employees, is based in leasehold premises in Nantes, Western France.

In the financial year to 31 December 2002, the Certikin Group achieved pre-tax profits of £1.09 million on sales of £20.5 million. Net assets at 31 December 2002 were £2.55 million.

Terms and effect of the Disposal

European Corner is acquiring all of the share capital of Certikin which in turn owns 95 per cent of the share capital of MMC. Consideration for the Certikin Group is to be £5.743 million in cash subject to certain potential downwards-only adjustments. First, there will be a pound-for-pound reduction in consideration to the extent that the net assets of Certikin and MMC at Completion are less than the respective figures of £2.617 million and €410,000. At the present time, no shortfall is anticipated in respect of this adjustment.

Secondly, if within five months of Completion, any competent regulatory body requires or imposes any limitations, restraints, disposal or transfer by the Purchaser, Hawtin will be liable for 50 per cent of any consequent financial loss incurred by the Purchaser up to a maximum sum of £250,000 together with a maximum contribution of £150,000 towards 50 per cent of any associated professional costs.

Thirdly, Hawtin will repay European Corner 50 per cent of the amount by which the net profits after taxation of the Certikin group for the year to 31 December 2003 are below £800,000. Any liability so incurred in respect of this provision is capped at a maximum sum of £400,000. In view of trading conditions at the Certikin Group to date in 2003, the Board presently expects that no material repayment is likely to fall due under this provision.

As a condition of the Disposal, Hawtin's bankers are providing a guarantee, at Hawtin's cost, in favour of European Corner. The guarantee will initially be for a total sum of £1.4 million in respect of the aforementioned potential adjustments to the consideration and, to a limited extent, in respect of warranties. It will diminish to £270,000 after two years and to zero after a further 12 months.

Certikin has been a consistent contributor to Group profitability. Following the Disposal, future operating profits of the Group are likely to be less than would otherwise be the case. On the other hand, the proceeds of the Disposal will, by substantially reducing Group borrowings, bring down interest charges, although not by enough to maintain the level of earnings per share currently derived from the Certikin Group. It is the view of the Board, however, that the negative effect of any future reduction in earnings per share should be outweighed by the resultant strengthening of the Group's balance sheet.

Further details of the terms of the Disposal are contained in paragraph 3.2 in Part III of this document.

Use of proceeds of the Disposal

The gross proceeds of the Disposal, estimated at approximately £5.7 million, will in the first instance be used to meet expenses of the Disposal estimated at some £100,000. The balance of the proceeds will be used to repay Group borrowings.

The Certikin Group of Companies uses bank borrowings for seasonal working capital needs. Following the Disposal, Hawtin will no longer have responsibility for these borrowings.

Current Trading, Prospects and Continuing Strategy

The results for the half year to 30 June 2003 will be published in September 2003 and will include details of the trading performance of subsidiaries up to 30 June 2003 or to the date of their sale. In the Profit and Loss

Account, exceptional profits and the costs incurred on the cessation of the businesses sold will be disclosed and continuing and discontinued trading activities will be segregated. Underlying trading performance of the manufacturing companies was patchy in the first half due to uncertainties associated with the Gulf War.

The only significant manufacturing company within Hawtin after the sale of the Certikin Group, will be Spaform, our spa bath company. Following losses in 2002 and management changes, I am pleased to report that this company is now trading profitably. We expect Spaform to have a satisfactory performance for 2003 as a whole. However, the results for the year of the Continuing Hawtin Group will also be affected by provisions and adjustments related to certain of our asset disposals, the extent of which cannot yet be accurately assessed.

As I have mentioned earlier, we have been very active on the disposal front this year, selling two investment properties in South Wales and three of our operating companies. In total, we have raised £8 million from these sales and have been released from the responsibility for associated working capital borrowings.

Hawtin's accounts for the 12 months to 31 December 2002 showed net year-end borrowings of £17.3 million. This amount is now materially less and the (unaudited) management accounts as at 30 June 2003 showed net borrowings reduced to £12.8 million.

Following the Disposal, our trading activities will comprise two UK businesses, Spaform and our Barclay Leisure sunbed business, together with Aquamarine, our French spa company. We will also have our property company, Norfleet, with industrial properties in Portsmouth, Bodmin and Bridgend and potentially valuable development land near Caerphilly. Hawtin's roots have always included property, an area in which your Board has considerable experience and knowledge. Once we have formulated, and then executed, our plans for the remainder of our trading businesses, it is our intention that, with the elimination of the greater part of our borrowings and our subsequently strengthened balance sheet, we will rebuild Hawtin from the base of our existing property assets.

