

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934

Silent Witness Enterprises Ltd.

(Name of Issuer)

Common Shares

(Title of Class of Securities)

826906307

(CUSIP Number)

Thomas F. Larkins, Esq.
Honeywell International Inc.
101 Columbia Road
Morristown, NJ 07962
(973) 455-2000

With a Copy to:
David K. Robbins, Esq.
Fried, Frank, Harris, Shriver & Jacobson
350 South Grand Avenue, 32nd Floor
Los Angeles, CA 90071
(213) 473-2000

(Name, Address and Telephone Number of Persons Authorized to Receive
Notices and Communications)

October 10, 2003

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of ss.240.13d-1(e), 240.13d-1(f) or 240.13(g), check the following box .

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See ss.240.13d-7(b) for other parties to whom copies are to be sent.

SCHEDULE 13D

CUSIP No. 903898401

1 NAME OF REPORTING PERSONS
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS

HONEYWELL INTERNATIONAL INC.

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

N/A (1)

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT
TO ITEMS 2(d) or 2(e)

6 CITIZENSHIP OR PLACE OF ORGANIZATION

DELAWARE

NUMBER OF 7 SOLE VOTING POWER
SHARES -0-

BENEFICIALLY 8 SHARED VOTING POWER
OWNED BY 925,690 (2)

EACH 9 SOLE DISPOSITIVE POWER
REPORTING -0-

PERSON 10 SHARED DISPOSITIVE POWER
WITH 925,690 (2)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
925,690 (2)

12 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN
SHARES (SEE INSTRUCTIONS)

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
11.9 %

14 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
CO

(1) See Item 3 hereof.

(2) See Items 4 and 5 hereof.

ITEM 1. SECURITY AND ISSUER.

This statement on Schedule 13D (this "Schedule 13D") relates to the common shares ("Company Common Shares") of Silent Witness Enterprises Ltd., a company incorporated under the laws of British Columbia, Canada (the "Company"). The principal executive offices of the Company are located at 6554 - 176 Street, Surrey, British Columbia, V3S 4G5.

ITEM 2. IDENTITY AND BACKGROUND.

(a)-(c) This Schedule 13D is filed by Honeywell International Inc., a Delaware corporation ("Honeywell"). Honeywell is a diversified technology and manufacturing company, serving customers worldwide with aerospace products and services, control technologies for buildings, homes and industry, automotive products, specialty chemicals, fibers and electronic and advanced materials. The principal business offices of Honeywell are located at 101 Columbia Road, Morristown, New Jersey 07962.

(d)-(e) During the five years prior to the date hereof, neither Honeywell nor, to the best of its knowledge, any executive officer or director of Honeywell (each of whom is listed on Exhibit 1 attached hereto and incorporated herein by reference), (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction, as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Not applicable.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

On October 10, 2003, Honeywell entered into Deposit Agreements (the "Deposit Agreements") with the following shareholders of the Company (collectively, the "Shareholders"): Rob Bakshi, Vinod Bakshi and Opinder Singh Gill. The Deposit Agreements are attached hereto as Exhibits 2, 3 and 4 and incorporated herein by reference. The Company Common Shares to which this Schedule 13D relates have not been purchased by Honeywell, and neither Honeywell nor any of the other persons listed in response to Item 2 hereof has paid to any Shareholder any funds in connection with the Deposit Agreement.

ITEM 4. PURPOSE OF TRANSACTION.

On October 10, 2003, Honeywell and the Company entered into a Support Agreement (the "Support Agreement") whereby, among other things, Honeywell agreed to cause 678669 B.C. Ltd., a corporation incorporated under the laws of British Columbia, Canada and an indirect wholly-owned subsidiary of Honeywell (the "Offeror"), to make an offer (the "Offer") to purchase all the outstanding Company Common Shares, including Company Common Shares issuable upon the conversion, exchange or exercise of any (i) options to acquire Company Common Shares and (ii) other rights, warrants or entitlements to acquire Company Common Shares, at a price of Cdn. \$11.27 in cash per Company Common Share, subject to the terms and conditions set forth in the Support Agreement.

Pursuant to the terms of the Support Agreement, Honeywell and the Offeror agreed that, upon the Company Common Shares being taken up and paid for under the Offer, the Offeror shall acquire the Company Common Shares not deposited under the Offer pursuant to the compulsory acquisition provisions of Section 255 of the Company Act (British Columbia), as the same may be amended or re-enacted or any successor legislation thereto (the "Act"), if permitted to do so under the Act. If the Offeror is unable to use such compulsory acquisition provision, the Offeror will propose an alternate arrangement, which may include, without limitation, a statutory arrangement, amalgamation, merger, or other combination ("Second-Step Transaction") of the Company with the Offeror or an affiliate of the Offeror within 180 days after the Offeror takes up and pays for Company Common Shares under the Offer on terms and conditions to be determined by the Offeror, provided that the Offeror agrees that if any Second-Step Transaction is effected it will provide that the holders of any Company Common Shares, other than Honeywell and the Offeror, shall be entitled to receive consideration per share in cash or the right to receive cash within 35 days following the approval of the Second-Step Transaction at least equal to the amount paid per share under the Offer.

Simultaneously with the execution and delivery of the Support

Agreement, Honeywell entered into the Deposit Agreements with the Shareholders pursuant to which each Shareholder has agreed to deposit under the Offer: (i) all Company Common Shares that are presently owned beneficially by such Shareholder, (ii) all Company Common Shares, if any, issued upon the exercise of certain stock options or any other rights convertible or exercisable for Company Common Shares held by the Shareholder, and (iii) any Company Common Shares subsequently acquired by the Shareholder, together with a duly completed and executed letter of transmittal. The Shareholders have also granted Honeywell an irrevocable proxy to vote each Shareholder's Company Common Shares in furtherance of such Shareholder's obligation's under his or her respective Deposit Agreement and the Company's obligations under the Support Agreement during the term of the respective Deposit Agreement.

Based on their respective representations in the Deposit Agreements, as of October 10, 2003, the Shareholders owned the following securities in the Company: (i) Rob Bakshi - 274,836 Company Common Shares and options to purchase 312,500 Company Common Shares; (ii) Vinod Bakshi - 256,654 Company Common Shares; and (iii) Opinder Singh Gill - 81,700 Company Common Shares and 33,750 share appreciation rights to receive cash payment based on the price of the Company Common Shares or the right to receive Company Common Shares of equivalent value (the securities in the foregoing clauses (i) through (iii), together with any additional securities of the Company acquired by any Shareholder on or after October 10, 2003 and before the termination of the Deposit Agreement, collectively referred to herein as the "Company Securities"). Further, Mr. Gill has covenanted to exercise all share appreciation rights for cash payment to the extent permitted under the plan of the Company governing the share appreciation rights and, accordingly, the Common Shares that would be obtained by Mr. Gill upon the exercise of the share appreciation rights has, as indicated in Footnote (3), not been included in the calculation of Company Common Shares in Item 5 of this Schedule 13D.

The Deposit Agreements also provide, among other things that each Shareholder: (i) will notify the Offeror within 24 hours of becoming aware of a proposal which, if made in writing, could constitute a Competing Proposal including the identity of any prospective offeror and the person making the Competing Proposal; (ii) will not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey the Shareholder's Company Securities, or any right or interest therein (legal or equitable), to any person, entity or group or agree to do any of the foregoing; (iii) will not grant or agree to grant any proxy or other right to vote the Shareholder's Company Securities, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind as to the Shareholder's Company Securities; (iv) will exercise the voting rights attaching to the Shareholder's Company Securities and otherwise use its best efforts to cause the Company to comply with its obligations under the Support Agreement; (v) will not purchase or obtain or enter into any agreement or right to purchase any additional Company Common Shares; (vi) if applicable, will resign as a director of the Company effective at the time and in the manner requested by Honeywell, after the Offeror takes up and pays for the Shareholder's Company Securities; and (vii) will not take, and shall not authorize or permit any investment banker, financial advisor, attorney, accountant or other representative of his to take, any action of any kind, indirectly or directly, to oppose, frustrate or delay the take up and payment of the Company Common Shares deposited under the Offer or the completion of the Offer, including but not limited to any action to solicit, initiate, knowingly assist or knowingly encourage inquiries, submissions, proposals or offers from any other person, entity or group, and will cease immediately and not continue in any discussions or negotiations the Shareholder is carrying on regarding, or furnish to any other person, entity or group, any confidential, non-public information with respect to, any Competing Proposal (as such term is defined in the Support Agreement). Notwithstanding the foregoing, nothing contained in the Deposit Agreements shall: (A) prevent a Shareholder, in his capacity as a director or officer of the Company, if applicable, from engaging in discussions or negotiations with a third party or providing information in respect of, or otherwise responding to, or negotiating, approving and recommending to holders of Company Common Shares, an unsolicited bona fide Competing Proposal if the Board of Directors of the Company has determined in good faith that such proposal may constitute or lead to a Superior Proposal (as such term is defined in the Support Agreement) or that such action is otherwise required by reason of the fiduciary duties of the directors of the Company under applicable law, or (B) preclude the Shareholder, in his capacity as a director or officer of the Company, from responding, within the time and manner required by the applicable laws, to any take over bid or any business combination or similar transaction involving the Company or any of its subsidiaries or assets or tender or exchange offer made for the Company Common Shares.

The Deposit Agreements are each terminable by the Shareholders if: (i) the Offer has not been made as provided in the Support Agreement; (ii) the Offer does not substantially conform with the description in the Support Agreement or the provisions of such Deposit Agreement; (iii) Company Common Shares deposited under the Offer (including the Shareholder's Company Securities) have not, for any reason whatsoever, been taken up and paid for on or before the end of the tenth day following the expiry of the Offer; (iv) the Offer is abandoned by the Offeror; (v) the Support Agreement is terminated in accordance with its terms; and (vi) subject to certain conditions, after January 31, 2004, the Offeror has not purchased any Company Common Shares pursuant to the Offer, other than as a result of the material breach by such Shareholder of any material covenant or obligation under the Deposit Agreement or as a result of any representation or warranty of a Shareholder in the Deposit Agreement being untrue or incorrect in any material respect.

The Deposit Agreements are each terminable by Honeywell if: (i) a Shareholder has not complied in all material respects with his or her covenants to Honeywell contained therein; (ii) any of the representations and warranties of a Shareholder contained therein is untrue or inaccurate; (iii) the Company has not complied in all material respects with its covenants to Honeywell under the Support Agreement; (iv) the conditions in Exhibit II of the Support Agreement are not satisfied or waived by the Offeror on or prior to the expiry of the Offer; or (v) the Support Agreement is terminated.

The foregoing summary of the Deposit Agreements and the Support Agreement is qualified in its entirety by reference to the Deposit Agreements, which are attached hereto as Exhibits 2, 3 and 4, and the Support Agreement, which is attached hereto as Exhibit 5 and incorporated herein by reference.

Except as indicated in this Schedule 13D, Honeywell currently has no specific plans or proposals that relate to or would result in any of the matters described in subparagraphs (a) through (j) of Item 4 of Schedule 13D.

ITEM 5. INTEREST IN SECURITIES OF THE COMPANY.

(a)-(c) As a result of entering into the Deposit Agreements, Honeywell may be deemed, for purposes of Rule 13d-3 under the Securities Exchange Act of 1934 (the "Exchange Act"), to share with the respective Shareholders party to the Deposit Agreement the direct or indirect power to vote, direct the voting of, dispose of, or direct the disposal of, an aggregate of 925,690 Company Common Shares (3). Company Common Shares (including the options) collectively represent approximately 11.9% of the issued and outstanding Company Common Shares, including those Company Common Shares issuable upon the exercise of options held by Mr. Bakshi. The foregoing calculations assume that 7,468,541 Company Common Shares were outstanding on October 10, 2003 (excluding 549,900 Company Common Shares which are held by the Company and have not been cancelled), as represented by the Company in the Support Agreement.

(3) This number includes the options owned by Mr. Bakshi; however, to date such options remain unexercised and Honeywell has no right to direct the exercise of any of them. Honeywell may be deemed for purposes of Rule 13d-3 under the Exchange Act to share with Mr. Bakshi the direct or indirect power to vote, direct the voting of, dispose of, or direct the disposal of any Company Common Shares resulting from the exercise of any of such options. This number excludes the share appreciation rights owned by Mr. Gill.

Notwithstanding the foregoing, however, Honeywell (i) is not entitled to any rights as a shareholder of the Company with respect to the Company Securities covered by this Schedule 13D and (ii) has no direct or indirect power to vote, direct the voting of, dispose of, or direct the disposal of, any of the Company Common Shares covered by this Schedule 13D other than pursuant to the Deposit Agreements. Honeywell does not directly own any Company Common Shares. Honeywell hereby disclaims beneficial ownership of all Company Common Shares (including those covered by this Schedule 13D, which, for the avoidance of doubt, include any Company Common Shares resulting from the exercise of any of the options or share appreciation rights), and nothing contained in this Schedule 13D shall be construed as an admission that any such person is, for the purposes of Section 13(d) or 13(g) of the Exchange Act or otherwise, the beneficial owner of any securities covered by this Schedule 13D.

Except as set forth herein, no transactions involving Company Common Shares have been effected during the past 60 days by Honeywell or any of its respective directors or executive officers.

- (d) None.
- (e) Not applicable.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE COMPANY.

Except as described in this Schedule 13D, neither Honeywell nor any executive officer or director of Honeywell has any other contracts, arrangements, understandings or relationships with any persons with respect to any securities of the Company. The transactions discussed in Item 4 are further described in the Deposit Agreements, which are attached hereto as Exhibits 2, 3 and 4 and the Support Agreement, which is attached hereto as Exhibit 5.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

- Exhibit 1 List of Executive Officers and Directors of Honeywell.
- Exhibit 2 Deposit Agreement, dated as of October 10, 2003, between Honeywell and Rob Bakshi.
- Exhibit 3 Deposit Agreement, dated as of October 10, 2003, between Honeywell and Vinod Bakshi.
- Exhibit 4 Deposit Agreement, dated as of October 10, 2003, between Honeywell and Opinder Singh Gill.
- Exhibit 5 Support Agreement, dated as of October 10, 2003, between Honeywell and the Company.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

HONEYWELL INTERNATIONAL INC.

By: /s/ Thomas F. Larkins

Name: Thomas F. Larkins
Title: Vice President and Corporate
Secretary

Dated: October 20, 2003

EXHIBIT INDEX

	Document
Exhibit 1 --	List of Executive Officers and Directors of Honeywell.
Exhibit 2 --	Deposit Agreement, dated as of October 10, 2003, between Honeywell and Rob Bakshi.
Exhibit 3 --	Deposit Agreement, dated as of October 10, 2003, between Honeywell and Vinod Bakshi.
Exhibit 4 --	Deposit Agreement, dated as of October 10, 2003, between Honeywell and Opinder Singh Gill.
Exhibit 5 --	Support Agreement, dated as of October 10, 2003, between Honeywell and the Company.

