

This document is important and requires your immediate attention. If you are in any doubt about the contents of this document or the action you should take, you should consult your broker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser, immediately.

Application is being made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on the Alternative Investment Market of the London Stock Exchange ("AIM").

If you have sold or otherwise transferred all your Existing Ordinary Shares in C. H. Bailey, Plc, please forward this document and the enclosed form(s) 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. If you have sold only part of your holding, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately. Such documents should not however be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction.

C. H. Bailey, Plc

(Incorporated and registered in England and Wales with registered No. 190106)

Proposed Capital Reorganisation

A letter from the Chairman of C. H. Bailey, Plc is set out on pages 9 to 14 of this document which includes a recommendation of the Independent Directors on page 13.

Notice of an Extraordinary General Meeting of C. H. Bailey, Plc, to be held at Phyllis Court Club, Marlow Road, Henley on Thames, Oxfordshire, RG9 2HT on 20 January 2012 at 11 a.m. are set out on pages 15 to 18 of this document. Whether or not you plan to attend the Extraordinary General Meeting, please complete the enclosed Form of Proxy. To be valid, the accompanying Form of Proxy for use at the Extraordinary General Meeting should be completed, signed and returned in accordance with the instructions thereon to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to arrive by not later than 11 a.m. on 18 January 2012. Alternatively, if you hold Existing Ordinary Shares in uncertificated form, you may also appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual ensuring that it is received by Computershare Investor Services PLC (under CREST Participant ID: 3RA50) by no later than 11 a.m. on 18 January 2012 (please also refer to the accompanying notes to the Notice of Extraordinary General Meeting). The completion and return of a Form of Proxy or using the CREST Proxy Instruction will not prevent you from attending, speaking and voting at the Extraordinary General Meeting in person should you wish to do so.

Arden Partners plc, which is regulated by the Financial Services Authority, is acting exclusively for C. H. Bailey, Plc and for no-one else in connection with the Restructuring Proposals described in this document and will not be responsible to anyone other than C. H. Bailey, Plc for giving advice in relation to such Restructuring Proposals or any other matter referred to in this document.

Copies of this document, which is dated 19 December 2011, will be available free of charge to the public during normal working hours on any weekday (except Saturdays and public holidays) from the registered office of the Company and from the offices of Arden Partners plc, 125 Old Broad Street, London, EC2N 1AR Hill, London EC4R 0EU for not less than one month from 19 December 2011.

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DEFINITIONS

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| "Act" | The Companies Act 2006 (as amended) |
| "AIM Rules" | the rules for companies whose shares are traded on AIM, and their nominated advisers, and issued by the London Stock Exchange from time to time |
| "AIM" | a market operated by the London Stock Exchange |
| "Articles" | the Articles of Association of the Company at the date of this document |
| "certificated" or in "certificated form" | a share or security which is not in uncertificated form (that is, not in CREST) |
| "Circular" | this document |
| "Company" or "C. H. Bailey" | C. H. Bailey, Plc (registered under company number 190106) |
| "Consolidated Shares" | the ordinary shares of £500.00 each in the Company to be created following the consolidation and conversion of the Existing Ordinary Shares |
| "CREST" | the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the operator (as defined in the CREST Regulations) |

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|---------------------------------|--|
| "CREST Manual" | the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as subsequently amended) |
| "CREST Member" | a person who has been admitted by Euroclear as a system- member (as defined in the CREST Regulations) |
| "CREST Participant" | a person who is, in relation to CREST, a system participant (as defined in the CREST Regulations) |
| "CREST Proxy Instruction" | an appropriate and valid CREST message appointing a proxy by means of CREST |
| "CREST Regulations" | the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended |
| "CREST sponsor" | a CREST Participant admitted to CREST as a CREST sponsor |
| "Euroclear" | Euroclear UK & Ireland Limited, the operator of CREST; |
| "Extraordinary General Meeting" | the extraordinary general meeting of the Company to be held at Phyllis Court Club, Marlow Road, Henley on Thames, Oxfordshire, RG9 2HT on 20 January 2012 at 11 a.m., notice of which is set out at the end of this document |
| "Existing Ordinary Shares" | the ordinary shares of 10 pence each in the capital of the Company |
| "Form of Proxy" | the form of proxy accompanying this document for use at the Extraordinary General Meeting |
| "Independent Directors" | the directors of the Company whose names are set out on page 6 of this document other than Mr C H Bailey and Mrs S A Bailey |
| "London Stock Exchange" | London Stock Exchange plc |
| "New Ordinary Shares" | the ordinary shares of 10 pence each in the Company to be created following the subdivision of the Consolidated Shares |
| "Record Date" | close of business on 20 January 2012 |
| "Restructuring" | the Consolidation and the Subdivision |
| "Restructuring Proposals" | the proposals set out in this document for the consolidation of the Existing Ordinary Shares into Consolidated Shares and the subdivision of Consolidated Shares into New Ordinary Shares |
| "Shareholder(s)" | the holders of the Existing Ordinary Shares on the register of members of the Company on the Record Date |
| "Subdivision" | the sub-division of each Consolidated Share into 5,000 New Ordinary Shares |