Extraordinary General Meeting

An extraordinary general meeting of the Company will be held at 9.30 a.m. on 21 August 2003 at Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT, at which will be proposed an ordinary resolution to approve the Disposal. A notice convening the Extraordinary General Meeting appears at the end of this document.

Action to be taken

A reply paid form of proxy is enclosed for use by Ordinary Shareholders at the Extraordinary General Meeting. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and to return it to the Company's registrars, Computershare Services PLC, 82 The Pavilions, Bridgwater Road, Bristol BS99 7NH, as soon as possible and, in any event, so that it is received no later than 9.30 a.m. on 19 August 2003. The return of a completed form of proxy will not prevent you from attending the EGM and voting in person if you so wish.

Recommendation

The Board is of the opinion that the Disposal is in the best interests of Shareholders as a whole. Accordingly, the Directors recommend that Ordinary Shareholders vote in favour of the resolution to be proposed at the Extraordinary General Meeting.

In my own right, and through a company which I control, I have a beneficial interest in 11,270,912 Ordinary Shares. I intend that all of these shares will be voted in favour of the resolution. Mr. John Dixon, our Finance Director, who owns a further 250,000 Ordinary Shares, also intends to vote these shares in favour of the resolution. In total, the Directors have a beneficial interest in 11,520,912 Ordinary Shares, 16.1 per cent of the issued ordinary share capital.

Yours faithfully
Leonard Dovey
Chairman

PART II

FINANCIAL INFORMATION

(a) Financial Information on The Certikin Group of Companies

1. Basis of preparation

The financial information on the companies being sold, Certikin and MMC, for the period from 1 January 2000 to 31 December 2002 has been derived from the Group consolidation schedule and accounting records which form the basis of the audited consolidated accounts of Hawtin for the same period and has been prepared in accordance with U.K. generally accepted accounting principles and the Group's accounting policies. The information for Certikin is in respect of all of the period. The profit and loss account information on MMC is from 12 September 2002, the date of purchase of MMC by Certikin, to 31 December 2002.

2. Profit and loss account

The aggregate results for the three financial years to 31 December 2002 as included in the Group Consolidated Profit and Loss Account of the companies being sold are shown in the following table:

	<i>Year ended 31 December 2000 £'000</i>	<i>Year ended 31 December 2001 £'000</i>	<i>Year ended 31 December 2002 £'000</i>
Turnover	18,549	18,381	20,517
Cost of sales	(13,400)	(13,241)	(14,932)
Gross profit	5,149	5,140	5,585
Distribution costs	(893)	(792)	(907)
Administration expenses	(3,161)	(3,183)	(3,589)
Other income	10	5	24
Operating profit	1,105	1,171	1,113
Interest	(256)	(6)	(26)
Profit before taxation	849	1,165	1,087
Taxation	42	(368)	(266)
Profit after taxation	891	797	821
Minority interest	—	—	2
Profit for the financial year	891	797	823

3. Certikin Group balance sheet at 31 December 2002

	£'000
Fixed assets	
Tangible Assets	1,690
Intangible Assets	609
	<hr/> 2,299 <hr/>
Current assets	
Stocks	3,604
Debtors	4,339
Cash	297
	<hr/> 8,240 <hr/>
Creditors	
Amounts falling due within one year	(7,140)
	<hr/> 1,100 <hr/>
Net current assets	
	3,399
Creditors	
Amounts falling due after more than one year	(836)
	<hr/> 2,563 <hr/>
Net assets	
Equity minority interest	(17)
	<hr/> 2,546 <hr/>
Net assets attributable to equity shareholder	
	<hr/> 2,546 <hr/>

(b) Proforma Statement of Net Assets

Set out below, for illustrative purposes only, to show the effects of the sale of the Certikin Group is a proforma statement of the net assets of the Group after the sale of the Certikin Group as if that had occurred on 31 December 2002, the date of the last published audited balance sheet of Hawtin. This proforma statement of net assets, because of its nature, may not give a true picture of the financial position of Hawtin. It has been prepared on the basis of:

- (i) figures shown in the published consolidated accounts of Hawtin as at 31 December 2002; and
- (ii) adjustments made in respect of the proposed disposal of the Certikin Group

	<i>Adjustments</i>			
	<i>Balance Sheet of Hawtin plc as at 31 December 2002 £'000</i>	<i>Balance Sheet of Certikin Group as at 31 December 2002 (Note 1) £'000</i>	<i>Other Adjustment (Note 2) £'000</i>	<i>Proforma Balance Sheet as at 31 December 2002 £'000</i>
Fixed Assets				
Tangible	22,188	(1,690)	—	20,498
Intangible	712	(609)	—	103
	<u>22,900</u>	<u>(2,299)</u>	<u>—</u>	<u>20,601</u>
Current Assets				
Stocks	8,597	(3,604)	—	4,993
Debtors	10,025	(4,339)	—	5,686
Cash	5,747	(297)	—	5,450
	<u>24,369</u>	<u>(8,240)</u>	<u>—</u>	<u>16,129</u>
Creditors: amounts falling due within one year	<u>(27,535)</u>	<u>7,140</u>	<u>5,643</u>	<u>14,752</u>
<i>Net Current (Liabilities)/ Assets</i>	<i>(3,166)</i>	<i>(1,100)</i>	<i>5,643</i>	<i>1,377</i>
<i>Total assets less Current Liabilities</i>	<i>19,734</i>	<i>(3,399)</i>	<i>5,643</i>	<i>21,978</i>
Creditors: amounts falling due after one year	(10,084)	836	—	(9,248)
Provisions	(321)	—	—	(321)
Equity minority interest	(17)	17	—	—
<i>Net Assets attributable to equity shareholder</i>	<u><i>9,312</i></u>	<u><i>(2,546)</i></u>	<u><i>5,643</i></u>	<u><i>12,409</i></u>

Notes

- 1. All amounts are taken from the Certikin Group balance sheet shown in Part II (a) above.
- 2. The adjustment to creditors falling due within one year is as below:

	<i>£'000</i>
Gross Proceeds of Disposal	5,743
Less estimated transaction costs	(100)
	<u>5,643</u>

- 3. No account has been taken of trading results during 2003 to the date of disposal, nor the seasonal movements in working capital up to the date of sale except that, in arriving at the consideration, no reduction to reflect the actual net assets at 31 December 2002 has been made on the basis that the net assets at completion are expected to exceed the target amounts.
- 4. No adjustment has been made for the following significant transactions entered into by the Group since 1 January 2003:
 - (a) the sale of the Treforest property
 - (b) the sale of Hawtin Park
 - (c) the sales of Ultrabronz America Inc, Powersport International Limited and Gul International Limited.
- 5. All totals and sub-totals are in *italics*.

(c) Report from Deloitte & Touche

The following is a letter from Deloitte & Touche in connection with the Proforma Statement of Net Assets contained in Part II (b) of this document:

Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF24 0TS

**Deloitte
& Touche**

The Directors
Hawtin PLC
Beechwood House
Greenwood Close
Cardiff Gate Business Park
Cardiff CF23 8RD

The Directors
Brewin Dolphin Securities Limited
7 Drumsheugh Gardens
Edinburgh EH3 7QH

28 July 2003

Dear Sirs

HAWTIN PLC

PROPOSED DISPOSAL OF THE CERTIKIN GROUP

We report on the unaudited proforma net assets statement (“the proforma financial information”) set out in Part II (b) of the circular dated 28 July 2003 issued by Hawtin PLC (“Hawtin”). The proforma financial information has been prepared for illustrative purposes only, to provide information about how the proposed disposal of the Certikin Group of companies, might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the Directors of Hawtin to prepare the proforma financial information in accordance with paragraph 12.29 of the Listing Rules of the UK Listing Authority (“the Listing Rules”).

It is our responsibility to form an opinion, as required by the Listing Rules, on the proforma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the proforma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and the Bulletin 1998/8 “Reporting on proforma financial information pursuant to the Listing Rules” issued by the Auditing Practices Board in the United Kingdom. Our work, which involved no independent examination of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussions regarding the proforma financial information with the Directors of Hawtin.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

In our opinion:

- (i) the proforma financial information has been properly compiled on the basis stated;
- (ii) such basis is consistent with the accounting policies of Hawtin; and
- (iii) the adjustments are appropriate for the purposes of the proforma financial information as disclosed pursuant to paragraph 12.29 of the Listing Rules of The UK Listing Authority.