DIRECTORS:

NAME - - - - -	BUSINESS ADDRESS - - - - -	PRINCIPAL OCCUPATION OR EMPLOYMENT - - - - -	CITIZENSHIP - - - - -
Hans W. Becherer	c/o 101 Columbia Road Morristown, NJ 07962	Former Chairman and Chief Executive Officer of Deere & Company	USA
Gordon M. Bethune	1600 Smith Street, HQS E0 Houston, TX 77002	Chairman of the Board, Chief Executive Officer of Continental Airlines, Inc.	USA
Marshall N. Carter	79 JFK Street Cambridge, MA 02138	Senior Fellow at the Center for Business and Government, John F. Kennedy School of Government, Harvard University	USA
Jaime Chico Pardo	Parque Via, # 190 - Piso 10 Col. Cuauhtemoc, 06599 Mexico, D.F.	Vice Chairman and Chief Executive Officer of Telefonos de Mexico, S.A. de C.V.	Mexico
David M. Cote	101 Columbia Road Morristown, NJ 07962	Chairman of the Board, President and Chief Executive Officer	USA
Clive R. Hollick	Ludgate House 245 Blackfriars Road London SE19UY	Chief Executive Officer of United News & Media plc	United Kingdom
James J. Howard	c/o 101 Columbia Road Morristown, NJ 07962	Chairman Emeritus of Xcel Energy Inc.	USA
Bruce Karatz	10990 Wilshire Blvd. Los Angeles, CA 90024	Chairman of the Board and Chief Executive Officer of KB Home	USA
Robert P. Luciano	c/o 101 Columbia Road Morristown, NJ 07962	Chairman Emeritus of Schering-Plough Corporation	USA
Russell E. Palmer	3600 Market Street, Suite 530 Philadelphia, PA 19104	Chairman and Chief Executive Officer of The Palmer Group	USA
Ivan G. Seidenberg	1095 Avenue of the Americas New York, NY 10036	President and Chief Executive Officer of Verizon Communications Inc.	USA
John R. Stafford	Five Giralda Farm Madison, NJ 07940	Consultant, Retired Chairman of the Board of Wyeth (formerly known as American Home Products Corporation)	USA
Michael W. Wright	4900 IDS Tower Minneapolis, MN 55442	Retired Chairman, President and Chief Executive Officer of Supervalu Inc.	USA

EXECUTIVE OFFICERS:

NAME - - - - -	BUSINESS ADDRESS - - - - -	PRINCIPAL OCCUPATION OR EMPLOYMENT - - - - -	CITIZENSHIP - - - - -
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David M. Cote	101 Columbia Road Morristown, NJ 07962	Chairman of the Board, President and Chief Executive Officer	USA
Dr. Nance K. Dicciani	101 Columbia Road Morristown, NJ 07962	President and Chief Executive Officer - Specialty Materials	USA
Robert J. Gillette	23365 Hawthorne Blvd. Torrance, CA 90505	President and Chief Executive Officer - Transportation and Power Systems	USA
J. Kevin Gilligan	MN10-2500 1985 Douglas Drive North Golden Valley, MN 55422	President and Chief Executive Officer - Automation and Control Systems	USA
Robert D. Johnson	1944 E. Sky Harbor Circle Phoenix, AZ 85038	President and Chief Executive Officer -Aerospace	USA
Larry E. Kittelberger	101 Columbia Road Morristown, NJ 07962	Sr. Vice President - Administration and Chief Information Officer	USA
Peter M. Kreindler	101 Columbia Road Morristown, NJ 07962	Sr. Vice President and General Counsel	USA
David J. Anderson	101 Columbia Road Morristown, NJ 07962	Sr. Vice President and Chief Financial Officer	USA
Thomas W. Weidenkopf	101 Columbia Road Morristown, NJ 07962	Sr. Vice President - Human Resources and Communication	USA
John J. Tus	101 Columbia Road Morristown, NJ 07962	Vice President, Controller and Treasurer	USA

DEPOSIT AGREEMENT

STRICTLY CONFIDENTIAL

October 10, 2003

Rob Bakshi

Dear Rob:

This letter agreement (the "Agreement") sets out the terms and conditions upon which Honeywell International Inc. (the "Offeror's Parent") will cause 678669 B.C. Ltd., a direct or indirect wholly-owned subsidiary of the Offeror's Parent (the "Offeror") to make an offer (the "Offer") on substantially the terms and conditions set forth in the support agreement between Silent Witness Enterprises Ltd. (the "Company") and the Offeror and the Offeror's Parent dated the date hereof (the "Support Agreement"), to purchase all of the issued and outstanding common shares (the "Shares") of the Company.

This Agreement also sets out the terms and conditions of the agreement by you (the "Shareholder") to deposit, or cause to be deposited, under the Offer: (i) the 274,836 Shares presently owned beneficially by the Shareholder; (ii) all Shares, if any, issued upon the exercise of certain stock options or any other rights convertible or exercisable for shares held by the Shareholder; and (iii) any Shares subsequently acquired by the Shareholder (the "Shareholder's Shares"), and sets out the obligations and commitments of the Shareholder in connection therewith. References in this Agreement to the Shares held or to be acquired by the Shareholder include the associated rights issued pursuant to the Company's "Rights Plan" (as defined in the Support Agreement).

ARTICLE 1
THE OFFER

1.1 TIMING OF THE OFFER.

The Offeror's Parent agrees to cause the Offeror to make the Offer for all of the Shares within the time and upon the terms as provided for in the Support Agreement, and subject to the conditions therein contained.

1.2 MODIFICATION OF OFFER.

The Offeror's Parent agrees that it will not cause or permit the Offeror to amend, modify or change the Offer without the prior written consent of the Shareholder, which consent shall not be unreasonably withheld, and to provide a draft of any proposed amendment, modification or change to the Offer to the Shareholder and to consult with the Shareholder with respect to the terms and conditions of such proposed amendment, modification or change of the Offer. The covenants in the foregoing sentence shall not apply in respect of any amendments, modifications or changes to the Offer in accordance with section 1.1(e) of the Support Agreement provided that the Offeror and the Offeror's Parent shall not, without the consent of the Shareholder:

- (a) increase the number or percentage of Shares required to satisfy the "Minimum Condition" (as defined in the Support Agreement) or decrease the number or percentage of Shares required to satisfy the Minimum Condition below 50% of the outstanding Shares, decrease the consideration per Share payable under the Offer, change the form of consideration payable under the Offer (other than to add additional consideration) or decrease the number of Shares sought under the Offer;
- (b) impose additional material conditions to the Offer;
- (c) in the event all of the "Bid Conditions" (as defined in the Support Agreement) are satisfied or waived, extend the period during which Shares may be deposited under the Offer without taking up and paying for Shares validly deposited thereunder and not withdrawn except as required by applicable law; or
- (d) modify or amend the Offer or any terms thereof in a manner adverse to the Shareholder.

1.3 GENERAL.

Subject to the terms and conditions of the Support Agreement, the Offeror's Parent hereby covenants to use, and to cause the Offeror to use, its reasonable best efforts to successfully complete the Offer and the transactions contemplated by this Agreement.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.1 REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER.

The Shareholder hereby represents and warrants to the Offeror's Parent that:

- (a) Authorization. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement enforceable by the Offeror's Parent against the Shareholder in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgements and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.
- (b) Ownership of Shares. The Shareholder: (i) is the sole beneficial owner of 274,836 Shares which are currently held by the Shareholder; and (ii) is the holder of 312,500 options (the "Options") to purchase Shares, if exercised, at exercise prices ranging from Cdn.\$4.79 to Cdn.\$12.25 per Share and no share appreciation rights. Except as stated in this paragraph, the Shareholder does not own or control, directly or indirectly, any other Shares or options, rights or other entitlements to acquire Shares. The Shareholder has the exclusive right to dispose of the Shareholder's Shares as provided in this Agreement and the Shareholder is not a party to, bound or affected by or subject to, any charter or by-law provision, statute, regulation, judgment, order, decree or law of which a breach would occur as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.
- (c) Good Title. All the Shareholder's Shares and Options are now, and at the time the Offeror directly or indirectly takes up and pays for the Shareholder's Shares under the Offer will be beneficially owned by the Shareholder with good and marketable title, free and clear of any and all mortgages, liens, charges, restrictions, security interests, adverse claims, pledges, encumbrances and demands or rights of others of any nature or kind whatsoever.
- (d) No Agreements. No person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer from the Shareholder, or any registered holder of the Shareholder's Shares, of any of the Shareholder's Shares, or any interest therein or right thereto, except pursuant to this Agreement.
- (e) Voting. Neither the Shareholder nor any registered holder of the Shareholder's Shares has previously granted or agreed to grant any ongoing proxy in respect of the Shareholder's Shares or entered into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind as to the Shareholder's Shares.
- (f) No Proceeding Pending. There is no claim, action, lawsuit, arbitration, mediation or other proceeding pending or, to the best of the knowledge, information and belief of the Shareholder, threatened against the Shareholder, which relates to this Agreement or otherwise materially impairs the ability of the Shareholder to consummate the transactions contemplated hereby.
- (g) Arm's Length Negotiation. The price payable by the Offeror's Parent for the Shares pursuant to the Offer (the "Offer Price") was arrived at through negotiation between the Company and the Offeror's Parent. The Shareholder has full knowledge of and access to information concerning the Company such that the underlying value of the Company was a material factor considered

by the Shareholder in entering into this Agreement and agreeing to the Offer Price, and there are no non-financial factors or other factors peculiar to the Shareholder which have been considered relevant by the Shareholder in assessing such price or that had the effect of reducing the price that would otherwise have been considered acceptable to the Shareholder.

- (h) Company Public Disclosure Documents. To the best of the knowledge of the Shareholder: (i) all forms, reports, statements, schedules and documents required to be filed by the Company with securities regulatory authority under applicable securities laws (collectively, the "Reports") did not, at the time filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (ii) the Company has not filed any confidential material change report with any securities regulatory authority or stock exchange which at the date of this Agreement remains confidential; and (iii) the Company has publicly disclosed in the Reports any information regarding any event, circumstances or action taken or failed to be taken by the Company or its subsidiaries which could individually or in the aggregate reasonably be expected to be Materially Adverse to the Company or its subsidiaries, either individually or in the aggregate.
- (i) Company Representations and Warranties. To the best of the knowledge of the Shareholder, all of the representations and warranties of the Company set forth in the Support Agreement are true and correct.

2.2 REPRESENTATIONS AND WARRANTIES OF THE OFFEROR'S PARENT.

The Offeror's Parent represents and warrants to the Shareholder as follows:

- (a) Organization. Each of the Offeror's Parent and the Offeror is a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation.
- (b) Authority. The Offeror's Parent has all requisite corporate power and authority to enter into this Agreement, and the Offeror will have at the date of the Offer all necessary corporate power and authority to make the Offer and to carry out the transactions contemplated hereby and by the Offer. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Offeror's Parent, and no other corporate proceedings on the part of the Offeror's Parent are necessary to authorize this Agreement. The Agreement has been duly executed and delivered by the Offeror's Parent and constitutes a legal, valid and binding agreement enforceable by the Shareholder against the Offeror's Parent in accordance with its terms, subject, however, to the usual limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and the availability of equitable remedies.
- (c) Non-Contravention. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby nor compliance with any of the provisions hereof will conflict with or result in any breach of any provision of the constating documents of the Offeror's Parent or the Offeror.

ARTICLE 3 COVENANTS OF THE SHAREHOLDER

3.1 GENERAL.

The Shareholder hereby covenants that until the earlier of (i) the date on which the Offeror has taken up and paid for Shares under the Offer; (ii) the date on which the Offeror abandons the Offer; (iii) the Offer expires and the Offeror has not taken up and paid for Shares in accordance with applicable law; or (iv) the termination of this Agreement in accordance with this Agreement, the Shareholder will:

- (a) except as permitted by this Agreement, not take and shall not authorize or permit any investment banker, financial advisor, attorney, accountant or other representative of his to take, any action of any kind, indirectly or directly, to oppose, frustrate

or delay the take up and payment of Shares deposited under the Offer or the completion of the Offer, including but not limited to any action to solicit, initiate, knowingly assist or knowingly encourage inquiries, submissions, proposals or offers from any other person, entity or group, and will cease immediately and not continue in any discussions or negotiations the Shareholder is carrying on regarding, or furnish to any other person, entity or group, any confidential, non-public information with respect to any "Competing Proposal" (as defined in the Support Agreement) provided that, nothing contained in this section or other provisions of this Agreement shall:

- (i) prevent the Shareholder, in his capacity as a director or officer of the Company, from engaging in discussions or negotiations with a third party or providing information in respect of, or otherwise responding to, or negotiating, approving and recommending to holders of Shares, an unsolicited bona fide Competing Proposal if the Board of Directors of the Company has determined in good faith, after consultation with and receiving advice from legal counsel and the Company's financial advisors, that such proposal may constitute or lead to a Superior Proposal or that such action is otherwise required by reason of the fiduciary duties of the directors of the Company under applicable law; or
- (ii) preclude the Shareholder, in his capacity as a director or Officer of the Company, from responding, within the time and manner required by the applicable laws, to any take over bid or any business combination or similar transaction involving the Company or any of its subsidiaries or assets or tender or exchange offer made for the Shares;

and nothing in this Agreement shall be interpreted to extend to acts or omissions of the Shareholder acting in his capacity as a director or officer of the Company or otherwise to fetter the proper exercise of discretion by the Shareholder acting in that capacity;

- (b) if the Shareholder receives any Competing Proposal the Shareholder will notify the Offeror within 24 hours of becoming aware of a proposal which, if made in writing, could constitute a Competing Proposal (as such term is defined in the Support Agreement) including the identity of any prospective offeror and the person making the Competing Proposal;
- (c) not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey the Shareholder's Shares, or any right or interest therein (legal or equitable), to any person, entity or group or agree to do any of the foregoing;
- (d) not grant or agree to grant any proxy or other right to vote the Shareholder's Shares, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind as to the Shareholder's Shares;
- (e) not do indirectly that which the Shareholder may not do directly in respect of the restrictions on the Shareholder's rights with respect to the Shareholder's Shares pursuant to this section 3.1, including, but not limited to, the granting of a proxy on the Shares of any direct or indirect holding company of the Shareholder which would have, indirectly, the effect prohibited by this section 3.1, and not to take any action which would make any representation or warranty of the Shareholder contained herein untrue or incorrect or have the effect of preventing or disabling the Shareholder from performing the Shareholder's obligations under this Agreement;
- (f) exercise the voting rights attaching to the Shareholder's Shares and otherwise use his best efforts to cause the Company to comply with its obligations under the Support Agreement, including its agreement, subject to the terms and conditions of the Support Agreement, to use all reasonable commercial efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by the Offer and the Support Agreement;
- (g) agree to use his best efforts to cause the Company to comply with

its notification obligations pursuant to section 3.2(b) of the Support Agreement;

- (h) not purchase or obtain or enter into any agreement or right to purchase any additional Shares (other than pursuant to the exercise of Options by the Shareholder);
- (i) either exercise all of the Options held by the Shareholder to acquire Shares and deposit the Shares thereby acquired under the Offer in accordance with the terms of this Agreement or surrender to the Company for cancellation all of the Options not so exercised, provided, that such exercise of Options and surrender for cancellation of Options may be made subject to the condition that, and become effective only upon, the Offeror having taken up and paid for any Shares under the Offer or becoming bound to do so;
- (j) use all reasonable efforts to preserve intact the goodwill of the Company and its subsidiaries, keep available the services of their respective present officers and key employees, and preserve their business relationships with customers and others having business relationships with them and not engage in any action directly or indirectly, with the intent to adversely impact the Company's obligations under the Support Agreement; and
- (k) if applicable, resign as a director of the Company effective at the time and in the manner requested by the Offeror's Parent, after the Offeror takes up and pays for the Shareholder's Shares.

3.2 OFFER LETTER

The Shareholder hereby covenants that immediately upon the Offeror first taking up and paying for Shares under the Offer, the Shareholder shall execute an offer letter substantially in the form initialled by the Shareholder and Offeror's Parent concurrently with the execution of this Agreement (except as the terms of such offer letter may be modified to receive all regulatory approval necessary under applicable Canadian securities laws (as approved by each of the Shareholder and the Offeror's Parent, acting reasonably) to approve the terms thereof).

3.3 NON-COMPETITION AND NON-SOLICITATION.

The Shareholder hereby covenants that such shareholder will fully comply with the covenants and agreements set forth in Schedule 1 attached hereto.

ARTICLE 4 DEPOSIT AND PAYMENT

4.1 DEPOSIT.

Subject to section 4.2, the Shareholder hereby irrevocably and unconditionally, subject to the terms of this Agreement, agrees that if the Offeror makes the Offer on the terms and conditions and conditions set out in the Support Agreement the Shareholder shall deposit or cause to be deposited all of the Shareholder's Shares (including for greater certainty all Shares issued or which may be issued to the Shareholder upon the exercise of Options or any other rights to acquire Shares), together with a duly completed and executed letter of transmittal, under the Offer as soon as practicable following the Offeror making the Offer and in any event prior to the expiry of the Offer. In the event that the Shareholder subsequently obtains any additional Shares as contemplated by section 3.1(f) hereof or otherwise, such Shares shall likewise be deposited under the Offer as soon as practicable thereafter and in any event prior to the expiry of the Offer.