"United Kingdom"

the United Kingdom of Great Britain and Northern
Ireland

All references in this document to "£" or "pence" are to the lawful currency of the UK.

All references to legislation in this document are to English legislation unless the contrary is indicated.

DIRECTORS, SECRETARY AND ADVISERS

| | |
|--|--|
| Directors | Mr C H Bailey (chairman and managing director) Mrs S A Bailey Mr D C Orchard Sir W H McAlpine |
| Company Secretary | Mr B J Warren |
| Registered Office | Alexandra Docks Newport South Wales NP20 2NP |
| Nominated Adviser & Brokers | Arden Partners Plc 125 Old Broad Street London EC2N 1AR |
| Auditors | Walter Hunter & Co. 24 Bridge Street Newport South Wales NP20 4SF |
| Solicitors to the Company | Squire, Sanders & Dempsey (UK) LLP Rutland House 148 Edmund Street Birmingham B3 2JR |
| Registrars | Computershare Investor Services PLC The Pavilions Bridgwater Road Bristol BS99 6ZY |
| Company Website | www.chbaileyplc.co.uk |

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|--|--|
| Latest time and date for receipt of the Forms of Proxy | 11 a.m. 18 January 2012 |
| Extraordinary General Meeting | 11 a.m. 20 January 2012 |
| Record Date | 20 January 2012 |
| Restructuring | Immediately following close of business on 20 January 2012 |
| Latest time and date for dealings in Existing Ordinary Shares | *4.30 p.m. 20 January 2012 |
| Commencement for dealings in New Ordinary Shares | 23 January 2012 |
| CREST accounts credited with New Ordinary Shares | 23 January 2012 |
| Payment (where applicable) for fractional entitlements | 26 January 2012 |
| Dispatch of definitive certificates for New Ordinary Shares (in certificated form) | 26 January 2012 |

Notes:

- (1) *All transfers must be settled by this date to qualify for the Consolidation.
- (2) If you have any questions on the procedure for lodging a Proxy Form, you should contact Computershare Investor Services PLC, telephone 0870 889 3277. Please note that Computershare Investor Services PLC cannot provide financial advice on the merits of the Restructuring Proposals.
- (3) The dates set out in the Expected Timetable of Principal Events above and mentioned throughout this document may be adjusted by the Company, in which event details of the new dates will be notified to AIM and, where appropriate, to the Shareholders.
- (4) All references to time in this document are to time in London.

STATISTICS RELATING TO THE RESTRUCTURING PROPOSALS

| | |
|--|----------|
| Current market price as at close of business on 15 December 2011 of Existing Ordinary Shares | £1.32 |
| Par value of Existing Ordinary Shares | 10 pence |

| | |
|---|--|
| Conversion ratio of Existing Ordinary Shares to Consolidated Shares | 5,000 Existing Ordinary Shares: 1 Consolidated Share |
| Number of Existing Ordinary Shares in issue at the date of this Circular | 8,335,413 |
| Expected number of New Ordinary Shares in issue following the Restructuring Proposals (excluding treasury shares) * | 7,594,726 |
| Expected number of New Ordinary Shares held in treasury following the Subdivision* | 740,687 |
| Total expected number of New Ordinary Shares in issue following the Subdivision | 8,335,413 |

* Based on the register of members of the Company as at close of business on 15 December 2011

LETTER FROM THE CHAIRMAN OF C. H. BAILEY, PLC

19 December 2011

To Shareholders

Proposed Capital Reorganisation

Dear Shareholder

1 Introduction

The Independent Directors of C. H. Bailey, Plc ("C.H. Bailey" or the "Company") have today announced a proposal for the reorganisation of the share capital of the Company.