Yours faithfully

DELOITTE & TOUCHE

PART III

ADDITIONAL INFORMATION

1. Responsibility statement

The Directors whose names appear at the top of page 4 of Part I of this document accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors' and other interests

- 2.1 As at the date of this document, the interests of the Directors in the share capital of the Company which have been notified by each Director to the Company pursuant to Sections 324 or 328 of the Companies Act 1985 ("the Act") or which are required to be entered in the register maintained pursuant to Section 325 of the Act or which are interests of a connected person of a Director (within the meaning of Section 346 of the Act) which would require to be disclosed if that person were a Director and the existence of which is known to or could, with reasonable diligence, be ascertained by that Director, all of which are beneficial interests unless otherwise stated are as follows:

<i>Director</i>	<i>Number of Shares Held</i>	<i>% of issued ordinary share capital</i>
Leonard Dovey	11,270,912 (Beneficial)	15.71
William John Dixon	250,000 (Beneficial)	0.35
Stephen Huw Perrott Morgan	nil	nil
Anthony John Woodhouse	nil	nil

- 2.2 The following options are exercisable under the terms of the Executive Share Option Scheme 1995. The options granted may be exercised at dates before February 2010.

<i>Director</i>	<i>Options Over Shares</i>	<i>Exercise Price</i>
William John Dixon	250,000	15.5p
Stephen Huw Perrott Morgan	50,000	15.5p
Stephen Huw Perrott Morgan	40,000	34.5p

- 2.3 Insofar as is known to the Company, the following are Ordinary Shareholders, other than the Directors who, at 25 July 2003 (the latest practical date prior to publication of this document), directly or indirectly, were interested in 3 per cent or more of the Company's issued ordinary share capital.

<i>Ordinary Shareholder</i>	<i>Number of Ordinary Shares</i>	<i>% of issued ordinary share capital</i>
Philip James Dovey	6,137,343	8.56
Aberdeen Asset Management	5,683,000	7.92
Richard Powell Morgan	4,553,057	6.35

- 2.4 Insofar as is known to the Company, the following are Preference Shareholders, who, at 25 July 2003 (the latest practicable date prior to publication of this document), directly or indirectly, were interested in 3 per cent or more of the Company's issued Preference Shares.

<i>Preference Shareholders</i>	<i>Number of Preference Shares</i>	<i>% of issued Preference Share capital</i>
State Street Nominees (Jove Investment Trust)	200,000	36.4
Co-operative Insurance Society Limited	187,448	34.2
The Investment Company Plc	67,768	12.5
Maunby Investment Managers	50,000	9.1
Union Pension Trust Limited	20,000	3.6

- 2.5 On 27 September 2002, Certikin raised an unsecured loan in order to finance the initial consideration payable under a sale and purchase agreement of 95 per cent of the issued share capital of MMC SARL. The loan comprised:

£135,000 from Leonard Dovey

£137,000 from Richard Powell Morgan (a former Director — resigned 30 April 2003)

£95,000 from Patrick Thorpe (Managing Director of Certikin)

There were no fixed repayment terms, however the sums were to be repaid by Certikin as soon as reasonably practical. It was a stipulation of the company's bankers, HBOS, that no repayment would be made without their prior consent. The loan attracted a commercial rate of interest payable on repayment of the loans. The commercial rate of interest was calculated at 2 per cent above the HBOS published base rate, subject to deduction of income tax.

By 13 June 2003, all of the loan had been repaid.

Other than disclosed above, no Director has any interest in any transactions which is or was unusual in its nature or conditions or significant to the business of the Group and which was either effected by the Company during its current or immediately preceding financial year, or which was effected by the Company during an earlier financial year and remains in any respect outstanding or unperformed.

- 2.6 The Company entered into a service agreement with John Dixon to act as finance director on 25 February 1999. This contract is not for a fixed period but is terminable on 12 months notice from either party. The Company may pay salary in lieu of notice pursuant to the terms of the agreement.

John Dixon's current aggregate remuneration is £126,173 per annum which includes membership of the company car scheme, a pension contribution of 10 per cent of basic salary and membership of the Company's Executive Share Option Scheme 1995 (as amended). On 10 July 2003, it was announced that Mr Dixon had tendered his resignation. Mr Dixon will continue to serve as finance director throughout his notice period.