4.2 NO WITHDRAWAL.

The Shareholder hereby irrevocably and unconditionally, subject to the terms of the Agreement, agrees that neither it nor any person on its behalf will withdraw or take any action to withdraw any of the Shareholder's Shares deposited under the Offer, notwithstanding any statutory rights or other rights under the terms of the Offer or otherwise which the Shareholder might have, unless this Agreement is terminated in accordance with its terms prior to the taking up of the Shareholder's Shares under the Offer or unless:

- (a) in the event that the Offer is not extended in accordance with

the Support Agreement, the Offeror does not take up and pay for the Shares on or before January 31, 2003;

- (b) in the event that the Offer is extended in accordance with the Support Agreement, the Offeror does not take up and pay for the Shares under the Offer on or before the end of the tenth day following the expiry of the Offer;
- (c) a "Superior Proposal" (as defined in the Support Agreement) is made, the board of directors of the Company has either withdrawn its recommendation of the Offer or recommended acceptance of the Superior Proposal, and (i) the Offeror has not amended the Offer to increase the consideration to be paid to holders of Shares pursuant to the Offer within the time periods specified by Section 4.2 of the Support Agreement to an amount having a value at least equal to the value of the consideration offered under the Superior Proposal and (ii) the fee specified in Section 4.5 of the Support Agreement has been paid to the Offeror's Parent as specified therein; or
- (d) the Shareholder receives the consent of the Offeror's Parent or the Offeror to so withdraw the Shareholder's Shares.

4.3 APPOINTMENT OF PROXY

The Shareholder hereby grants to, and appoints, the Offerors' Parent and the Secretary of the Offeror's Parent and the Chief Financial Officer of the Offeror's Parent, in their respective capacities as officers of the Offeror's Parent, and any other designee of the Offeror's Parent, each of them individually, the Shareholder's irrevocable proxy and attorney in fact (with full power of substitution) to vote the Shareholder's irrevocable proxy and attorney in fact (with full power of substitution) to vote the Shareholder's Shares with respect thereto, in order to give effect to the covenants of the shareholder contained in this Agreement and in furtherance of the obligations of the Company contained in the Support Agreement. The Shareholder agrees that proxy is irrevocable until this Agreement is terminated in accordance with Article 5 hereof and coupled with an interest and will take such further action or execute such other instruments as may be necessary to effectuate the intent of this proxy and hereby revokes any proxy previously granted by him with respect to the Shares.

4.4 STOP TRANSFER ORDER

Subject to the termination rights set forth in Article V of this Agreement, in furtherance of the transactions contemplated by this Agreement and the Support Agreement, the Shareholder hereby authorizes the Offeror's Parent to instruct the Company to direct its transfer agent to place a stop transfer order on the Shareholder's Shares and not to amend, terminate or waive any of the terms of such stop transfer order (other than to permit the transfer of the Shareholder's Shares to the Offeror) during the term of this Agreement.

ARTICLE 5

TERMINATION BY THE SHAREHOLDER AND BY THE PURCHASER

5.1 TERMINATION BY THE SHAREHOLDER.

The Shareholder, when not in material default in performance of his obligations under this Agreement, may, without prejudice to any other rights, terminate this Agreement by notice to the Offeror's Parent if:

- (a) the Offer has not been made as provided in section 1.1 hereof,
- (b) the Offer does not substantially conform with, or subject to section 1.2 hereof is modified in a manner so as not to conform with, the description in the Support Agreement or the provisions of this Agreement;
- (c) Shares deposited under the Offer (including the Shareholder's Shares) have not, for any reason whatsoever, been taken up and paid for on or before the end of the tenth day following the expiry of the Offer;
- (d) the Offer is abandoned by the Offeror (which shall be conclusively evidenced by the Offeror issuing a press release or otherwise publicly disclosing or announcing that the Offer is withdrawn);

(e) after January 31, 2004 if the Offeror has not purchased any Shares pursuant to the Offer, otherwise than as a result of the material breach by the Shareholder of any material covenant or obligation under this Agreement or as a result of any representation or warranty of the Shareholder in this Agreement being untrue or incorrect in any material respect; provided, however, that if the Offeror's take up and payment for Shares deposited under the Offer is delayed by (i) an injunction or order made by a court or regulatory authority of competent jurisdiction, or (ii) the Offeror not having obtained any regulatory waiver consent or approval which is necessary to permit the Offeror to take up and pay for the Shares deposited under the Offer, then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought, as applicable, this Agreement shall not be terminated by the Shareholder pursuant to this section until the earlier of (i) March 31, 2004 and (ii) the fifth business day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable; and

(f) the Support Agreement is terminated in accordance with its terms.

5.2 TERMINATION BY THE OFFEROR'S PARENT.

The Offeror's Parent, when not in material default in performance of its obligations under this Agreement, may, without prejudice to any other rights, terminate this Agreement by notice to the Shareholder if:

- (a) the Shareholder has not complied in all material respects with its covenants to the Offeror's Parent contained herein;
- (b) any of the representations and warranties of the Shareholder contained herein is untrue or inaccurate;
- (c) the Company has not complied in all material respects with its covenants to the Offeror's Parent under the Support Agreement;
- (d) the conditions in Exhibit II of the Support Agreement are not satisfied or waived by the Offeror on or prior to the expiry of the Offer; or
- (e) in the event of the termination of the Support Agreement.

5.3 EFFECT OF TERMINATION.

In the case of any termination of this Agreement pursuant to this Article 5, this Agreement shall be of no further force and effect. Such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination. Upon termination of this Agreement in accordance with its terms, the Shareholder shall be entitled to withdraw the Shareholder's Shares from the Offer.

ARTICLE 6 GENERAL

6.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

The representations and warranties shall not survive the consummation of the Offer, provided that the representations and warranties of the Shareholder in section 2.1(a) through (e) of this Agreement shall survive indefinitely and the other representations and warranties of the Shareholder in section 2.1 of this Agreement shall terminate upon the expiry of the Offer. No investigations made by or on behalf of the Offeror's Parent, the Offeror or any of their authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty or covenant made by the Shareholder in or pursuant to this Agreement.

6.2 DISCLOSURE.

Except as may otherwise be required by law or by regulatory authorities having discretion over such matters, each party hereto agrees that it will not make any public disclosure with respect to this Agreement or the negotiations related to this Agreement in each case without the prior approval of the other party, which approval will not be unreasonably withheld. If any party deems that it is required by law or such regulatory

authority to make any public announcement or release concerning this Agreement, such party agrees to provide a written copy thereof to the other party in advance of any such announcement or release and to reasonably consider any suggested modifications, which will be provided by the other party in a timely matter. The parties acknowledge that the terms of this Agreement will be summarized in the Offer and in the Directors' Circular relating to the Offer.

6.3 ASSIGNMENT.

This Agreement shall not be assigned by operation of law or otherwise, except that the Offeror's Parent may assign all or any of its rights and obligations hereunder to any direct or indirect wholly-owned subsidiary of the Offeror's Parent, provided that no such assignment shall relieve the Offeror's Parent of its obligations hereunder if such assignee does not perform such obligations.

6.4 TIME.

Time shall be of the essence of this Agreement.

6.5 CURRENCY.

All sums of money referred to in this Agreement shall mean Canadian funds.

6.6 GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. The parties hereto submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and British Columbia in respect of the interpretation and enforcement of this Agreement.

6.7 ENTIRE AGREEMENT.

This Agreement and the other agreements referenced herein constitute and comprise the entire agreement and understanding between the parties hereto with regard to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof.

6.8 AMENDMENTS.

This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by each of the parties hereto. Either party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby.

6.9 DEFINITIONS.

For the purposes of this Agreement the term:

- (a) "affiliates" and "associates" means the persons, companies and other entities included in the definitions of such terms under the Securities Act (British Columbia);
- (b) "business day" means any day, other than a Saturday or Sunday, on which chartered banks in the City of Vancouver, British Columbia and the City of Toronto, Ontario are open for business;
- (c) "Effective Date" means any date upon which the Offeror takes up and pays for Shares under the Offer;
- (d) "Materially Adverse" has the meaning ascribed to such term in the Support Agreement;
- (e) "material fact", "material change" and "misrepresentation" are used as defined under the Securities Act (British Columbia); and

(f) "Shares" shall include any shares into which the Shares may be reclassified, subdivided, consolidated or converted and any rights and benefits arising therefrom including any extraordinary distributions of securities which may be declared in respect of the Shares.

or the purposes of this Agreement, if the last day of a period of days is not a business day, the period shall be extended to the next following day which is a business day.

6.10 SPECIFIC PERFORMANCE AND OTHER EQUITABLE RIGHTS.

Each of the parties recognizes and acknowledges that this Agreement is an integral part of the transactions contemplated in the Offer, that the Offeror's Parent would not contemplate causing the Offer to be made and the Shareholder would not agree to its covenants to the Offeror's Parent herein and to irrevocably deposit the Shareholder's Shares to the Offer unless this Agreement was executed and that a breach by a party of any covenants or other commitments contained in this Agreement will cause the other party to sustain injury for which it would not have an adequate remedy at law for money damages. Therefore, each of the parties agrees that in the event of any such breach, the aggrieved party shall be entitled to the remedy of specific performance of such covenants or commitments and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity, and the parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any injunctive or other equitable relief.

6.11 NOTICES.

Any notice required or permitted to be given hereunder shall be written, and shall be either (i) personally delivered, (ii) sent by a reputable common carrier guaranteeing next business day delivery, or (iii) sent by facsimile, to the respective addresses of the parties set forth below, or to such other place as any party hereto may by notice given as provided herein designate for receipt of notices hereunder. Any such notice shall be deemed given and effective upon receipt or refusal of receipt thereof by the primary party to whom it is to be sent.

(a) If to the Offeror's Parent or the Offeror, addressed as follows:

Honeywell International Inc.
101 Columbia Road
Morristown, NJ 07962

Attention: Senior Vice President and General Counsel

Facsimile: (973) 455-4217

with a copy to:

Honeywell International Inc.
1600 Utica Avenue S
Suite 300
St. Louis Park, MN 55416

Attention: Vice President and General Counsel -
Automation and Control Solutions

Facsimile: (952) 656-1231

with a further copy to:

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Stephen Arnold

Facsimile: (416) 862-6615

(b) to the Shareholder, addressed as follows:

Rob Bakshi
2781 140th St
Surrey, BC V3S 9W8

with a copy to:

Owen Bird
2900 - 595 Burrard Street
Vancouver, BC V7X 1J5

Attention: Kitty Heller

Facsimile: (604) 688-2827

and, solely for information purposes, to:

McCarthy Tetrault LLP
1300 - 777 Dunsmuir Street
Vancouver, BC V7Y 1K2

Attention: Tim McCafferty

Facsimile: (604) 622-5680

6.12 EXPENSES.

Each of the parties shall pay all of its own legal, financial advisory and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed or prepared pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

6.13 SEVERABILITY.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

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6.14 COUNTERPARTS.

This Agreement may be executed by facsimile signature, or otherwise, in two or more counterparts, all of which taken together will constitute one binding agreement.

HONEYWELL INTERNATIONAL INC.

By: /s/ Anne T. Madden

Anne T. Madden,
Vice President-Corporate Planning
and Development

Agreed and accepted as of this 10th day of October, 2003.

/s/ Rob Bakshi

Rob Bakshi

SHAREHOLDERS NON-COMPETITION AND NON-SOLICITATION COVENANTS

1. ACKNOWLEDGEMENT.

The Offeror's Parent is a leading global manufacturer of security systems and products for home, business and specialty applications and the Offeror has agreed to acquire all of the outstanding common shares of the Company for an amount that is substantially in excess of the current share price. By virtue of his position with the Company the Shareholder has maintained close working relationships with the customers, clients, suppliers, distributors, consultants, agents and employees of the Company, and is in a position to irreparably harm the Company and the Offeror's Parent should he make use of the specialised knowledge, contacts and connections that were obtained because of his position with the Company or the specialised knowledge, contacts and connections that will be obtained because of his future position with the Offeror's Parent.

The Shareholder acknowledges and agrees that because he and others will be receiving an amount that is substantially in excess of the current share price the following covenants and restrictions are reasonable and valid in terms of time, scope of activities and geographical limitations and understands and agrees that they are vital consideration for the purposes of the Offeror acquiring the shares of the Company.

2. NON-COMPETITION AND NON-SOLICITATION.

The Shareholder will not for a period of thirty months from the date on which such Shareholder's employment with the Offeror's Parent or its Affiliates is terminated (such date, the "Termination Date") without the Offeror's express written consent, either as an individual, or in conjunction with any other person, firm, corporation, or other entity, whether acting as a principal, agent, employee, consultant, or in any capacity whatsoever:

- (a) engage in or in any way be concerned with any business or enterprise relating to the manufacture, sales or installation of video or DVR/digital CCTV systems and security products for home or business (the "CCTV Business") in any of the provinces and territories of Canada, and the states and territories of the United States of America; provided, however, the foregoing shall not be deemed to prohibit the Shareholder from being employed by a corporation or other entity in a position wholly unrelated to the manufacture, sales or installation of security systems and security products for home or business merely because such corporation or other entity is engaged in the CCTV Business.
- (b) solicit, attempt to solicit, call upon, or accept the business of any firm, person or company who is or, during a 30 month period prior to the Termination Date, was a customer, client, supplier or distributor of the Company or, with respect to the CCTV Business, the Offeror's Parent (or any of its Affiliates);
- (c) take advantage of, derive a benefit or otherwise profit from any business opportunities that the Shareholder became aware of in the course of employment with the Company or the Offeror's Parent or any of its Affiliates even if the Offeror does not take advantage of or exploit such opportunities;
- (d) take any action as a result of which relations between the Company or the Offeror's Parent (or any of its Affiliates), on the one hand, and its consultants, customers, clients, suppliers, distributors, employees or others, on the other hand, may be impaired or which might otherwise be detrimental to the business interests or reputation of the Company or the Offeror's Parent (or any of its Affiliates);
- (e) solicit, attempt to solicit, or communicate in any way with any employees or consultants of the Company or the Offeror's Parent (or any of its Affiliates) for the purpose of having such employees employed or in any way engaged by another person, firm, corporation, or other entity; or
- (f) hire, whether as an employee, consultant or otherwise, any person who as of the date on which the Shareholder's employment with the

Offeror's Parent or its Affiliates is terminated was employed by the Company or the Offeror's Parent (or any of its Affiliates), or who at any time was employed or engaged by the Company or the Offeror's Parent (or any of its Affiliates) in the 12 months preceding the Termination Date.

DEPOSIT AGREEMENT

STRICTLY CONFIDENTIAL

October 10, 2003

Vinod Bakshi

Dear Vinod:

This letter agreement (the "Agreement") sets out the terms and conditions upon which Honeywell International Inc. (the "Offeror's Parent") will cause 678669 B.C. Ltd., a direct or indirect wholly-owned subsidiary of the Offeror's Parent (the "Offeror") to make an offer (the "Offer") on substantially the terms and conditions set forth in the support agreement between Silent Witness Enterprises Ltd. (the "Company") and the Offeror and the Offeror's Parent dated the date hereof (the "Support Agreement"), to purchase all of the issued and outstanding common shares (the "Shares") of the Company.

This Agreement also sets out the terms and conditions of the agreement by you (the "Shareholder") to deposit, or cause to be deposited, under the Offer: (i) the 256,654 Shares presently owned beneficially by the Shareholder; (ii) all Shares, if any, issued upon the exercise of certain stock options or any other rights convertible or exercisable for shares held by the Shareholder; and (iii) any Shares subsequently acquired by the Shareholder (the "Shareholder's Shares"), and sets out the obligations and commitments of the Shareholder in connection therewith. References in this Agreement to the Shares held or to be acquired by the Shareholder include the associated rights issued pursuant to the Company's "Rights Plan" (as defined in the Support Agreement).

ARTICLE 1
THE OFFER

1.1 TIMING OF THE OFFER.

The Offeror's Parent agrees to cause the Offeror to make the Offer for all of the Shares within the time and upon the terms as provided for in the Support Agreement, and subject to the conditions therein contained.

1.2 MODIFICATION OF OFFER.

The Offeror's Parent agrees that it will not cause or permit the Offeror to amend, modify or change the Offer without the prior written consent of the Shareholder, which consent shall not be unreasonably withheld, and to provide a draft of any proposed amendment, modification or change to the Offer to the Shareholder and to consult with the Shareholder with respect to the terms and conditions of such proposed amendment, modification or change of the Offer. The covenants in the foregoing sentence shall not apply in respect of any amendments, modifications or changes to the Offer in accordance with section 1.1(e) of the Support Agreement provided that the Offeror and the Offeror's Parent shall not, without the consent of the Shareholder:

- (a) increase the number or percentage of Shares required to satisfy the "Minimum Condition" (as defined in the Support Agreement) or decrease the number or percentage of Shares required to satisfy the Minimum Condition below 50% of the outstanding Shares, decrease the consideration per Share payable under the Offer, change the form of consideration payable under the Offer (other than to add additional consideration) or decrease the number of Shares sought under the Offer;
- (b) impose additional material conditions to the Offer;
- (c) in the event all of the "Bid Conditions" (as defined in the Support Agreement) are satisfied or waived, extend the period during which Shares may be deposited under the Offer without taking up and paying for Shares validly deposited thereunder and not withdrawn except as required by applicable law; or
- (d) modify or amend the Offer or any terms thereof in a manner adverse to the Shareholder.