Your Company currently has in issue 8,335,413 Existing Ordinary Shares of 10 pence each which, as at the date of this letter, are held by approximately 1,580 shareholders. Such a wide shareholder base places an administrative and cost burden on your Company which is disproportionate for a company with a market capital such as that of C. H. Bailey.

The Independent Directors consider that it is in the best interests of the Company's long term development as a public quoted company to have a more manageable number of shareholders. The Restructuring Proposals will reduce the number of Shareholders, hence achieving costs savings for the Company, whilst at the same time returning value, free from transaction costs, to holders of small numbers of Existing Ordinary Shares.

The Restructuring Proposals are subject to Shareholders' approval at an Extraordinary General Meeting of the Company which is to be held on at 11 a.m. on 20 January 2012.

The purpose of this Circular is to provide Shareholders with full details of the Restructuring Proposals and to explain why the Independent Directors, who have taken advice from Arden Partners plc, are recommending Shareholders to vote in favour of these proposals at the Extraordinary General Meeting.

2 Background and Reasons for the Restructuring Proposals

Your Company has in issue 8,335,413 Existing Ordinary Shares of 10 pence each. Since April 2006, the Existing Ordinary Shares have been admitted to trading on AIM having been listed on the Official List of the London Stock Exchange for many years prior to that date.

The Independent Directors consider that the Restructuring, the effect of which will be to reduce the number of shareholders in your Company, is important and desirable for the following reasons:

- it is costly and administratively difficult for the Company to have to manage the current Shareholder list of approximately 1,580. The Company is obliged to appoint Registrars and incurs significant printing and posting costs whenever documents are sent to Shareholders;
- out of approximately 1,580 Shareholders, there are approximately 1,510 Shareholders who hold, in aggregate, just 8.85% of the Existing Ordinary Shares;
- out of approximately 1,580 shareholders, at the last annual general meeting only 6 Shareholders attended in person (4 of whom were the directors of the Company) and only 115 sent in forms of proxy;
- to date in 2011 there have been 102 trades in the Company's shares; in 2010 there were only 32 trades in the Company's shares and in 2009 only 60 trades; and
- the Restructuring will provide holders of small numbers of Existing Ordinary Shares with the opportunity to receive a cash sum for their Existing Ordinary Shares without their having to incur the disproportionate dealing and administration costs relating to a sale.

3 The Proposal

The Independent Directors propose to address the issues above through the Restructuring Proposals, which are as follows:

- Existing Ordinary Shares will be consolidated into Consolidated Shares on the basis that every 5,000 Existing Ordinary Shares shall become 1 Consolidated Share; and
- all of the resulting Consolidated Shares will then be Subdivided into New Ordinary Shares.

It is proposed that the minimum threshold for entitlement to receive Consolidated Shares should be 5,000 Existing Ordinary Shares. As a consequence, if a Shareholder holds less than 5,000 Existing Ordinary Shares at the Record Date, he or she will not receive any Consolidated Shares but will be entitled to a fractional entitlement to a Consolidated Share which will be aggregated with other such fractional entitlements and sold on his or her behalf. The Company has made arrangements to ensure that the fractional entitlements to Consolidated Shares are sold and that the sale costs are kept as low as possible and these arrangements are set out in paragraph 4 below.

The Restructuring Proposals require the passing of the various resolutions at the Extraordinary General Meeting. A notice covering that meeting is set out at the end of this document. The meeting is convened for 11 a.m. on 20 January 2012 and, if the necessary resolutions are passed, the Restructuring Proposals will become effective immediately following close of business on that date.

Application is being made to AIM for the New Ordinary Shares to be admitted to trading on 23 January 2012.