Leonard Dovey (Chairman) has no formal service contract with the Company, nor has Anthony Woodhouse.

Leonard Dovey has no formal letter of appointment but receives emoluments of £25,000 per annum. Anthony Woodhouse receives emoluments of £20,000 per annum.

There is no fixed term or notice period in respect of the directorships of Leonard Dovey and Anthony Woodhouse and both will continue to hold office until otherwise decided by the Board or by resignation or voluntary retirement, subject always to the provision of the Company's Articles of Association which requires a proportion of non-executive directors to retire annually.

Stephen Morgan, Company Secretary, was appointed to the Board on 17 July 2003. Mr Morgan's current service agreement provides for aggregate remuneration of £81,876 and includes membership of the Company's car scheme, a pension contribution of 10 per cent of basic salary and membership of the Company's Share Option Scheme 1995 (as amended).

3 Material contracts

The principal contents of each of the material contracts (not being contracts entered into in the ordinary course of business) entered into by Hawtin or any members of the Group within the two years immediately preceding the date of publication of this document or of any other contract (not being a contract in the ordinary course of business) entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document, and which has not been available for public inspection within the two years preceding the date of this document; and

the principal contents of each of the material contracts (not being contracts in the ordinary course of business) entered into by the Certikin Group of Companies or by Hawtin or any member of the Group in respect of the Certikin Group of Companies within the two years immediately preceding the date of publication of this document or of any other contract (not being a contract entered into in the ordinary course of business) in respect of the Certikin Group of Companies which contains any provision under which the Group or any member of the Group, in respect of the Certikin Group of Companies, has any

obligation or entitlement which is material to the Group as at the date of this document, and which has not been available for public inspection within the two years preceding the date of this document, are set out below.

Material contracts of both the Group and of the Certikin Group of Companies that have been available for public inspection within the two years preceding the date of this document are again available for public inspection as disclosed in paragraph 8.5 of Part III of this document.

- 3.1 On 19 June 2003, the Company entered into an agreement (“the Sale Agreement”) with Quayshelfco 999 Limited (“Quayshelfco”) for the sale of the entire issued share capital of Gul International Limited (“Gul”), a wholly-owned subsidiary of the Company, for a gross consideration of £340,000 payable in cash at completion.

At completion, Quayshelfco entered into an agreement to lease the business premises occupied by Gul at Bodmin, Cornwall, from Norfleet. The lease was to commence at the later of six months from Completion and the finishing of internal works at the premises to divide the property. Until the date of completion of the works, Quayshelfco was to occupy the premises at a monthly rent of £10,000. The formal lease over approximately 60 per cent of the premises is to be at an annual cost of £137,000 for 15 years subject to rent reviews every five years. The tenant may exercise a break clause on the tenth anniversary of the lease.

The Sale Agreement included standard warranties by Hawtin as to its ability to enter into the Sale Agreement, its ownership of the assets and in respect of taxation matters. The Sale Agreement contained no other warranties.

- 3.2 On 3 July 2003, the Company entered into an agreement to sell the entire issued share capital of Certikin to the Purchaser.

The consideration for the sale is £5.743 million, subject to potential downwards only adjustments. The adjustments are as follows:

1. if the net assets of Certikin at Completion are less than £2.617 million or the net assets of Certikin’s 95 per cent subsidiary MMC are less than €410,000, subject to a 5 per cent shortfall allowance in respect of either figure which may be compensated by additional net assets of the other, there will be a pound for pound adjustment;
2. if within 5 months of Completion any competent regulatory body requires or imposes any limitations, restraints, disposal or transfer of the business acquired by the Purchaser, the consideration will be reduced by 50 per cent of the resulting loss up to a maximum of £250,000, together with a maximum contribution of £150,000 towards 50 per cent of any associated professional costs; and
3. if the net profits after taxation of the Certikin Group in the 12 months to 31 December 2003 are less than £800,000, the consideration will be reduced by 50 per cent of the shortfall, subject to a maximum reduction of £400,000.