1.3 GENERAL.

Subject to the terms and conditions of the Support Agreement, the Offeror's Parent hereby covenants to use, and to cause the Offeror to use, its reasonable best efforts to successfully complete the Offer and the transactions contemplated by this Agreement.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES

2.1 REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER.

The Shareholder hereby represents and warrants to the Offeror's Parent that:

- (a) Authorization. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement enforceable by the Offeror's Parent against the Shareholder in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgements and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.
- (b) Ownership of Shares. The Shareholder: (i) is the sole beneficial owner of 256,654 Shares which are currently held by the Shareholder; (ii) holds no options (the "Options"); and (iii) holds no share appreciation rights. Except as stated in this paragraph, the Shareholder does not own or control, directly or indirectly, any other Shares or options, rights or other entitlements to acquire Shares. The Shareholder has the exclusive right to dispose of the Shareholder's Shares as provided in this Agreement and the Shareholder is not a party to, bound or affected by or subject to, any charter or by-law provision, statute, regulation, judgment, order, decree or law of which a breach would occur as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.
- (c) Good Title. All the Shareholder's Shares are now, and at the time the Offeror directly or indirectly takes up and pays for the Shareholder's Shares under the Offer will be beneficially owned by the Shareholder with good and marketable title, free and clear of any and all mortgages, liens, charges, restrictions, security interests, adverse claims, pledges, encumbrances and demands or rights of others of any nature or kind whatsoever.
- (d) No Agreements. No person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer from the Shareholder, or any registered holder of the Shareholder's Shares, of any of the Shareholder's Shares, or any interest therein or right thereto, except pursuant to this Agreement.
- (e) Voting. Neither the Shareholder nor any registered holder of the Shareholder's Shares has previously granted or agreed to grant any ongoing proxy in respect of the Shareholder's Shares or entered into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind as to the Shareholder's Shares.
- (f) No Proceeding Pending. There is no claim, action, lawsuit, arbitration, mediation or other proceeding pending or, to the best of the knowledge, information and belief of the Shareholder, threatened against the Shareholder, which relates to this Agreement or otherwise materially impairs the ability of the Shareholder to consummate the transactions contemplated hereby.
- (g) Arm's Length Negotiation. The price payable by the Offeror's Parent for the Shares pursuant to the Offer (the "Offer Price") was arrived at through negotiation between the Company and the Offeror's Parent. The Shareholder has full knowledge of and access to information concerning the Company such that the underlying value of the Company was a material factor considered by the Shareholder in entering into this Agreement and agreeing

to the Offer Price, and there are no non-financial factors or other factors peculiar to the Shareholder which have been considered relevant by the Shareholder in assessing such price or that had the effect of reducing the price that would otherwise have been considered acceptable to the Shareholder.

2.2 REPRESENTATIONS AND WARRANTIES OF THE OFFEROR'S PARENT.

The Offeror's Parent represents and warrants to the Shareholder as follows:

- (a) Organization. Each of the Offeror's Parent and the Offeror is a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation.
- (b) Authority. The Offeror's Parent has all requisite corporate power and authority to enter into this Agreement, and the Offeror will have at the date of the Offer all necessary corporate power and authority to make the Offer and to carry out the transactions contemplated hereby and by the Offer. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Offeror's Parent, and no other corporate proceedings on the part of the Offeror's Parent are necessary to authorize this Agreement. The Agreement has been duly executed and delivered by the Offeror's Parent and constitutes a legal, valid and binding agreement enforceable by the Shareholder against the Offeror's Parent in accordance with its terms, subject, however, to the usual limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and the availability of equitable remedies.
- (c) Non-Contravention. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby nor compliance with any of the provisions hereof will conflict with or result in any breach of any provision of the constating documents of the Offeror's Parent or the Offeror.

ARTICLE 3 COVENANTS OF THE SHAREHOLDER

3.1 GENERAL.

The Shareholder hereby covenants that until the earlier of (i) the date on which the Offeror has taken up and paid for Shares under the Offer; (ii) the date on which the Offeror abandons the Offer; (iii) the Offer expires and the Offeror has not taken up and paid for Shares in accordance with applicable law; or (iv) the termination of this Agreement in accordance with this Agreement, the Shareholder will:

- (a) except as permitted by this Agreement, not take and shall not authorize or permit any investment banker, financial advisor, attorney, accountant or other representative of his to take, any action of any kind, indirectly or directly, to oppose, frustrate or delay the take up and payment of Shares deposited under the Offer or the completion of the Offer, including but not limited to any action to solicit, initiate, knowingly assist or knowingly encourage inquiries, submissions, proposals or offers from any other person, entity or group, and will cease immediately and not continue in any discussions or negotiations the Shareholder is carrying on regarding, or furnish to any other person, entity or group, any confidential, non-public information with respect to any "Competing Proposal" (as defined in the Support Agreement) provided that, nothing contained in this section or other provisions of this Agreement shall:
 - (i) prevent the Shareholder, in his capacity as a director or officer of the Company, from engaging in discussions or negotiations with a third party or providing information in respect of, or otherwise responding to, or negotiating, approving and recommending to holders of Shares, an unsolicited bona fide Competing Proposal if the Board of Directors of the Company has determined in good faith, after consultation with and receiving advice from legal counsel and the Company's financial advisors, that such proposal may constitute or lead to a Superior Proposal or that such action is otherwise required by reason of the fiduciary duties of the directors of the Company under applicable law; or

(ii) preclude the Shareholder, in his capacity as a director or Officer of the Company, from responding, within the time and manner required by the applicable laws, to any take over bid or any business combination or similar transaction involving the Company or any of its subsidiaries or assets or tender or exchange offer made for the Shares;

and nothing in this Agreement shall be interpreted to extend to acts or omissions of the Shareholder acting in his capacity as a director or officer of the Company or otherwise to fetter the proper exercise of discretion by the Shareholder acting in that capacity;

- (b) if the Shareholder receives any Competing Proposal the Shareholder will notify the Offeror within 24 hours of becoming aware of a proposal which, if made in writing, could constitute a Competing Proposal (as such term is defined in the Support Agreement) including the identity of any prospective offeror and the person making the Competing Proposal;
- (c) not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey the Shareholder's Shares, or any right or interest therein (legal or equitable), to any person, entity or group or agree to do any of the foregoing;
- (d) not grant or agree to grant any proxy or other right to vote the Shareholder's Shares, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind as to the Shareholder's Shares;
- (e) not do indirectly that which the Shareholder may not do directly in respect of the restrictions on the Shareholder's rights with respect to the Shareholder's Shares pursuant to this section 3.1, including, but not limited to, the granting of a proxy on the Shares of any direct or indirect holding company of the Shareholder which would have, indirectly, the effect prohibited by this section 3.1, and not to take any action which would make any representation or warranty of the Shareholder contained herein untrue or incorrect or have the effect of preventing or disabling the Shareholder from performing the Shareholder's obligations under this Agreement;
- (f) exercise the voting rights attaching to the Shareholder's Shares and otherwise use his best efforts to cause the Company to comply with its obligations under the Support Agreement, including its agreement, subject to the terms and conditions of the Support Agreement, to use all reasonable commercial efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated by the Offer and the Support Agreement;
- (g) not purchase or obtain or enter into any agreement or right to purchase any additional Shares;
- (h) if applicable, resign as a director of the Company effective at the time and in the manner requested by the Offeror's Parent, after the Offeror takes up and pays for the Shareholder's Shares.

ARTICLE 4 DEPOSIT AND PAYMENT

4.1 DEPOSIT.

Subject to section 4.2, the Shareholder hereby irrevocably and unconditionally, subject to the terms of this Agreement, agrees that if the Offeror makes the Offer on the terms and conditions and conditions set out in the Support Agreement the Shareholder shall deposit or cause to be deposited all of the Shareholder's Shares (including for greater certainty all Shares issued or which may be issued to the Shareholder upon the exercise of any other rights to acquire Shares), together with a duly completed and executed letter of transmittal, under the Offer as soon as practicable following the Offeror making the Offer and in any event prior to the expiry of the Offer. In the event that the Shareholder subsequently obtains any additional Shares as contemplated by section 3.1(f) hereof or otherwise, such Shares shall likewise be deposited under the Offer as soon as practicable thereafter and in any event prior to the expiry of the

Offer.

4.2 NO WITHDRAWAL.

The Shareholder hereby irrevocably and unconditionally, subject to the terms of the Agreement, agrees that neither it nor any person on its behalf will withdraw or take any action to withdraw any of the Shareholder's Shares deposited under the Offer, notwithstanding any statutory rights or other rights under the terms of the Offer or otherwise which the Shareholder might have, unless this Agreement is terminated in accordance with its terms prior to the taking up of the Shareholder's Shares under the Offer or unless:

- (a) in the event that the Offer is not extended in accordance with the Support Agreement, the Offeror does not take up and pay for the Shares on or before January 31, 2003;
- (b) in the event that the Offer is extended in accordance with the Support Agreement, the Offeror does not take up and pay for the Shares under the Offer on or before the end of the tenth day following the expiry of the Offer;
- (c) a "Superior Proposal" (as defined in the Support Agreement) is made, the board of directors of the Company has either withdrawn its recommendation of the Offer or recommended acceptance of the Superior Proposal, and (i) the Offeror has not amended the Offer to increase the consideration to be paid to holders of Shares pursuant to the Offer within the time periods specified by Section 4.2 of the Support Agreement to an amount having a value at least equal to the value of the consideration offered under the Superior Proposal and (ii) the fee specified in Section 4.5 of the Support Agreement has been paid to the Offeror's Parent as specified therein; or
- (d) the Shareholder receives the consent of the Offeror's Parent or the Offeror to so withdraw the Shareholder's Shares.

4.3 APPOINTMENT OF PROXY

The Shareholder hereby grants to, and appoints, the Offerors' Parent and the Secretary of the Offeror's Parent and the Chief Financial Officer of the Offeror's Parent, in their respective capacities as officers of the Offeror's Parent, and any other designee of the Offeror's Parent, each of them individually, the Shareholder's irrevocable proxy and attorney in fact (with full power of substitution) to vote the Shareholder's irrevocable proxy and attorney in fact (with full power of substitution) to vote the Shareholder's Shares with respect thereto, in order to give effect to the covenants of the shareholder contained in this Agreement and in furtherance of the obligations of the Company contained in the Support Agreement. The Shareholder agrees that proxy is irrevocable until this Agreement is terminated in accordance with Article 5 hereof and coupled with an interest and will take such further action or execute such other instruments as may be necessary to effectuate the intent of this proxy and hereby revokes any proxy previously granted by him with respect to the Shares.

4.4 STOP TRANSFER ORDER

Subject to the termination rights set forth in Article V of this Agreement, in furtherance of the transactions contemplated by this Agreement and the Support Agreement, the Shareholder hereby authorizes the Offeror's Parent to instruct the Company to direct its transfer agent to place a stop transfer order on the Shareholder's Shares and not to amend, terminate or waive any of the terms of such stop transfer order (other than to permit the transfer of the Shareholder's Shares to the Offeror) during the term of this Agreement.

ARTICLE 5

TERMINATION BY THE SHAREHOLDER AND BY THE PURCHASER

5.1 TERMINATION BY THE SHAREHOLDER.

The Shareholder, when not in material default in performance of his obligations under this Agreement, may, without prejudice to any other rights, terminate this Agreement by notice to the Offeror's Parent if:

- (a) the Offer has not been made as provided in section 1.1 hereof,

- (b) the Offer does not substantially conform with, or subject to section 1.2 hereof is modified in a manner so as not to conform with, the description in the Support Agreement or the provisions of this Agreement;
- (c) Shares deposited under the Offer (including the Shareholder's Shares) have not, for any reason whatsoever, been taken up and paid for on or before the end of the tenth day following the expiry of the Offer;
- (d) the Offer is abandoned by the Offeror (which shall be conclusively evidenced by the Offeror issuing a press release or otherwise publicly disclosing or announcing that the Offer is withdrawn);
- (e) after January 31, 2004 if the Offeror has not purchased any Shares pursuant to the Offer, otherwise than as a result of the material breach by the Shareholder of any material covenant or obligation under this Agreement or as a result of any representation or warranty of the Shareholder in this Agreement being untrue or incorrect in any material respect; provided, however, that if the Offeror's take up and payment for Shares deposited under the Offer is delayed by (i) an injunction or order made by a court or regulatory authority of competent jurisdiction, or (ii) the Offeror not having obtained any regulatory waiver consent or approval which is necessary to permit the Offeror to take up and pay for the Shares deposited under the Offer, then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought, as applicable, this Agreement shall not be terminated by the Shareholder pursuant to this section until the earlier of (i) March 31, 2004 and (ii) the fifth business day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable; and
- (f) the Support Agreement is terminated in accordance with its terms.

5.2 TERMINATION BY THE OFFEROR'S PARENT.

The Offeror's Parent, when not in material default in performance of its obligations under this Agreement, may, without prejudice to any other rights, terminate this Agreement by notice to the Shareholder if:

- (a) the Shareholder has not complied in all material respects with its covenants to the Offeror's Parent contained herein;
- (b) any of the representations and warranties of the Shareholder contained herein is untrue or inaccurate;
- (c) the Company has not complied in all material respects with its covenants to the Offeror's Parent under the Support Agreement;
- (d) the conditions in Exhibit II of the Support Agreement are not satisfied or waived by the Offeror on or prior to the expiry of the Offer; or
- (e) in the event of the termination of the Support Agreement.

5.3 EFFECT OF TERMINATION.

In the case of any termination of this Agreement pursuant to this Article 5, this Agreement shall be of no further force and effect. Such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination. Upon termination of this Agreement in accordance with its terms, the Shareholder shall be entitled to withdraw the Shareholder's Shares from the Offer.

ARTICLE 6
GENERAL

6.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

The representations and warranties shall not survive the consummation of the Offer, provided that the representations and warranties of the Shareholder in section 2.1(a) through (e) of this Agreement shall survive indefinitely and the other representations and warranties of the Shareholder in section 2.1 of this Agreement shall terminate upon the

expiry of the Offer. No investigations made by or on behalf of the Offeror's Parent, the Offeror or any of their authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty or covenant made by the Shareholder in or pursuant to this Agreement.

6.2 DISCLOSURE.

Except as may otherwise be required by law or by regulatory authorities having discretion over such matters, each party hereto agrees that it will not make any public disclosure with respect to this Agreement or the negotiations related to this Agreement in each case without the prior approval of the other party, which approval will not be unreasonably withheld. If any party deems that it is required by law or such regulatory authority to make any public announcement or release concerning this Agreement, such party agrees to provide a written copy thereof to the other party in advance of any such announcement or release and to reasonably consider any suggested modifications, which will be provided by the other party in a timely matter. The parties acknowledge that the terms of this Agreement will be summarized in the Offer and in the Directors' Circular relating to the Offer.

6.3 ASSIGNMENT.

This Agreement shall not be assigned by operation of law or otherwise, except that the Offeror's Parent may assign all or any of its rights and obligations hereunder to any direct or indirect wholly-owned subsidiary of the Offeror's Parent, provided that no such assignment shall relieve the Offeror's Parent of its obligations hereunder if such assignee does not perform such obligations.

6.4 TIME.

Time shall be of the essence of this Agreement.

6.5 CURRENCY.

All sums of money referred to in this Agreement shall mean Canadian funds.

6.6 GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. The parties hereto submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and British Columbia in respect of the interpretation and enforcement of this Agreement.

6.7 ENTIRE AGREEMENT.

This Agreement and the other agreements referenced herein constitute and comprise the entire agreement and understanding between the parties hereto with regard to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof.

6.8 AMENDMENTS.

This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by each of the parties hereto. Either party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby.