4 Fractional entitlements to Consolidated Shares

The Independent Directors propose that fractional entitlements to Consolidated Shares are dealt with in the following way:

- (a) If a Shareholder holds less than 5,000 Existing Ordinary Shares at the time the proposed Consolidation takes effect, he or she will not receive any Consolidated Shares but will be entitled to a fractional entitlement to a Consolidated Share, which will be aggregated with other such fractional entitlements and sold on his or her behalf.
- (b) With a view to ensuring the sale of all such fractional entitlements, the Company itself shall, subject to the passing of the special resolution authorising such purchase at the Extraordinary General Meeting, purchase all of the Consolidated Shares arising from such fractional entitlements using distributable reserves and shall hold the Consolidated Shares in treasury.
- (c) Resolution number 2 to be proposed at the Extraordinary General Meeting seeks authority to allow the Company to buy the Consolidated Shares arising from the fractional entitlements referred to in If a Shareholder holds less than 5,000 Existing Ordinary Shares at the time the proposed Consolidation takes effect, he or she will not receive any Consolidated Shares but will be entitled to a fractional entitlement to a Consolidated Share, which will be aggregated with other such fractional entitlements and sold on his or her behalf. above. A copy of the draft contract for the purchase of these Consolidated Shares has been prepared and will be available for inspection at the Company's registered office from 3 January 2012. It will also be

available for inspection at the Extraordinary General Meeting.

- (d) The price per Consolidated Share payable by the Company in relation to the purchase of the fractional entitlements will be £6,600 per Consolidated Share. This amount has been derived by reference to the market price per Existing Ordinary Share as at close of business on 15 December 2011, being the latest practicable date for determining the market price prior to the date of this Circular.
- (e) The proceeds from the sale of the fractional entitlements of Consolidated Shares shall be distributed *pro rata* amongst the relevant Shareholders save that where a Shareholder is entitled to an amount which is less than £3, then the amount will not be distributed to such a Shareholder but will be retained by the Company for its benefit.
- (f) Payments will be made in pounds sterling. Holders of Existing Ordinary Shares in certificated form will receive a payment in pounds sterling on a cheque drawn on a branch of a UK bank which shall be posted, by first class, to the person(s) entitled thereto at their own risk. Holders of Existing Ordinary Shares in uncertificated form, that is in CREST, will receive a payment in pounds sterling through CREST.
- (g) If a Shareholder holds more than 5,000 Existing Ordinary Shares at the time the proposed Consolidation takes effect, then unless his or her shareholding is exactly divisible by 5,000 he or she will be left with a whole number of Consolidated Shares together with a fractional entitlement to a Consolidated Share. It is proposed that any such Shareholder may retain such a fractional entitlement to the extent that it results, following the Subdivision, in a whole number of New Ordinary Shares.

5. Share Subdivision

The Directors believe that the Consolidation would lead to an excessively high price for each Consolidated Share and that this would adversely impact liquidity and the ability of investors to trade in Consolidated Shares on AIM. They therefore propose that each Consolidated Share will be subdivided into 5,000 New Ordinary Shares of 10 pence each. The Record Date for the Subdivision will be the same as for the Consolidation.

6. Related Party

Mr C H Bailey is a director and currently holds approximately 64% of the issued Existing Ordinary Shares. Mrs S A Bailey is a director and currently holds approximately 2.57% of the issued Existing Ordinary Shares. For the purposes of these Restructuring Proposals, Mr C H Bailey and Mrs S A Bailey are deemed to be related parties and consequently interested in them. It has therefore been decided that Mr C H Bailey and Mrs S A Bailey should not make any recommendation in relation to the Restructuring Proposals. It is for this reason that reference throughout this Circular is made to the "Independent Directors" as referred to on page 4 of this Circular.

7. Current Trading and Future Prospects

On 14 December 2011, the Group announced its interim results for the six months ended 30 September 2011. In the period since 30 September 2011 the Group has continued to trade in accordance with expectations as outlined in the interim announcement.

As announced in the interim statement, we are in uncertain and volatile times. We are continuing to initiate and maintain positive changes, which are being embraced by everybody in the group. We believe, we can continue to increase our sales, meet our

targets, become more efficient and maintain our level of customer service.

We do realise that to achieve all of this will be very difficult in the current economic climate. However, due to the current strong liquidity within the Group, we now have a strong platform on which to grow. We remain committed and will endeavour to make the difficult decisions for the benefit of the Company, its employees and Shareholders.

There have been no other significant changes in the trading or financial position of the Group since the publication of its interim announcement.