Hawtin has provided comprehensive warranties to the Purchaser, usual for a disposal of this kind, covering, *inter alia*, the Company’s ability to dispose of Certikin, the recovery of debtors, the accuracy of financial and accounting records, title to intellectual property, pension liabilities and title to real property. Other than with regard to the recovery of debtors in excess of provisions (where there is to be no minimum), the effective minimum claim for a breach of warranty is £4,000. No claim may be made against Hawtin unless the aggregate of all such valid claims exceeds £70,000. The maximum amount which may be claimed for breach of warranty is a maximum of the purchase price subject to the adjustments referred to above. There is in addition a tax covenant pursuant to which Hawtin will pay any tax liabilities relating to periods prior to Completion.

Hawtin will also procure a bank guarantee limited to £400,000 in respect of the second adjustment above, £200,000 in respect of the third adjustment above and £800,000 in respect of any warranty or tax indemnity claims, reducing to £500,000 after 12 months and £270,000 after 24 months. The guarantee will expire after 36 months.

The agreement is conditional upon shareholder approval and in the event of the consolidated net assets of Certikin being £600,000 or more below the target net assets referred to in the first adjustment above, the Purchaser has the right to rescind the agreement.

Liability under the warranties is limited to the consideration in respect of any claims which must be made within 2 years of Completion.

- 3.3 Save as given above and as referred to in paragraph 8.5 of Part III in this document, no contracts have been entered into (other than contracts in the normal course of business) by Hawtin or any member of the Hawtin Group during the two years immediately preceding the date of this document which are, or may be, material.
- 3.4 Save as given above and as referred to in paragraph 8.5 of Part III in this document, no contracts have been entered into by the Certikin Group of Companies or by Hawtin in respect of the Certikin Group of Companies (other than contracts entered into in the normal course of business), during the two years immediately preceding the date of this document which are, or may be, material.

4. Working capital

The Directors are of the opinion that the Continuing Hawtin Group, after taking into account available bank and other facilities and the net proceeds of the Disposal (excluding the “worst case” estimated effect of the downwards only adjustments referred to in paragraph 3.2 above), has sufficient working capital for its present requirements, that is, for at least the next 12 months from the date of this document.

5. Litigation

- 5.1 Other than as referred to in paragraph 5.3 below, there are not, nor have there been, any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have, or may have had in the past twelve months, a significant effect on the financial position of the Continuing Hawtin Group.
- 5.2 There are not, nor have there been, any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) in respect of the Certikin Group of Companies which may have, or may have had in the past twelve months, a significant effect on the Certikin Group of Companies.
- 5.3 “At the Beach Tanning”, a customer of Ultrabronz America Inc (“Ultrabronz”), incorporated in the United States, the business which was sold on 31 March 2003, has threatened to sue Ultrabronz in the United States, in respect of the sale of sunbeds which it is alleged were of unmerchantable quality. The claimant has indicated through its Attorney that it believes the value of its claim to be \$100,000. The claimant’s attorney has stated that he intends to act on behalf of other purchasers of Ultrabronz sunbeds by filing a class action in US Federal Court against Ultrabronz and related companies and is seeking further information from Ultrabronz attorneys relating to the number of other customers of the product. Any liability arising out of this claim was excluded from the sale of the business of Ultrabronz and so remains a potential liability of the Company. As far as the Directors are aware, no action has actually been commenced against Ultrabronz. It is the view of the Directors, having taken legal advice in the United States on the claims, that based upon the information that is currently available there does not exist any material liability in relation to the threatened action.

6. Significant changes

- 6.1 Since 31 December 2002, the date of the end of the last financial period for which audited financial statements of the Hawtin Group have been published, the Company has disposed of its industrial property, Hawtin Park, for a cash consideration of £6.1 million, the former Stewart Singlam Fabrics building for £1.25 million, its Ultrabronz sunbed distribution business for a maximum sum of \$1,000,000, its fitness equipment business (“Powersport”) for a maximum of £685,000 and its water sports business (“Gul”) for £340,000.
- 6.2 Save as disclosed above, there has been no significant change in the financial or trading position of the Continuing Hawtin Group since 31 December 2002, the end of the last financial period for which an audited financial statement of the Group has been published.
- 6.3 There has been no significant change in the financial or trading position of the Certikin Group since 31 December 2002, the end of the last financial period for which audited financial statements of the Group have been published.

7. Miscellaneous

- 7.1 Deloitte & Touche have given, and not withdrawn, their written consent to the inclusion in this document of their letter and their name and references thereto in the form and context in which they appear.