6.9 DEFINITIONS.

For the purposes of this Agreement the term:

- (a) "affiliates" and "associates" means the persons, companies and other entities included in the definitions of such terms under

the Securities Act (British Columbia);

- (b) "business day" means any day, other than a Saturday or Sunday, on which chartered banks in the City of Vancouver, British Columbia and the City of Toronto, Ontario are open for business;
- (c) "Effective Date" means any date upon which the Offeror takes up and pays for Shares under the Offer;
- (d) "Materially Adverse" has the meaning ascribed to such term in the Support Agreement;
- (e) "material fact", "material change" and "misrepresentation" are used as defined under the Securities Act (British Columbia); and
- (f) "Shares" shall include any shares into which the Shares may be reclassified, subdivided, consolidated or converted and any rights and benefits arising therefrom including any extraordinary distributions of securities which may be declared in respect of the Shares.

or the purposes of this Agreement, if the last day of a period of days is not a business day, the period shall be extended to the next following day which is a business day.

6.10 SPECIFIC PERFORMANCE AND OTHER EQUITABLE RIGHTS.

Each of the parties recognizes and acknowledges that this Agreement is an integral part of the transactions contemplated in the Offer, that the Offeror's Parent would not contemplate causing the Offer to be made and the Shareholder would not agree to its covenants to the Offeror's Parent herein and to irrevocably deposit the Shareholder's Shares to the Offer unless this Agreement was executed and that a breach by a party of any covenants or other commitments contained in this Agreement will cause the other party to sustain injury for which it would not have an adequate remedy at law for money damages. Therefore, each of the parties agrees that in the event of any such breach, the aggrieved party shall be entitled to the remedy of specific performance of such covenants or commitments and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity, and the parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any injunctive or other equitable relief.

6.11 NOTICES.

Any notice required or permitted to be given hereunder shall be written, and shall be either (i) personally delivered, (ii) sent by a reputable common carrier guaranteeing next business day delivery, or (iii) sent by facsimile, to the respective addresses of the parties set forth below, or to such other place as any party hereto may by notice given as provided herein designate for receipt of notices hereunder. Any such notice shall be deemed given and effective upon receipt or refusal of receipt thereof by the primary party to whom it is to be sent.

- (a) If to the Offeror's Parent or the Offeror, addressed as follows:

Honeywell International Inc.
101 Columbia Road
Morristown, NJ 07962

Attention: Senior Vice President and General Counsel

Facsimile: (973) 455-4217

with a copy to:

Honeywell International Inc.
1600 Utica Avenue S
Suite 300
St. Louis Park, MN 55416

Attention: Vice President and General Counsel -
Automation and Control Solutions

Facsimile: (952) 656-1231

with a further copy to:

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Stephen Arnold

Facsimile: (416) 862-6615

(b) to the Shareholder, addressed as follows:

Vinod Bakshi
2781 140th St
Surrey, BC V3S 9W8

with a copy to:

Owen Bird
2900 - 595 Burrard Street
Vancouver, BC V7X 1J5

Attention: Kitty Heller

Facsimile: (604) 688-2827

and, solely for information purposes, to:

McCarthy Tetrault LLP
1300 - 777 Dunsmuir Street
Vancouver, BC V7Y 1K2

Attention: Tim McCafferty

Facsimile: (604) 622-5680

6.12 EXPENSES.

Each of the parties shall pay all of its own legal, financial advisory and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed or prepared pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

6.13 SEVERABILITY.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

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6.14 COUNTERPARTS.

This Agreement may be executed by facsimile signature, or otherwise, in two or more counterparts, all of which taken together will constitute one binding agreement.

HONEYWELL INTERNATIONAL INC.

By: /s/ Anne T. Madden

Anne T. Madden,
Vice President-Corporate Planning
and Development

Agreed and accepted as of this 10th day of October, 2003.

/s/ Vinod Bakshi

/s/ Vinod Bakshi

DEPOSIT AGREEMENT
-----STRICTLY CONFIDENTIAL

October 10, 2003

Opinder Singh Gill
 1043 53 St. E
 Vancouver, B.C.
 V5X 1J7

Dear Tom:

This letter agreement (the "Agreement") sets out the terms and conditions upon which Honeywell International Inc. (the "Offeror's Parent") will cause 678669 B.C. Ltd., a direct or indirect wholly-owned subsidiary of the Offeror's Parent (the "Offeror") to make an offer (the "Offer") on substantially the terms and conditions set forth in the support agreement between Silent Witness Enterprises Ltd. (the "Company") and the Offeror and the Offeror's Parent dated the date hereof (the "Support Agreement"), to purchase all of the issued and outstanding common shares (the "Shares") of the Company.

This Agreement also sets out the terms and conditions of the agreement by you (the "Shareholder") to deposit, or cause to be deposited, under the Offer: (i) the 81,700 Shares presently owned beneficially by the Shareholder; (ii) all Shares, if any, issued upon the exercise of certain stock options or any other rights convertible or exercisable for shares held by the Shareholder; and (iii) any Shares subsequently acquired by the Shareholder (the "Shareholder's Shares"), and sets out the obligations and commitments of the Shareholder in connection therewith. References in this Agreement to the Shares held or to be acquired by the Shareholder include the associated rights issued pursuant to the Company's "Rights Plan" (as defined in the Support Agreement).

ARTICLE 1
THE OFFER1.1 TIMING OF THE OFFER.

The Offeror's Parent agrees to cause the Offeror to make the Offer for all of the Shares within the time and upon the terms as provided for in the Support Agreement, and subject to the conditions therein contained.

1.2 MODIFICATION OF OFFER.

The Offeror's Parent agrees that it will not cause or permit the Offeror to amend, modify or change the Offer without the prior written consent of the Shareholder, which consent shall not be unreasonably withheld, and to provide a draft of any proposed amendment, modification or change to the Offer to the Shareholder and to consult with the Shareholder with respect to the terms and conditions of such proposed amendment, modification or change of the Offer. The covenants in the foregoing sentence shall not apply in respect of any amendments, modifications or changes to the Offer in accordance with section 1.1(e) of the Support Agreement provided that the Offeror and the Offeror's Parent shall not, without the consent of the Shareholder:

- (a) increase the number or percentage of Shares required to satisfy the "Minimum Condition" (as defined in the Support Agreement) or decrease the number or percentage of Shares required to satisfy the Minimum Condition below 50% of the outstanding Shares, decrease the consideration per Share payable under the Offer, change the form of consideration payable under the Offer (other than to add additional consideration) or decrease the number of Shares sought under the Offer;
- (b) impose additional material conditions to the Offer;
- (c) in the event all of the "Bid Conditions" (as defined in the Support Agreement) are satisfied or waived, extend the period during which Shares may be deposited under the Offer without taking up and paying for Shares validly deposited thereunder and not withdrawn except as required by applicable law; or

- (d) modify or amend the Offer or any terms thereof in a manner adverse to the Shareholder.

1.3 GENERAL.

Subject to the terms and conditions of the Support Agreement, the Offeror's Parent hereby covenants to use, and to cause the Offeror to use, its reasonable best efforts to successfully complete the Offer and the transactions contemplated by this Agreement.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 REPRESENTATIONS AND WARRANTIES OF THE SHAREHOLDER.

The Shareholder hereby represents and warrants to the Offeror's Parent that:

- (a) Authorization. This Agreement has been duly executed and delivered by the Shareholder and constitutes a legal, valid and binding agreement enforceable by the Offeror's Parent against the Shareholder in accordance with its terms subject, however, to limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings, the equitable power of the courts to stay proceedings before them and the execution of judgements and to the extent that equitable remedies such as specific performance and injunction are in the discretion of the court from which they are sought.
- (b) Ownership of Shares. The Shareholder: (i) is the sole beneficial owner of 81,700 Shares which are currently held by the Shareholder; (ii) is the holder of no options to purchase Shares; and (iii) is the holder of 33,750 share appreciation rights ("Share Appreciation Rights") to receive a cash payment based on the price of the Shares or the right to receive Shares. Except as stated in this paragraph, the Shareholder does not own or control, directly or indirectly, any other Shares or options, rights or other entitlements to acquire Shares. The Shareholder has the exclusive right to dispose of the Shareholder's Shares as provided in this Agreement and the Shareholder is not a party to, bound or affected by or subject to, any charter or by-law provision, statute, regulation, judgment, order, decree or law of which a breach would occur as a result of the execution and delivery of this Agreement or the consummation of any of the transactions provided for in this Agreement.
- (c) Good Title. All the Shareholder's Shares and Share Appreciation Rights are now, and at the time the Offeror directly or indirectly takes up and pays for the Shareholder's Shares under the Offer will be beneficially owned by the Shareholder with good and marketable title, free and clear of any and all mortgages, liens, charges, restrictions, security interests, adverse claims, pledges, encumbrances and demands or rights of others of any nature or kind whatsoever.
- (d) No Agreements. No person, firm or corporation has any agreement or option, or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an agreement or option, for the purchase, acquisition or transfer from the Shareholder, or any registered holder of the Shareholder's Shares, of any of the Shareholder's Shares, or any interest therein or right thereto, except pursuant to this Agreement.
- (e) Voting. Neither the Shareholder nor any registered holder of the Shareholder's Shares has previously granted or agreed to grant any ongoing proxy in respect of the Shareholder's Shares or entered into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind as to the Shareholder's Shares.
- (f) No Proceeding Pending. There is no claim, action, lawsuit, arbitration, mediation or other proceeding pending or, to the best of the knowledge, information and belief of the Shareholder, threatened against the Shareholder, which relates to this Agreement or otherwise materially impairs the ability of the Shareholder to consummate the transactions contemplated hereby.
- (g) Arm's Length Negotiation. The price payable by the Offeror's

Parent for the Shares pursuant to the Offer (the "Offer Price") was arrived at through negotiation between the Company and the Offeror's Parent. The Shareholder has full knowledge of and access to information concerning the Company such that the underlying value of the Company was a material factor considered by the Shareholder in entering into this Agreement and agreeing to the Offer Price, and there are no non-financial factors or other factors peculiar to the Shareholder which have been considered relevant by the Shareholder in assessing such price or that had the effect of reducing the price that would otherwise have been considered acceptable to the Shareholder.

- (h) Company Public Disclosure Documents. To the best of the knowledge of the Shareholder: (i) all forms, reports, statements, schedules and documents required to be filed by the Company with securities regulatory authority under applicable securities laws (collectively, the "Reports") did not, at the time filed, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (ii) the Company has not filed any confidential material change report with any securities regulatory authority or stock exchange which at the date of this Agreement remains confidential; and (iii) the Company has publicly disclosed in the Reports any information regarding any event, circumstances or action taken or failed to be taken by the Company or its subsidiaries which could individually or in the aggregate reasonably be expected to be Materially Adverse to the Company or its subsidiaries, either individually or in the aggregate.
- (i) Company Representations and Warranties. To the best of the knowledge of the Shareholder, all of the representations and warranties of the Company set forth in the Support Agreement are true and correct.

2.2 REPRESENTATIONS AND WARRANTIES OF THE OFFEROR'S PARENT.

The Offeror's Parent represents and warrants to the Shareholder as follows:

- (a) Organization. Each of the Offeror's Parent and the Offeror is a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation.
- (b) Authority. The Offeror's Parent has all requisite corporate power and authority to enter into this Agreement, and the Offeror will have at the date of the Offer all necessary corporate power and authority to make the Offer and to carry out the transactions contemplated hereby and by the Offer. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action on the part of the Offeror's Parent, and no other corporate proceedings on the part of the Offeror's Parent are necessary to authorize this Agreement. The Agreement has been duly executed and delivered by the Offeror's Parent and constitutes a legal, valid and binding agreement enforceable by the Shareholder against the Offeror's Parent in accordance with its terms, subject, however, to the usual limitations with respect to enforcement imposed by law in connection with bankruptcy or similar proceedings and the availability of equitable remedies.
- (c) Non-Contravention. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby nor compliance with any of the provisions hereof will conflict with or result in any breach of any provision of the constating documents of the Offeror's Parent or the Offeror.

ARTICLE 3 COVENANTS OF THE SHAREHOLDER

3.1 GENERAL.

The Shareholder hereby covenants that until the earlier of (i) the date on which the Offeror has taken up and paid for Shares under the Offer; (ii) the date on which the Offeror abandons the Offer; (iii) the Offer expires and the Offeror has not taken up and paid for Shares in accordance with applicable law; or (iv) the termination of this Agreement in accordance with this Agreement, the Shareholder will:

(a) except as permitted by this Agreement, not take and shall not authorize or permit any investment banker, financial advisor, attorney, accountant or other representative of his to take, any action of any kind, indirectly or directly, to oppose, frustrate or delay the take up and payment of Shares deposited under the Offer or the completion of the Offer, including but not limited to any action to solicit, initiate, knowingly assist or knowingly encourage inquiries, submissions, proposals or offers from any other person, entity or group, and will cease immediately and not continue in any discussions or negotiations the Shareholder is carrying on regarding, or furnish to any other person, entity or group, any confidential, non-public information with respect to any "Competing Proposal" (as defined in the Support Agreement) provided that, nothing contained in this section or other provisions of this Agreement shall:

(i) prevent the Shareholder, in his capacity as a director or officer of the Company, from engaging in discussions or negotiations with a third party or providing information in respect of, or otherwise responding to, or negotiating, approving and recommending to holders of Shares, an unsolicited bona fide Competing Proposal if the Board of Directors of the Company has determined in good faith, after consultation with and receiving advice from legal counsel and the Company's financial advisors, that such proposal may constitute or lead to a Superior Proposal or that such action is otherwise required by reason of the fiduciary duties of the directors of the Company under applicable law; or

(ii) preclude the Shareholder, in his capacity as a director or Officer of the Company, from responding, within the time and manner required by the applicable laws, to any take over bid or any business combination or similar transaction involving the Company or any of its subsidiaries or assets or tender or exchange offer made for the Shares;

and nothing in this Agreement shall be interpreted to extend to acts or omissions of the Shareholder acting in his capacity as a director or officer of the Company or otherwise to fetter the proper exercise of discretion by the Shareholder acting in that capacity;

(b) if the Shareholder receives any Competing Proposal the Shareholder will notify the Offeror within 24 hours of becoming aware of a proposal which, if made in writing, could constitute a Competing Proposal (as such term is defined in the Support Agreement) including the identity of any prospective offeror and the person making the Competing Proposal;

(c) not option, sell, transfer, pledge, encumber, grant a security interest in, hypothecate or otherwise convey the Shareholder's Shares, or any right or interest therein (legal or equitable), to any person, entity or group or agree to do any of the foregoing;

(d) not grant or agree to grant any proxy or other right to vote the Shareholder's Shares, or enter into any voting trust, vote pooling or other agreement with respect to the right to vote, call meetings of shareholders or give consents or approvals of any kind as to the Shareholder's Shares;

(e) not do indirectly that which the Shareholder may not do directly in respect of the restrictions on the Shareholder's rights with respect to the Shareholder's Shares pursuant to this section 3.1, including, but not limited to, the granting of a proxy on the Shares of any direct or indirect holding company of the Shareholder which would have, indirectly, the effect prohibited by this section 3.1, and not to take any action which would make any representation or warranty of the Shareholder contained herein untrue or incorrect or have the effect of preventing or disabling the Shareholder from performing the Shareholder's obligations under this Agreement;

(f) exercise the voting rights attaching to the Shareholder's Shares and otherwise use his best efforts to cause the Company to comply with its obligations under the Support Agreement, including its agreement, subject to the terms and conditions of the Support Agreement, to use all reasonable commercial efforts to take, or cause to be taken, all action and to do, or cause to be done, all

things necessary, proper or advisable to consummate and make effective the transactions contemplated by the Offer and the Support Agreement;

- (g) agree to use his best efforts to cause the Company to comply with its notification obligations pursuant to section 3.2(b) of the Support Agreement;
- (h) not purchase or obtain or enter into any agreement or right to purchase any additional Shares;
- (i) exercise all Share Appreciation Rights held by the Shareholder and elect to receive cash in settlement of such Share Appreciation Rights, to the extent permitted under the terms of the Share Appreciation Rights, provided, that such exercise of Share Appreciation Rights may be made subject to the condition that, and become effective only upon, the Offeror having taken up and paid for any Shares under the Offer or becoming bound to do so;
- (j) use all reasonable efforts to preserve intact the goodwill of the Company and its subsidiaries, keep available the services of their respective present officers and key employees, and preserve their business relationships with customers and others having business relationships with them and not engage in any action directly or indirectly, with the intent to adversely impact the Company's obligations under the Support Agreement; and
- (k) if applicable, resign as a director of the Company effective at the time and in the manner requested by the Offeror's Parent, after the Offeror takes up and pays for the Shareholder's Shares.