8. Extraordinary General Meeting

The Restructuring Proposals must be approved by an Extraordinary General Meeting of the Company. The resolutions proposed at the meeting require the affirmative vote, by hand or on a poll, of not less than 75% of the persons attending, in person or by proxy, and entitled to vote at the meeting. This meeting is convened by the notice printed on pages 15-18 of this Circular. The Shareholders will be entitled to attend and vote at this meeting and, in accordance with the current Articles, on a poll they will have one vote per Share held.

9. United Kingdom taxation in relation to the Restructuring

The comments below are intended as a general guide only and are based on current United Kingdom tax law and HM Revenue and Customs' published practice. The comments below apply only to Shareholders who are individuals resident, ordinarily resident and domiciled in the United Kingdom for tax purposes, who hold their Existing Ordinary Shares as investments and not on trading account and are the absolute beneficial owners of such shares.

The taxation position of certain Shareholders subject to special rules, such as dealers in securities, broker dealers, companies, insurance companies and collective investment schemes, is not considered and such Shareholders who are in any doubt about their tax position or who are subject to tax in another jurisdiction outside the UK should consult their own professional advisers.

For the purposes of United Kingdom taxation, the position of each Shareholder will differ depending on whether or not they hold 5,000 or more Existing Ordinary Shares.

Shareholders holding 5,000 or more Existing Ordinary Shares

The consolidation and subdivision of the Existing Ordinary Shares will be treated as a reorganisation of the share capital of the Company for UK tax purposes. Accordingly, the Consolidated Shares and, subsequently, the New Ordinary Shares will for tax purposes be treated as the same asset as the Shareholder's Existing Ordinary Shares and as having been acquired at the same time and for the same price as the Shareholder's Existing Ordinary Shares were acquired. There will be no disposal for capital gains tax purposes as a result of the consolidation and subdivision.

Shareholders holding fewer than 5,000 Existing Ordinary Shares

Shareholders holding fewer than 5,000 Existing Ordinary Shares will have their fractional entitlements to a Consolidated Share sold on their behalf. This will constitute a disposal for tax purposes. The disposal will either be subject to income tax, as a result of being treated as a distribution, or will be subject to capital gains tax ("CGT"). CGT will apply if a number of specific conditions are met by the individual Shareholder. The tax treatment will therefore vary depending on the personal circumstances of each Shareholder. If any individual Shareholder is in any doubt about their personal tax position they should consult a suitably qualified tax advisor.

(i) If the sale of the fractional entitlements is subject to income tax

To the extent that the amount paid for the fractional entitlements exceeds the original subscription price of the corresponding Existing Ordinary Shares (including any premium paid for such shares), the disposal by the Shareholder of any such fractional entitlements will be treated as a distribution for income tax purposes.

The amount of the excess over the subscription price will be taxed as a dividend and grossed up by the fraction 100/90 before income tax is charged on the grossed-up amount. Income tax is payable at the dividend rates of 10% (basic rate taxpayers), 32.5% (higher rate taxpayers) and 42.5% (additional rate taxpayers). Taxpayers will receive a notional tax credit of 10% of the grossed up dividend amount, which is deducted from the amount of income tax payable.

Any income tax payable on the deemed distribution is payable through a self-assessment tax return for the tax year in which the purchase of the fractional entitlements is made. The tax is payable by 31 January following the end of the relevant tax year.

(ii) If the sale of the fractional entitlements is subject to capital gains tax

To the extent that the amount paid for the fractional entitlements does not exceed the original subscription price of the corresponding Existing Ordinary Shares but does exceed the amount paid by a Shareholder for the corresponding Existing Ordinary Shares, the disposal by the Shareholders of any such fractional entitlements will result in the Shareholders being treated as making a disposal of their holding of their Existing Ordinary Shares for CGT purposes. This may, depending on the Shareholder's individual circumstances, give rise to a chargeable gain or an allowable loss for CGT purposes.

In calculating any CGT they may have to pay on the disposal, the individual Shareholder may deduct their CGT annual allowance (currently £10,600 for the 2011/12 tax year) and any allowable losses. Any CGT payable on the disposal is payable through a self-assessment tax return for the tax year in which the purchase of the fractional entitlements is made and is payable by 31 January following the end of the relevant tax year

Holders of Existing Ordinary Shares will find enclosed with this document a Form of Proxy for use by them at the Extraordinary General Meeting of the Company.