8. Documents on display

The following documents or copies thereof may be inspected at the offices of Eversheds LLP, Senator House, 85 Queen Victoria Street, London EC4V 4JL, during normal business hours on any weekday (Saturdays and public holidays excepted) up to and including 21 August 2003 and at the Extraordinary General Meeting:

- 8.1 The Memorandum and Articles of Association of the Company;
- 8.2 The audited consolidated accounts of the Company and its subsidiary undertakings for the periods ended 31 December 2001 and 31 December 2002;
- 8.3 the service contracts as referred to in paragraph 2.6 of Part III above;
- 8.4 the material contracts referred to in paragraph 3 of Part III above;
- 8.5 material contracts (not being contracts entered into in the ordinary course of business) entered into by any member of the Hawtin Group, or Certikin or any member of the Certikin Group, or any member of the Hawtin Group in respect of Certikin or any member of the Certikin Group within the two years immediately preceding the date of this document which have been previously available for public inspection within the 2 years immediately preceding the date of this document, namely:
- (i) the contract, dated 19 October 2001, between Norfleet and J.R. Smart (Builders) Limited, summarised in the circular to Shareholders dated 25 February 2003;
 - (ii) the contract, dated 8 March 2002, between Powersport Engineering Limited (“Powersport”), a wholly-owned subsidiary of the Company, and Sport Engineering Limited and Lifestyle Engineering Limited, summarised in the circular to Shareholders dated 25 February 2003;
 - (iii) the contract, dated 12 September 2002, between Certikin and Marc Ciron and Sylvie Sort, summarised in the circular to Shareholders dated 25 February 2003;
 - (iv) the contract, dated 19 December 2002, between Norfleet and PMG Development PLC, summarised in the circular to Shareholders dated 25 February 2003;
 - (v) the contract, dated 9 January 2003, between the Company and three nominee companies of Helical Bar PLC, summarised in the circular to Shareholders dated 25 February 2003;
 - (vi) the contract, dated 31 March 2003, between the Company and Sol Enterprises Inc, summarised in the circular to Shareholders dated 5 June 2003; and
 - (vii) the contract, dated 12 May 2003, between the Company, Powersport International Limited (a wholly-owned subsidiary of the Company) and Mandaco 328 Limited, summarised in the circular to Shareholders dated 5 June 2003.
- 8.6 the letter from Deloitte & Touche, dated 28 July 2003, which forms Part II (c) of the document and contains their report on the Proforma Statement of Net Assets set out in Part II (b) of this document; and
- 8.7 this document.

28 July 2003

HAWTIN PLC

(Registered in England and Wales No. 7317)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the Company will be held at Eversheds LLP, 1 Callaghan Square, Cardiff CF10 5BT on 21 August 2003 at 9.30 a.m. for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution:

ORDINARY RESOLUTION

THAT the Disposal of the Certikin Group of Companies which is the subject of the conditional agreement between Hawtin PLC and European Corner SA dated 17 July 2003, details of which are contained in the circular to shareholders dated 28 July 2003 (copies of the said circular and agreement having been produced to the meeting and initialled by the Chairman for the purpose of identification) be and is hereby approved AND THAT the directors of Hawtin PLC be and are hereby authorised to do all acts and things which they may consider necessary or desirable to complete the same insofar as such acts and things are not material.

Registered Office
Beechwood House
Greenwood Close
Cardiff Gate Business Park
Cardiff
CF23 8RD

By Order of the Board
S.H.P. Morgan
Secretary

Notes:

1. Only persons entered on the register of members of the Company at close of business on 19 August 2003 or on the second day prior to the date of any adjournment of the meeting shall (if otherwise entitled to do so) be entitled to attend and vote at the meeting or any adjournment. This is in accordance with section 41 of the Uncertificated Securities Regulations 2001.
2. A holder of ordinary shares of the Company entitled to attend and vote at the above meeting may appoint one or more proxies to attend and, on a poll, vote instead of him or her. A proxy need not be a member of the Company and the appointment of a proxy will not prevent the member from attending and voting in person at the meeting should he/she so wish.
3. A form of proxy accompanies this notice. To be valid, the form of proxy and any power of attorney or other authority under which it is signed must be lodged with the Company's registrars, no later than 48 hours before the time for which the meeting is convened.
4. Holders of Preference Shares and option holders are not entitled to attend or vote at the meeting convened by this notice.

28 July 2003