3.2 OFFER LETTER

The Shareholder hereby covenants that immediately upon the Offeror first taking up and paying for Shares under the Offer, the Shareholder shall execute an offer letter substantially in the form initialled by the Shareholder and Offeror's Parent concurrently with the execution of this Agreement (except as the terms of such offer letter may be modified to receive all regulatory approval necessary under applicable Canadian securities laws (as approved by each of the Shareholder and the Offeror's Parent, acting reasonably) to approve the terms thereof).

3.3 NON-COMPETITION AND NON-SOLICITATION.

The Shareholder hereby covenants that such shareholder will fully comply with the covenants and agreements set forth in Schedule 1 attached hereto.

ARTICLE 4 DEPOSIT AND PAYMENT

4.1 DEPOSIT.

Subject to section 4.2, the Shareholder hereby irrevocably and unconditionally, subject to the terms of this Agreement, agrees that if the Offeror makes the Offer on the terms and conditions and conditions set out in the Support Agreement the Shareholder shall deposit or cause to be deposited all of the Shareholder's Shares (including for greater certainty all Shares issued or which may be issued to the Shareholder upon the exercise of any other rights to acquire Shares), together with a duly completed and executed letter of transmittal, under the Offer as soon as practicable following the Offeror making the Offer and in any event prior to the expiry of the Offer. In the event that the Shareholder subsequently obtains any additional Shares as contemplated by section 3.1(f) hereof or otherwise, such Shares shall likewise be deposited under the Offer as soon as practicable thereafter and in any event prior to the expiry of the Offer.

4.2 NO WITHDRAWAL.

The Shareholder hereby irrevocably and unconditionally, subject to the terms of the Agreement, agrees that neither it nor any person on its behalf will withdraw or take any action to withdraw any of the Shareholder's Shares deposited under the Offer, notwithstanding any statutory rights or other rights under the terms of the Offer or otherwise which the Shareholder might have, unless this Agreement is terminated in accordance with its terms prior to the taking up of the Shareholder's Shares under the

Offer or unless:

- (a) in the event that the Offer is not extended in accordance with the Support Agreement, the Offeror does not take up and pay for the Shares on or before January 31, 2003;
- (b) in the event that the Offer is extended in accordance with the Support Agreement, the Offeror does not take up and pay for the Shares under the Offer on or before the end of the tenth day following the expiry of the Offer;
- (c) a "Superior Proposal" (as defined in the Support Agreement) is made, the board of directors of the Company has either withdrawn its recommendation of the Offer or recommended acceptance of the Superior Proposal, and (i) the Offeror has not amended the Offer to increase the consideration to be paid to holders of Shares pursuant to the Offer within the time periods specified by Section 4.2 of the Support Agreement to an amount having a value at least equal to the value of the consideration offered under the Superior Proposal and (ii) the fee specified in Section 4.5 of the Support Agreement has been paid to the Offeror's Parent as specified therein; or
- (d) the Shareholder receives the consent of the Offeror's Parent or the Offeror to so withdraw the Shareholder's Shares.

4.3 APPOINTMENT OF PROXY

The Shareholder hereby grants to, and appoints, the Offerors' Parent and the Secretary of the Offeror's Parent and the Chief Financial Officer of the Offeror's Parent, in their respective capacities as officers of the Offeror's Parent, and any other designee of the Offeror's Parent, each of them individually, the Shareholder's irrevocable proxy and attorney in fact (with full power of substitution) to vote the Shareholder's irrevocable proxy and attorney in fact (with full power of substitution) to vote the Shareholder's Shares with respect thereto, in order to give effect to the covenants of the shareholder contained in this Agreement and in furtherance of the obligations of the Company contained in the Support Agreement. The Shareholder agrees that proxy is irrevocable until this Agreement is terminated in accordance with Article 5 hereof and coupled with an interest and will take such further action or execute such other instruments as may be necessary to effectuate the intent of this proxy and hereby revokes any proxy previously granted by him with respect to the Shares.

4.4 STOP TRANSFER ORDER

Subject to the termination rights set forth in Article V of this Agreement, in furtherance of the transactions contemplated by this Agreement and the Support Agreement, the Shareholder hereby authorizes the Offeror's Parent to instruct the Company to direct its transfer agent to place a stop transfer order on the Shareholder's Shares and not to amend, terminate or waive any of the terms of such stop transfer order (other than to permit the transfer of the Shareholder's Shares to the Offeror) during the term of this Agreement.

ARTICLE 5

TERMINATION BY THE SHAREHOLDER AND BY THE PURCHASER

5.1 TERMINATION BY THE SHAREHOLDER.

The Shareholder, when not in material default in performance of his obligations under this Agreement, may, without prejudice to any other rights, terminate this Agreement by notice to the Offeror's Parent if:

- (a) the Offer has not been made as provided in section 1.1 hereof,
- (b) the Offer does not substantially conform with, or subject to section 1.2 hereof is modified in a manner so as not to conform with, the description in the Support Agreement or the provisions of this Agreement;
- (c) Shares deposited under the Offer (including the Shareholder's Shares) have not, for any reason whatsoever, been taken up and paid for on or before the end of the tenth day following the expiry of the Offer;
- (d) the Offer is abandoned by the Offeror (which shall be conclusively evidenced by the Offeror issuing a press release or

otherwise publicly disclosing or announcing that the Offer is withdrawn);

(e) after January 31, 2004 if the Offeror has not purchased any Shares pursuant to the Offer, otherwise than as a result of the material breach by the Shareholder of any material covenant or obligation under this Agreement or as a result of any representation or warranty of the Shareholder in this Agreement being untrue or incorrect in any material respect; provided, however, that if the Offeror's take up and payment for Shares deposited under the Offer is delayed by (i) an injunction or order made by a court or regulatory authority of competent jurisdiction, or (ii) the Offeror not having obtained any regulatory waiver consent or approval which is necessary to permit the Offeror to take up and pay for the Shares deposited under the Offer, then, provided that such injunction or order is being contested or appealed or such regulatory waiver, consent or approval is being actively sought, as applicable, this Agreement shall not be terminated by the Shareholder pursuant to this section until the earlier of (i) March 31, 2004 and (ii) the fifth business day following the date on which such injunction or order ceases to be in effect or such waiver, consent or approval is obtained, as applicable; and

(f) the Support Agreement is terminated in accordance with its terms.

5.2 TERMINATION BY THE OFFEROR'S PARENT.

The Offeror's Parent, when not in material default in performance of its obligations under this Agreement, may, without prejudice to any other rights, terminate this Agreement by notice to the Shareholder if:

- (a) the Shareholder has not complied in all material respects with its covenants to the Offeror's Parent contained herein;
- (b) any of the representations and warranties of the Shareholder contained herein is untrue or inaccurate;
- (c) the Company has not complied in all material respects with its covenants to the Offeror's Parent under the Support Agreement;
- (d) the conditions in Exhibit II of the Support Agreement are not satisfied or waived by the Offeror on or prior to the expiry of the Offer; or
- (e) in the event of the termination of the Support Agreement.

5.3 EFFECT OF TERMINATION.

In the case of any termination of this Agreement pursuant to this Article 5, this Agreement shall be of no further force and effect. Such termination shall not relieve any party from liability for any breach of this Agreement prior to such termination. Upon termination of this Agreement in accordance with its terms, the Shareholder shall be entitled to withdraw the Shareholder's Shares from the Offer.

ARTICLE 6 GENERAL

6.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

The representations and warranties shall not survive the consummation of the Offer, provided that the representations and warranties of the Shareholder in section 2.1(a) through (e) of this Agreement shall survive indefinitely and the other representations and warranties of the Shareholder in section 2.1 of this Agreement shall terminate upon the expiry of the Offer. No investigations made by or on behalf of the Offeror's Parent, the Offeror or any of their authorized agents at any time shall have the effect of waiving, diminishing the scope of or otherwise affecting any representation or warranty or covenant made by the Shareholder in or pursuant to this Agreement.

6.2 DISCLOSURE.

Except as may otherwise be required by law or by regulatory authorities having discretion over such matters, each party hereto agrees that it will not make any public disclosure with respect to this Agreement or the

negotiations related to this Agreement in each case without the prior approval of the other party, which approval will not be unreasonably withheld. If any party deems that it is required by law or such regulatory authority to make any public announcement or release concerning this Agreement, such party agrees to provide a written copy thereof to the other party in advance of any such announcement or release and to reasonably consider any suggested modifications, which will be provided by the other party in a timely matter. The parties acknowledge that the terms of this Agreement will be summarized in the Offer and in the Directors' Circular relating to the Offer.

6.3 ASSIGNMENT.

This Agreement shall not be assigned by operation of law or otherwise, except that the Offeror's Parent may assign all or any of its rights and obligations hereunder to any direct or indirect wholly-owned subsidiary of the Offeror's Parent, provided that no such assignment shall relieve the Offeror's Parent of its obligations hereunder if such assignee does not perform such obligations.

6.4 TIME.

Time shall be of the essence of this Agreement.

6.5 CURRENCY.

All sums of money referred to in this Agreement shall mean Canadian funds.

6.6 GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein. The parties hereto submit to the non-exclusive jurisdiction of the courts of the Province of Ontario and British Columbia in respect of the interpretation and enforcement of this Agreement.

6.7 ENTIRE AGREEMENT.

This Agreement and the other agreements referenced herein constitute and comprise the entire agreement and understanding between the parties hereto with regard to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the parties with respect to the subject matter hereof.

6.8 AMENDMENTS.

This Agreement may not be modified, amended, altered or supplemented except upon the execution and delivery of a written agreement executed by each of the parties hereto. Either party hereto may (a) extend the time for the performance of any of the obligations or other acts of the other party hereto, (b) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions contained herein. Any such extension or waiver shall be valid if set forth in an instrument in writing signed by the party or parties to be bound thereby.

6.9 DEFINITIONS.

For the purposes of this Agreement the term:

- (a) "affiliates" and "associates" means the persons, companies and other entities included in the definitions of such terms under the Securities Act (British Columbia);
- (b) "business day" means any day, other than a Saturday or Sunday, on which chartered banks in the City of Vancouver, British Columbia and the City of Toronto, Ontario are open for business;
- (c) "Effective Date" means any date upon which the Offeror takes up and pays for Shares under the Offer;
- (d) "Materially Adverse" has the meaning ascribed to such term in the Support Agreement;

- (e) "material fact", "material change" and "misrepresentation" are used as defined under the Securities Act (British Columbia); and
- (f) "Shares" shall include any shares into which the Shares may be reclassified, subdivided, consolidated or converted and any rights and benefits arising therefrom including any extraordinary distributions of securities which may be declared in respect of the Shares.

or the purposes of this Agreement, if the last day of a period of days is not a business day, the period shall be extended to the next following day which is a business day.

6.10 SPECIFIC PERFORMANCE AND OTHER EQUITABLE RIGHTS.

Each of the parties recognizes and acknowledges that this Agreement is an integral part of the transactions contemplated in the Offer, that the Offeror's Parent would not contemplate causing the Offer to be made and the Shareholder would not agree to its covenants to the Offeror's Parent herein and to irrevocably deposit the Shareholder's Shares to the Offer unless this Agreement was executed and that a breach by a party of any covenants or other commitments contained in this Agreement will cause the other party to sustain injury for which it would not have an adequate remedy at law for money damages. Therefore, each of the parties agrees that in the event of any such breach, the aggrieved party shall be entitled to the remedy of specific performance of such covenants or commitments and preliminary and permanent injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity, and the parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any injunctive or other equitable relief.

6.11 NOTICES.

Any notice required or permitted to be given hereunder shall be written, and shall be either (i) personally delivered, (ii) sent by a reputable common carrier guaranteeing next business day delivery, or (iii) sent by facsimile, to the respective addresses of the parties set forth below, or to such other place as any party hereto may by notice given as provided herein designate for receipt of notices hereunder. Any such notice shall be deemed given and effective upon receipt or refusal of receipt thereof by the primary party to whom it is to be sent.

- (a) If to the Offeror's Parent or the Offeror, addressed as follows:

Honeywell International Inc.
101 Columbia Road
Morristown, NJ 07962

Attention: Senior Vice President and General Counsel

Facsimile: (973) 455-4217

with a copy to:

Honeywell International Inc.
1600 Utica Avenue S
Suite 300
St. Louis Park, MN 55416

Attention: Vice President and General Counsel -
Automation and Control Solutions

Facsimile: (952) 656-1231

with a further copy to:

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Stephen Arnold

Facsimile: (416) 862-6615

- (b) to the Shareholder, addressed as follows:

Opinder Singh Gill

1043 53 St. E
Vancouver, B.C.
V5X 1J7

with a copy to:

Harris and Company
14th Floor, Bentall 5
550 Burrard Street
Vancouver, BC V6C 2B5

Attention: Mr. Naz Mitha

Facsimile: (604) 684-6632

and, solely for information purposes, to:

McCarthy Tetrault LLP
1300 - 777 Dunsmuir Street
Vancouver, BC V7Y 1K2

Attention: Tim McCafferty

Facsimile: (604) 622-5680

6.12 EXPENSES.

Each of the parties shall pay all of its own legal, financial advisory and accounting costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and all documents and instruments executed or prepared pursuant hereto and any other costs and expenses whatsoever and howsoever incurred.

6.13 SEVERABILITY.

If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the fullest extent possible.

[The remainder of this page has intentionally been left blank]

6.14 COUNTERPARTS.

This Agreement may be executed by facsimile signature, or otherwise, in two or more counterparts, all of which taken together will constitute one binding agreement.

HONEYWELL INTERNATIONAL INC.

By: /s/ Anne T. Madden

Anne T. Madden,
Vice President-Corporate Planning
and Development

Agreed and accepted as of this 10th day of October, 2003.

/s/ Opinder Singh Gill

/s/ Opinder Singh Gill

SHAREHOLDERS NON-COMPETITION AND NON-SOLICITATION COVENANTS

1. ACKNOWLEDGEMENT.

The Offeror's Parent is a leading global manufacturer of security systems and products for home, business and specialty applications and the Offeror has agreed to acquire all of the outstanding common shares of the Company for an amount that is substantially in excess of the current share price. By virtue of his position with the Company the Shareholder has maintained close working relationships with the customers, clients, suppliers, distributors, consultants, agents and employees of the Company, and is in a position to irreparably harm the Company and the Offeror's Parent should he make use of the specialised knowledge, contacts and connections that were obtained because of his position with the Company or the specialised knowledge, contacts and connections that will be obtained because of his future position with the Offeror's Parent.

The Shareholder acknowledges and agrees that because he and others will be receiving an amount that is substantially in excess of the current share price the following covenants and restrictions are reasonable and valid in terms of time, scope of activities and geographical limitations and understands and agrees that they are vital consideration for the purposes of the Offeror acquiring the shares of the Company.

2. NON-COMPETITION AND NON-SOLICITATION.

The Shareholder will not for a period of eighteen months from the date on which such Shareholder's employment with the Offeror's Parent or its Affiliates is terminated (such date, the "Termination Date") without the Offeror's express written consent, either as an individual, or in conjunction with any other person, firm, corporation, or other entity, whether acting as a principal, agent, employee, consultant, or in any capacity whatsoever:

- (a) engage in or in any way be concerned with any business or enterprise relating to the manufacture, sales or installation of video or DVR/digital CCTV systems and security products for home or business (the "CCTV Business") in any of the provinces and territories of Canada, and the states and territories of the United States of America; provided, however, the foregoing shall not be deemed to prohibit the Shareholder from being employed by a corporation or other entity in a position wholly unrelated to the manufacture, sales or installation of security systems and security products for home or business merely because such corporation or other entity is engaged in the CCTV Business.
- (b) solicit, attempt to solicit, call upon, or accept the business of any firm, person or company who is or, during a 18 month period prior to the Termination Date, was a customer, client, supplier or distributor of the Company or, with respect to the CCTV Business, the Offeror's Parent (or any of its Affiliates);
- (c) take advantage of, derive a benefit or otherwise profit from any business opportunities that the Shareholder became aware of in the course of employment with the Company or the Offeror's Parent or any of its Affiliates even if the Offeror does not take advantage of or exploit such opportunities;
- (d) take any action as a result of which relations between the Company or the Offeror's Parent (or any of its Affiliates), on the one hand, and its consultants, customers, clients, suppliers, distributors, employees or others, on the other hand, may be impaired or which might otherwise be detrimental to the business interests or reputation of the Company or the Offeror's Parent (or any of its Affiliates);
- (e) solicit, attempt to solicit, or communicate in any way with any employees or consultants of the Company or the Offeror's Parent (or any of its Affiliates) for the purpose of having such employees employed or in any way engaged by another person, firm, corporation, or other entity; or
- (f) hire, whether as an employee, consultant or otherwise, any person who as of the date on which the Shareholder's employment with the

Offeror's Parent or its Affiliates is terminated was employed by the Company or the Offeror's Parent (or any of its Affiliates), or who at any time was employed or engaged by the Company or the Offeror's Parent (or any of its Affiliates) in the 12 months preceding the Termination Date.