Whether or not you are able to attend the meeting, you are requested to complete the enclosed Form of Proxy and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY, as soon as possible and, in any event, so as to arrive by 11 a.m. on 18 January 2012, not less than 48 hours before the time appointed for the meeting. Alternatively, if you hold Existing Ordinary Shares in uncertificated form, you may also appoint a proxy by completing and transmitting a CREST proxy instruction in accordance with the procedures set out in the CREST Manual ensuring that it is received by Computershare Investor Services PLC (under CREST Participant ID: 3RA50) by no later than 11 a.m. on 18 January 2012. The completion and return of a Form of Proxy will not prevent you from attending the meeting and voting in person if you subsequently wish to do so.

You may call the Computershare helpline on **0870 889 3277** if you have any questions about the Restructuring Proposals.

If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice from your broker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser, immediately.

11 Share certificates

If the Restructuring Proposals are approved, new share certificates in respect of the New Ordinary Shares will be sent to relevant Shareholders whose Existing Ordinary Shares are not held in CREST, as soon as is practicable. Existing share certificates in respect of Existing Ordinary Shares will cease to be valid.

12 CREST

The Existing Ordinary Shares that are already admitted to CREST will be held and redesignated by means of CREST on the first day of dealings in the New Ordinary Shares.

13 Recommendation

The Independent Directors, who have been advised by Arden Partners plc, consider that the Restructuring Proposals are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole. In providing advice to the Independent Directors, Arden Partners plc has taken into account their commercial assessment of the Restructuring Proposals.

The Independent Directors therefore recommend you to vote in favour of all of the resolutions to be proposed at the Extraordinary General Meeting of the Company.

All of the directors (which in this instance includes reference to Mr C H Bailey and Mrs S A Bailey) intend to vote in favour of all of the resolutions which are to be proposed at the Extraordinary General Meeting, in respect of their own beneficial and non-beneficial holdings of Existing Ordinary Shares. Such shareholdings consist in total of 5,623,183 Existing Ordinary Shares (representing 67.34 per cent. of the issued Existing Ordinary Shares).

Yours faithfully

Charles H
Bailey *Chairman*

C. H. Bailey, Plc

NOTICE OF MEETING

Notice is hereby given that an extraordinary general meeting of C. H. Bailey, Plc (the "Company") will be held at 11 a.m. on 20 January 2012 for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions:

SPECIAL RESOLUTIONS

1. THAT all of the shares of 10 pence each in the capital of the Company in issue as at 5 p.m. on the date this Resolution is passed shall be consolidated, converted into and redesignated as new ordinary shares of £500 each in the capital of the Company ("**Consolidated Shares**"), at a ratio of 5,000 shares to one Consolidated Share provided that, where such consolidation results in any shareholder being entitled to a fraction only of one Consolidated Share, such fraction shall be dealt with by the directors of the Company as they see fit pursuant to their powers under Article 7 of the Company's Articles of Association.
2. THAT, subject to and conditional upon Resolution 1 above being passed and becoming unconditional:
 - (a) the terms of the proposed contract to be made between the Company and itself on behalf of the persons entitled to a fraction only of one Consolidated Share referred to in Resolution 1 (and as further described in the Circular), in the form of a draft contract ("**Own Consolidated Share Purchase Contract**") for the purchase by the Company of the fractions of the Consolidated Shares arising as aforesaid (which draft has been available for inspection both at this meeting and throughout the period of 15 days ending with the date of this meeting at the registered office of the Company) laid before this meeting and initialled by the chairman for the purpose of identification be and are hereby approved;
 - (b) the Company be and is authorised to make an off market purchase (within the meaning of section 693(2) of the Companies Act 2006 (as amended) (the "**Act**") of the fractions of the Consolidated Shares described in paragraph (a) of this Resolution on the terms of the Own Consolidated Share Purchase Contract;
 - (c) the Company be and is hereby generally and unconditionally authorised to enter into the Own Consolidated Share Purchase Contract at any time before the expiry of 18 months from the date of the passing of this Resolution, and that any director of the Company be and is hereby authorised to fulfil all