[EXECUTION COPY]

SUPPORT AGREEMENT

THIS AGREEMENT made the 10th day of October, 2003,

BETWEEN

678669 B.C. LTD., a corporation incorporated under the laws
of British Columbia

(the "Offeror")

AND:

HONEYWELL INTERNATIONAL INC., a corporation incorporated
under the laws of Delaware

("Offeror's Parent")

AND:

SILENT WITNESS ENTERPRISES LTD., a company incorporated
under the laws of British Columbia

("Company")

WHEREAS:

- A. Offeror's Parent has taken the initiative of organizing and incorporating the Offeror for the purposes contemplated in this Agreement;
- B. The Offeror and Offeror's Parent wish to make a takeover bid, through the Offeror, for all of the outstanding Common Shares at a price per share of \$11.27, assuming that there will be no more than 7,952,952 Common Shares outstanding at the expiry of the bid (which number of Common Shares shall be reduced by any Options which are surrendered to the Company for cancellation and payment in cash in lieu of exercise and cancelled pursuant to such surrender or share appreciation rights that are settled by a cash payment without issuance of Common Shares), and based upon the representations and warranties of the Company made in this Agreement;
- C. The Board of Directors has unanimously determined to recommend acceptance of the Offer to the shareholders of the Company and for the Company to cooperate with the Offeror and take all reasonable action not inconsistent with the fiduciary obligations of the directors of the Company to support the Offer, all on the terms and subject to the conditions contained herein;
- D. The Offeror's Parent has, concurrently with the execution of this Agreement, entered into deposit agreements with Rob Bakshi, Vinod Bakshi and Tom Gill, setting forth the terms and conditions upon which such shareholders shall irrevocably deposit, or cause to be deposited, under the Offer all such holders' current and subsequently acquired Common Shares; and
- E. The Board of Directors has unanimously determined that it would be in the best interests of the Company to enter into this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each party, the parties agree as follows:

ARTICLE 1
THE OFFER

1.1 THE OFFER

- (a) Subject to the terms and conditions of this Agreement, the Offeror and Offeror's Parent shall promptly publicly announce and, on a day no later than October 28, 2003, issue and mail the Offer in accordance with the Applicable Laws. Under the Offer, the Offeror shall offer to purchase all the outstanding Common Shares, including Common Shares issuable upon the conversion,

exchange or exercise of any (i) options to acquire Common Shares (the "Options") and (ii) other rights, warrants or entitlements to acquire Common Shares, at a price of \$11.27 in cash per Common Share.

- (b) The Offer will provide that the obligations of the Offeror to take-up and pay for Common Shares will be subject only to the satisfaction or waiver of the Bid Conditions set out on Exhibit II, including the Minimum Condition.
- (c) The Offer will be made in accordance with the Applicable Laws and applicable securities legislation in other jurisdictions in Canada and in the United States where registered holders of Common Shares are located, be in the English and, if necessary under the laws of the province of Quebec, French language, be signed by both the Offeror and Offeror's Parent, as offerors, and the initial expiration date and time will be (i) not earlier than 4:30 p.m. (Vancouver time) on a date 36 days after the date the Offer is first published or sent or given to holders of Common Shares and (ii) not later than 4:30 p.m. (Vancouver time) on a date 40 days after the date the Offer is first published or sent or given to holders of Common Shares, subject to the right of the Offeror to extend the period during which Common Shares may be deposited under the Offer if any of the Bid Conditions are not satisfied on the initial expiry date of the Offer. The Offeror and Offeror's Parent shall use their reasonable best efforts to consummate the Offer and take up and pay for the Common Shares validly deposited thereunder and not withdrawn, subject only to the terms and conditions thereof and hereof. In the event that the condition set forth in paragraphs (a) or (b) of the Bid Conditions is not satisfied by the initial expiration date, the Offeror and Offeror's Parent shall extend the Offer, and continue to extend the Offer, until at least January 31, 2004 (provided that at least 75% of the outstanding Common Shares on a fully-diluted basis other than Common Shares already held at the date of the Offer by, or by a nominee for, the Offeror or its affiliates have been validly deposited and not withdrawn) or such earlier date on which such conditions may be satisfied or on which it is determined by the Offeror that such conditions cannot be satisfied.
- (d) Subject to the terms of the Offer and this Agreement and the satisfaction or waiver of all the Bid Conditions as of any expiration date, the Offeror shall within the time periods required by Applicable Laws take-up, accept for payment and pay for all Common Shares validly tendered and not properly withdrawn pursuant to the Offer as soon as practicable after such expiration date of the Offer.
- (e) It is understood and agreed that the Offeror and Offeror's Parent may, in their sole discretion, modify or waive any term or condition of the Offer, provided that the Offeror and Offeror's Parent shall not, without the consent of the Company:
 - (i) increase the number or percentage of Common Shares required to satisfy the Minimum Condition or decrease the number or percentage of Common Shares required to satisfy the Minimum Condition below 50% of the outstanding Common Shares, decrease the consideration per Common Share payable under the Offer, change the form of consideration payable under the Offer (other than to add additional consideration) or decrease the number of Common Shares sought under the Offer;
 - (ii) impose additional material conditions to the Offer;
 - (iii) in the event all of the Bid Conditions are satisfied or waived, extend the period during which Common Shares may be deposited under the Offer without taking up and paying for Common Shares validly deposited thereunder and not withdrawn except as required by Applicable Law; or
 - (iv) modify or amend the Offer or any terms thereof in any manner adverse to the holders of Common Shares.
- (f) The Offer Documents will comply in all material respects with Applicable Laws and, on the date filed with applicable securities regulatory authorities, and on the date first published, sent or given to the holders of Common Shares, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make

the statements made therein, in light of the circumstances under which they were made, not misleading, except that no warranty or representation is made by the Offeror or Offeror's Parent with respect to information supplied by the Company for inclusion in the Offer Documents. The Offeror and Offeror's Parent will give the Company a reasonable opportunity to review and comment upon a draft copy of any Offer Document to be filed prior to any such filing and will provide the Company in writing any comments or response the Offeror or Offeror's Parent (or their representatives) may receive from or send to the applicable securities regulatory authorities with respect to the Offer Documents promptly after the receipt or before the sending of such comments or response. Each of the Offeror and Offeror's Parent, on the one hand, and the Company, on the other hand, agree promptly to correct any information provided by them for use in the Offer Documents if and to the extent that it shall have become false or misleading in any material respect, and the Offeror and Offeror's Parent further agree to take all steps necessary to cause the Offer Documents as so corrected to be filed with the applicable securities regulatory authorities and to be disseminated to the holders of Common Shares, in each case as and to the extent required by Applicable Laws.

1.2 CONDITIONS TO THE OFFEROR'S AND OFFEROR'S PARENT'S OBLIGATION TO MAKE THE OFFER

- (a) The obligation of the Offeror and Offeror's Parent to make the Offer is conditional on the prior satisfaction of the following conditions:
- (i) the obligations of the Offeror hereunder shall not have been terminated pursuant to section 4.3;
 - (ii) no circumstance, fact, change, event or occurrence caused by a person other than the Offeror or Offeror's Parent shall have occurred that would render it impossible for one or more of the Bid Conditions to be satisfied;
 - (iii) the Board of Directors shall have received the advice of its financial advisors and unanimously:
 - A. determined that the Offer is fair to the holders of Common Shares; and
 - B. resolved to recommend that holders of Common Shares accept the Offer and not withdraw or change such recommendation in a manner that has substantially the same effect as a withdrawal of it;
 - (iv) the Board of Directors shall have made the determinations set forth in section 1.3(a) (and such determinations shall still be in effect) and have resolved to waive the provisions of the Company's Rights Plan in respect of the Offer in a manner reasonably satisfactory to Offeror's Parent;
 - (v) the Company shall terminate or waive, irrevocably, the standstill provisions contained in the Confidentiality Agreement; and
 - (vi) no cease trade order, injunction or other prohibition at law shall exist against the Offeror making the Offer or taking up or paying for Common Shares deposited under the Offer.
- (b) The foregoing conditions are for the sole benefit of the Offeror and Offeror's Parent and any or all of them may be waived by them in whole or in part in their sole discretion without prejudice to any other right they may have under this Agreement, which conditions shall be deemed to have been satisfied upon the Offer being made.

1.3 COMPANY ACTIONS

- (a) The Company hereby represents that the Board of Directors, upon consultation with its advisors, has unanimously:
- (i) determined that the Offer is fair to the holders of Common Shares and is in the best interests of the Company and the holders of Common Shares;

(ii) approved this Agreement and resolved to recommend that holders of Common Shares accept the Offer and has not withdrawn or changed such recommendation in a manner that has substantially the same effect as a withdrawal of it; and

(iii) resolved to waive the application of the Company's Rights Plan in respect of the Offer;

provided that the Offer does not differ in any material respect from the terms and conditions of the Offer as contemplated herein.

(b) The Company shall prepare and make available for mailing as soon as practicable after the date the Offer is made a Directors' Circular, and in any event within the time period required by Applicable Laws, prepared in accordance with all Applicable Laws, containing a recommendation to accept the Offer and the Company shall use its best efforts to mail the Directors' Circular on the same date that the Offer is mailed.

(c) The Directors' Circular will comply in all material respects with Applicable Laws and, on the date filed with the applicable securities regulatory authorities, and on the date first published, sent or given to the holders of Common Shares, will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by the Company with respect to information supplied by the Offeror or Offeror's Parent for inclusion in the Directors' Circular. The Company will give the Offeror or Offeror's Parent a reasonable opportunity to review and comment upon a draft copy of the Directors' Circular prior to its filing (recognizing that the contents of the Directors' Circular are the sole responsibility of the Board of Directors) and will provide the Offeror or Offeror's Parent in writing any comments or response the Company (or their representatives) may receive from or send to the applicable securities regulatory authorities with respect to the Directors' Circular promptly after the receipt or before the sending of such comments or response. Each of the Company, on the one hand, and the Offeror and Offeror's Parent, on the other hand, agree promptly to correct any information provided by them for use in the Directors' Circular if and to the extent that it shall have become false or misleading in any material respect, and the Company further agrees to take all steps necessary to cause the Directors' Circular as so corrected to be filed with applicable securities regulatory authorities and to be disseminated to the holders of Common Shares, in each case as and to the extent required by Applicable Laws.

1.4 COMPANY TO COOPERATE IN MAKING OF THE OFFER

(a) The Company shall cause its registrar and transfer agent to provide the Offeror with a list of the holders of Common Shares and a list of participants in book-based nominee registrants such as CDS & Co. together with their addresses and respective holdings of Common Shares, and such other information as the Offeror may reasonably request in connection with communicating the Offer to record and beneficial owners of Common Shares.

(b) The Company shall provide the Offeror with the names, addresses and holdings of all persons having rights to acquire Common Shares and the details of such rights.

(c) Subject to Applicable Laws, the Company shall from time to time furnish the Offeror with such additional information in the possession of or within the control of the Company as the Offeror may reasonably request in order for the Offeror to be able to communicate the Offer to the holders of the Common Shares and to such other persons as are entitled to receive the Offer under the Applicable Laws, including updated or additional lists of holders of Common Shares and lists of securities positions.

1.5 COMPANY DIRECTORS

Promptly upon the purchase by the Offeror pursuant to the Offer of such number of Common Shares which, together with the Common Shares held by or on behalf of the Offeror and Offeror's Parent, represents at least a majority of the outstanding Common Shares, and from time to time

thereafter, the Offeror shall be entitled to designate such number of directors of the Board of Directors and any committees thereof (rounded up to the next whole number of directors) as is proportionate (determined after giving effect to the directors to be appointed or elected under this section) to the percentage of outstanding Common Shares beneficially owned by or on behalf of the Offeror and Offeror's Parent, and the Company shall not frustrate the Offeror's attempts to do so and shall cooperate with the Offeror to enable the Offeror's designees to be elected or appointed to the Board of Directors, including, without limitation, at the request of the Offeror, by using its best efforts to increase the number of directors comprising the Board of Directors and/or securing the resignations of such number of directors as is necessary to cause the Offeror's designees to be so elected or appointed.

1.6 SECOND-STEP TRANSACTION

The Offeror and Offeror's Parent covenant and agree that upon Common Shares being taken up and paid for under the Offer, the Offeror shall utilize the Compulsory Acquisition provision in respect of Common Shares not tendered under the Offer if permitted to do so under the Act. If the Offeror is unable to use such Compulsory Acquisition provision, the Offeror will propose an alternate arrangement, which may include, without limitation, a statutory arrangement, amalgamation, merger, or other combination ("Second-Step Transaction") of the Company with the Offeror or an affiliate of the Offeror within 180 days after the Offeror takes up and pays for Common Shares under the Offer on terms and conditions to be determined by the Offeror, provided that the Offeror agrees that if any Second-Step Transaction is effected it will provide that the holders of any Common Shares, other than the Offeror and Offeror's Parent, shall be entitled to receive consideration per share in cash or the right to receive cash within 35 days following the approval of the Second-Step Transaction at least equal to the amount paid per share under the Offer. Nothing herein shall be construed to prevent the Offeror or Offeror's Parent from acquiring, directly or indirectly, additional Common Shares in the open market, in privately negotiated transactions, in another takeover bid or exchange offer, or otherwise in accordance with Applicable Laws, following taking up and paying for Common Shares under the Offer. In the case of a Second-Step Transaction, under the direction of the Offeror, the Company shall cooperate in the calling of the necessary shareholder meeting and in making any necessary regulatory and court applications. The Offeror shall prepare the drafts of the documentation required for any such transaction, with the Company and its advisors being entitled to participate in their preparation.

1.7 EMPLOYMENT AND SEVERANCE AGREEMENTS

After the Offeror takes up and pays for Common Shares under the Offer, the Offeror and Offeror's Parent shall cause the Company and any successor of the Company to agree to honour and comply with the terms of all existing employment and severance agreements and policies to which the Company is subject or by which it is bound, as the same may be amended or modified as permitted hereunder. The Company Disclosure Schedule contains a true and complete list of all existing severance agreements and written employment agreements and policies to which the Company is subject or by which it is bound, true and complete copies of which severance agreements and written employment agreements have been provided to Offeror's Parent.

ARTICLE 2 REPRESENTATIONS AND WARRANTIES

2.1 REPRESENTATIONS AND WARRANTIES OF THE OFFEROR AND OFFEROR'S PARENT

The Offeror and Offeror's Parent hereby jointly and severally represent and warrant to the Company as to those matters set forth in Exhibit III and acknowledge that the Company is relying upon those representations and warranties in entering into this Agreement.

2.2 REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Offeror and Offeror's Parent as to those matters set forth in Exhibit IV and acknowledges that the Offeror and Offeror's Parent are relying upon those representations and warranties in entering into this Agreement.

2.3 INVESTIGATION

No investigation by or on behalf of any party prior to the date of this Agreement shall mitigate, diminish or affect the representations and warranties made by any other party.

2.4 KNOWLEDGE

Any reference in this Agreement to the "knowledge" of the Company shall mean to the best of the actual knowledge, information and belief of any of the Senior Management of the Company after due inquiry.