obligations of the Company thereunder; and

- (d) the Company be and is hereby authorised (but not required) to hold any Consolidated Shares so purchased as treasury shares (as defined in section 726 of the Act).
3. THAT, subject to and conditional upon Resolutions 1 and 2 above being passed and becoming unconditional and completion of the Own Consolidated Share Purchase Contract (as defined therein), each Consolidated Share of £500 each in the capital of the Company (whether whole or fractional and including any such shares and fractions held in treasury) be subdivided into new ordinary shares of 10 pence each in the capital of the Company ("**New Ordinary Shares**") at the rate of 5,000 New Ordinary Shares for each whole Consolidated Share.
4. That the directors be hereby authorised pursuant to section 551 of the Companies Act 2006 (the "Act") to exercise all powers of the Company to allot equity securities (as defined in section 560 of the Act):
- (a) up to an aggregate nominal amount of £277,847; and
 - (b) comprising equity securities up to a nominal amount of £555,694 (including within such limit any equity securities issued under paragraph (a) above) in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any matter.

All previous authorities to allot equity securities be and are hereby revoked. The authority granted by this resolution shall (unless previously revoked, varied or extended by the Company in general meeting) expire on the conclusion of the next AGM of the Company after the passing of this resolution save that the Company may at any time before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such an offer or agreement as if this authority had not expired.

5. That subject to the passing of Resolution 4, the directors be hereby given power to allot equity securities (as defined in section 560 of the Act) of the Company for cash under the authority given by Resolution 4 and/or where the allotment is treated as an allotment of equity securities under section 560(2)(b) of the Act, in either case as if section 561(1) of the Act did not apply to such allotment provided that such power shall be limited:
- (a) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under paragraph (b) of

Resolution 4, by way of a rights issue only):

- (i) to the holders of the New Ordinary Shares in the capital of the Company in proportion as nearly as practicable to their respective holdings of such shares;
- (ii) to holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements as the directors may otherwise consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, or legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (b) in the case of the authority granted under paragraph (a) of Resolution 4 and/or in the case of any transfer of treasury shares which is treated as an allotment of equity securities by virtue of section 560(3) of the Act, to the allotment otherwise than pursuant to paragraph (a) above, of equity securities up to an aggregate nominal value equal to £277,847,

provided that such power shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on the conclusion of the next AGM of the Company after the passing of this resolution save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

By Order of the
Board B. J.
Warren

Secretary

Alexandra Docks,
Newport, South Wales
NP20 2NP
Registered in England and Wales No: 190106

19 December 2011

Notes

- 1 Members are entitled to appoint a proxy to exercise all or any of their rights to attend and to speak and, on a poll, vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Extraordinary General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this notice. If you do not have a proxy form and believe that you should have one, or if you require additional forms, please contact Computershare Investor Services PLC on 0870 889 3277. You may complete your

proxy form online at www.eproxyappointment.com in accordance with the on screen instructions.

- 2 To be valid, any proxy form or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at the offices of the Company's registrars, Computershare Investor Services PLC, PO Box 1075, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or at the electronic address provided in Note 1, in each case no later than 11 a.m. on 18 January 2012.
- 3 The return of a completed proxy form, other such instrument or any CREST Proxy Instruction (as described in paragraph 7 below) will not prevent a shareholder attending the AGM and voting in person if he/she wishes to do so.
- 4 If you wish to attend the meeting in person, please attend at 11 a.m. on 20 January 2012 bringing appropriate identification so that you can be identified by the Company's registrars. It is recommended that you arrive at least 15 minutes before the time appointed for the meeting to begin.
- 5 To be entitled to attend and vote at the AGM (and for the purpose of the determination by the Company of the votes they may cast), Shareholders must be registered in the Register of Members of the Company at 11 a.m. on 18 January 2012.
- 6 CREST Members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com/CREST). CREST personal members or other CREST sponsored members, and those CREST Members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
- 7 In order for a proxy appointment or instruction made using the CREST service to be valid, a CREST Proxy Instruction must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 3RA50) by 11 a.m. on 18 January 2012. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
- 8 CREST Members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST Member concerned to take (or, if the CREST Member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In

this connection, CREST Members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

- 9 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 10 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- 11 There will be available for inspection, from 6 p.m. today until the date of the Extraordinary General Meeting, at the Company's office at Alexandra Docks, Newport, South Wales, NP20 2NP and at the meeting, copies of the draft agreement referred to in Resolution 2 above.