ARTICLE 3
CONDUCT OF BUSINESS

3.1 CONDUCT OF BUSINESS OF THE COMPANY PENDING COMPLETION OF THE OFFER

The Company covenants and agrees that from the date hereof and until the earlier of (i) the time that the Offeror takes up and pays for Common Shares under the Offer and (ii) the expiry, termination or withdrawal of the Offer, except as consented to or approved by Offeror's Parent or as otherwise expressly contemplated or permitted by this Agreement, the Company shall not, and shall not permit any of its Subsidiaries to:

- (a) alter any of the provisions of the constituting documents of the Company or any of the Subsidiaries of the Company;
- (b) resolve to consolidate, subdivide, reclassify, alter or reduce its share capital in any way or repurchase, redeem or otherwise acquire any of its shares;
- (c) except as provided in section 3.3, make an allotment of, or issue, reissue or sell, any Common Shares or Preference Shares, or grant (including a grant under any plan existing as of the date hereof), or amend (other than the amendment of any Options outstanding at the date of this Agreement to accelerate the vesting of such Options, to the extent such Options are not otherwise fully vested or exercisable in full, or to permit the payment to the holder thereof, in cash representing, for each share the holder has the right to acquire under the Option, the excess of the price to be paid for the Common Shares under the Offer (as the same may be increased or varied from time to time) over the exercise price thereof, the terms of, any Option, right or warrant to subscribe for or acquire, any of its shares or issue securities convertible or exchangeable into or for its shares;
- (d) other than in the ordinary course of business consistent with past practice, purchase or otherwise acquire or sell, transfer, lease, exchange or otherwise dispose of any material assets or material properties;
- (e) except pursuant to existing Indebtedness or renewal or replacement Indebtedness for a principal amount approximately the same (or less) as the principal amount of the Indebtedness renewed or replaced, incur or become liable upon any Indebtedness;
- (f) except as disclosed in the Company Disclosure Schedule, pledge, lien, restrict, mortgage, charge, enter into any title retention agreement, or otherwise encumber any property or assets of the Company or any Subsidiary of the Company;
- (g) except as disclosed in the Company Disclosure Schedule, enter into any agreement, whatsoever, to sell, transfer, exchange, encumber or otherwise dispose of the lands which are the subject of the Land Exchange Agreement;
- (h) except as disclosed in the Company Disclosure Schedule, license or otherwise alienate or encumber in any manner, any of the Owned Intellectual Property or other proprietary technology;
- (i) declare or pay any dividends, including for the purpose of effecting a share subdivision, or make any payment or distribution with respect to its shares;
- (j) except as disclosed in the Company Disclosure Schedule or pursuant to existing employment, pension, termination or compensation agreements, arrangements, plans or policies, grant or agree to pay any bonuses, salary increases, severance or termination pay or enter into or modify any employment, retention, change of control, collective bargaining, bonus, incentive compensation or other compensation or benefit plan, policy, agreement, trust, fund, entitlement or arrangement with, for or in respect of, any director or officer of the Company or any of its Subsidiaries other than reasonable compensation arrangements for members of the special committee formed to consider the Offer as may be approved by the Board of Directors;

- (k) except as disclosed in the Company Disclosure Schedule or pursuant to existing employment, pension, termination or compensation agreements, arrangements, plans or policies (in each case, true and complete copies of which written agreements have been provided to Offeror's Parent) in the case of employees who are not officers or directors of the Company or any of its Subsidiaries, grant or agree to pay any bonuses, salary increases, severance or termination pay or increase any benefits or any consideration payable under any benefit plan, policy, agreement, trust, fund, arrangement or welfare plan for the benefit of any employee or employees of the Company or any of its Subsidiaries in effect on the date hereof;
- (l) except as disclosed in the Company Disclosure Schedule or as required by applicable law, enter into or modify in any material respect any material contract or agreement of which the Company or any Subsidiary of the Company has the benefit;
- (m) except in the ordinary course of business consistent with past practice or as disclosed in the Company Disclosure Schedule, enter into, or amend (such that such amendment has the effect set forth in clause (i) or (ii) below) any instrument or transaction (i) pursuant to which the aggregate financial obligation of the Company or a Subsidiary or the value of the services to be provided could exceed \$100,000, or (ii) which is not terminable upon no more than 90 days' notice by the Company or the Subsidiary involved without penalty in excess of \$100,000, except, in each case, as required pursuant to the terms of agreements as in effect on the date hereof (in which case the Company shall promptly notify Offeror's Parent) (it being understood that the exceptions set forth in this paragraph (m) shall not expand the scope of any exception or permit any actions in any way that is otherwise specifically restricted by this Section 3.1);
- (n) enter into, amend, modify, terminate or waive any material rights under any material contract or any material agreement or other material obligation that restricts, in any material respect, the activities of the Company or a Subsidiary of the Company or amend, modify, terminate or waive any such right, agreement or obligation that restricts in any material respect any other person; or
- (o) except as disclosed in the Company Disclosure Schedule, amalgamate or merge with any other person or resolve that it be wound up or permit the making of any court order for the winding up or dissolution of the Company or any of its Subsidiaries, adopt any plan of liquidation, dissolution, merger, consolidation, share exchange, restructuring, recapitalization or other fundamental reorganization, appoint or permit the appointment of a liquidator, receiver or trustee in bankruptcy for the Company or any Subsidiary of the Company or in respect of the assets of the Company or any Subsidiary of the Company;
- (p) acquire by amalgamation, merger or consolidation with, purchasing substantially all of the assets (provided that such assets are in excess of \$100,000) of or otherwise, any business of any corporation, partnership, association or other business organization, or division thereof;
- (q) except as disclosed in the Company Disclosure Schedule, enter into any transaction or arrangement with or incur any indebtedness, liability or obligation to any director or officer, former director or officer or employee of the Company or any Subsidiary, or any other person not dealing at arm's length (within the meaning of the Income Tax Act (Canada)) with, the Company or any Subsidiary or any affiliate of the foregoing; or
- (r) except as disclosed in the Company Disclosure Schedule, commence or settle any litigation, claims, investigations, grievances or proceedings, including appeals and applications for review, involving the Company or any Subsidiary of the Company.

3.2 POSITIVE COVENANTS

The Company agrees with the Offeror and Offeror's Parent that (except as expressly contemplated by this Agreement or as otherwise consented to or approved by the Offeror and Offeror's Parent in writing) prior to the earlier of (i) the time that the Offeror takes up and pays for Common Shares under the Offer and (ii) the expiry, termination or withdrawal of

the Offer, the Company shall:

- (a) carry on its business and cause each of its Subsidiaries to carry on its business in the ordinary course consistent with past practice;
- (b) promptly and in any case within 24 hours advise Offeror's Parent of (i) any change in the financial condition, operations, business or capital of the Company or any of its Subsidiaries that is Materially Adverse to the Company (ii) any withdrawal or change that has substantially the same effect as a withdrawal of the recommendation or approval of any member or members of the Board of Directors with respect to the determinations set forth in section 1.3(a);
- (c) use its best efforts to maintain the current insurance policies of it and its Subsidiaries and not allow such policies to be cancelled or terminated or any other coverage thereunder to lapse, unless at the same time as such termination, cancellation or lapse, replacement policies underwritten by one or more insurance companies of nationally recognized standing providing coverage comparable to or greater than the coverage under the cancelled, terminated or lapsed policies, if available, for reasonably similar premiums are in full force and effect;
- (d) use, and cause each of its Subsidiaries to use, its commercially reasonable efforts to preserve intact their respective business organizations and goodwill, to keep available the services of their respective officers and employees as a group and to maintain satisfactory relationships with suppliers, distributors, customers and others with whom they have business relationships and inform Offeror's Parent orally and in writing promptly and in any case within 24 hours if any member of the Senior Management of the Company or any other officer submits a resignation;
- (e) pay all material accounts payable and other material obligations (including, for greater certainty, all insurance premiums and Taxes, including instalments on account of taxes, when they become due and payable and also including withholding, collecting and remitting Taxes on a timely basis) in the ordinary course of business consistent with past practice, except if the same are contested in good faith, and, in the case of the failure to pay any material accounts payable or other material obligations which are contested in good faith, only after consultation with Offeror's Parent;
- (f) duly and timely make or prepare all Tax Returns required to be made or prepared by it, duly and timely file all Tax Returns required to be filed by it with the appropriate governmental authority and duly, completely and correctly report all income and all other amounts and information required to be reported thereon;
- (g) duly and timely comply with all requirements of applicable securities laws (including, without limitation, the timely and complete filing pursuant to applicable Canadian securities laws of the Company's Annual Information Form for the fiscal year ended July 31, 2003);
- (h) following the making of the Offer (other than during the pendency of a Competing Proposal being considered by the board of directors of the Company), permit Offeror's Parent and its representatives, provided they do not interfere with the ordinary conduct of the Company's business, upon reasonable notice to and prior consultation with, Rob Bakshi, Tom Gill or any designee thereof, to have reasonable access during normal business hours to (i) the Real Property, (ii) all other locations where books and records or other material relevant to the business of the Company and its Subsidiaries are stored, (iii) all the books and records, and (iv) the properties and assets used by the Company, and provided that (A) Offeror's Parent and its representatives will not contact employees of the Company or its Subsidiaries except after prior consultation with Rob Bakshi, Tom Gill or any designee thereof; (B) except as disclosed in the Company Disclosure Schedule, Offeror's Parent and its representatives will not be entitled to contact suppliers, distributors, customers and others with whom the Company and its Subsidiaries have business relationships without the express approval of Rob Bakshi, Tom Gill or any designee thereof; and (C) notwithstanding the foregoing, the Company shall not be required to disclose (x) any information, records, files or other data to Offeror's Parent

where prohibited by any applicable laws (it being understood that if any consent of any person or governmental authority is required to permit the Company or any of the Subsidiaries to release any information to Offeror's Parent, the Company shall make all reasonable efforts to obtain such consent as soon as possible); and (y) any of the Company's management or Board of Directors' materials relating to the assessment or evaluation of the transactions contemplated hereby or any Competing Proposal proposed by any other person) nor any information supplied by any of its officers, directors, employees, financial advisors, legal advisors, auditors, representatives or agents or other advisors in connection therewith or any confidentiality agreement made between the Company and any other person in respect of any Competing Proposal;

- (i) provide the Offeror, Offeror's Parent, and their respective employees, agents, contractors, and subcontractors with access to the property owned by Company located at 14962-56th Avenue, Surrey, British Columbia, for the purpose of performing an environmental investigation of such property, at the sole cost and expense of the Offeror and Offeror's Parent, including without limitation, such soil, surface water, and groundwater studies as may be necessary to assess the environmental condition of such property;
- (j) duly and timely furnish Offeror's Parent on a monthly basis with copies of unaudited monthly financial and operating statements of the Company and the Subsidiaries as prepared under the direction of senior management of the Company;
- (k) duly and timely, upon request by Offeror's Parent or Offeror's Parent counsel, execute and deliver to Offeror's Parent all necessary consents and authorizations to permit Offeror's Parent to have inspections made or have existing records released to Offeror's Parent by the municipal building and zoning department, fire department, public works, environmental agencies, the elevator inspections branch of the provincial or territorial department of labour and other appropriate authorities as Offeror's Parent may consider advisable; and
- (l) use its best efforts to perform or comply with, in all respects, all its obligations and covenants under this Agreement (including, without limitation, the obligations of the Company set forth in section 3.6).

3.3 PERMITTED TRANSACTIONS

Nothing in this Agreement will restrict the ability of the Company or its Subsidiaries to:

- (a) subject to the restriction in section 3.1(c) against granting, or amending the terms of, any Options, issue or transfer Common Shares upon the exercise of any Option granted prior to the date of this Agreement;
- (b) incur and pay the Transaction Expenses.

3.4 OFFEROR NOT TO MANAGE OR CONTROL THE COMPANY'S BUSINESS

The Offeror and Offeror's Parent acknowledge and agree that nothing contained in this Agreement shall give or be deemed to give the Offeror or Offeror's Parent, directly or indirectly, the right to control or direct the management of the Company's operations prior to the time the Offeror takes up and pays for the Common Shares and the Company shall continue to exercise, subject to the terms and conditions of this Agreement, complete control, direction and supervision over its business and operations.

3.5 OFFICERS' AND DIRECTORS' INSURANCE AND INDEMNIFICATION

- (a) The parties agree that, notwithstanding any other provision of this Agreement, the Offeror or Offeror's Parent may secure non-cancellable prepaid officers' and directors' liability insurance covering the officers and directors of the Company and its Subsidiaries on a six year "trailing" or "run-off" basis on terms no less favourable (as determined by the parties acting reasonably), to the extent available on reasonable commercial terms and permitted by law, to such persons than such insurance maintained in effect by the Company on the date hereof in terms of similar coverage and amounts (such insurance, the "Run-Off Coverage").

- (b) If a policy described in section 3.5(a) is not obtained (or evidence reasonably satisfactory to the Company that the Offeror or Offeror's Parent has made arrangements to secure such policy is not provided to the Company) by Offeror and Offeror's Parent at a time no later than 48 hours (not counting Saturdays, Sundays and holidays) prior to the expiry time of the Offer, the Company may secure Run-Off Coverage prior to the time that the Offeror first takes up and pays for Common Shares under the Offer.
- (c) If neither the policy described in section 3.5(a) nor section 3.5(b) is obtained, then for six years after the Offeror takes up and pays for Common Shares under the Offer, the Offeror and Offeror's Parent shall cause the Company and any successor to the Company (or in the event the Company's existence is terminated, Offeror's Parent) to maintain the Company's current officers' and directors' liability insurance, or equivalent insurance covering the current officers and directors of the Company and its Subsidiaries with respect to actions and omissions occurring prior to the date of their resignations in such amounts, and with such deductibles, retained amounts, coverages and exclusions and otherwise on terms and conditions no less advantageous or favourable to such persons than such insurance in effect by the Company on the date that the Offeror takes up and pays for Common Shares under the Offer.
- (d) The Offeror and Offeror's Parent shall cause the Company and its Subsidiaries to continue to indemnify to the maximum extent contemplated law or by the Articles of the Company and constating documents of the Subsidiaries of the Company or indemnification agreements to which the Company or its Subsidiaries are a party such persons who are now or will be entitled on the date the Offeror takes up and pays for Common Shares under the Offer to indemnification thereunder and the Articles of the Company and constating documents of the Subsidiaries of the Company shall not be amended or restated in any manner to reduce or limit the rights of indemnity afforded to the directors and officers of the Company or its Subsidiaries.
- (e) Should any threatened or actual claim, action, suit, or investigation be made against any present or former director, officer, employee, fiduciary or agent of the Company or Subsidiary of the Company who is entitled to be indemnified under the Articles of the Company or constating documents of the Subsidiaries of the Company or any indemnification agreement to which the Company or any Subsidiary of the Company is a party, within six years from the date the Offeror takes up and pays for Common Shares under the Offer, the provisions of this section 3.5 shall continue in effect until the final disposition of all such claims, suits, proceedings or investigations.
- (f) The Offeror's Parent shall cause the Offeror and the Company (and any successor to the Company) and the Subsidiaries of the Company (and any successor to such Subsidiaries) to honour, in accordance with their terms, any indemnification agreements or arrangements provided for under the constating documents of the Company or any of its Subsidiaries, resolutions of their respective boards or shareholders, or any indemnification agreements in existence on the date hereof and as disclosed in the Company Disclosure Schedule between the Company or any Subsidiary of the Company and any present or former director, officer, employee, fiduciary or agent of the Company or any of its Subsidiaries and their respective rights to claim under such agreements or arrangements shall survive and continue in full force and effect and without modification, with respect to actions or omissions of such Indemnified Parties occurring prior to the date the Offeror takes up and pays for Common Shares under the Offer, for a period of time of not less than the limitation period applicable under the statutes of limitation applicable to such matters.

3.6 MUTUAL COVENANTS

- (a) Subject to the terms and conditions herein, each party hereto agrees to use all reasonable commercial efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as is practicable the transactions contemplated by the Offer and this Agreement, including the execution and delivery of such documents as the other party hereto may reasonably require, and using commercially reasonable efforts to obtain all necessary waivers, consents and approvals,

and to effect all necessary registrations and filings, including, but not limited to, filings under the Applicable Laws and submissions of information requested by any Agency.

- (b) Each of the parties will use its commercially reasonable efforts to obtain as soon as practicable all waivers and consents of any Agency or any other person required in connection with the consummation of the transactions contemplated by the Offer.
- (c) In furtherance and not in limitation of the foregoing, Offeror's Parent shall use its commercially reasonable efforts to resolve such objections, if any, as may be asserted with respect to the transactions contemplated by this Agreement or the Offer under Antitrust Laws.
- (d) Each party hereto shall promptly inform the others of any material communication from the Competition Bureau or any other Agency regarding any of the transactions contemplated by this Agreement or the Offer. If any party or any affiliate thereof receives a request for additional information or documentary material from any such Agency with respect to the transactions contemplated by this Agreement or the Offer, then such party will endeavour in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other parties, an appropriate response in compliance with such request. Offeror's Parent will advise the Company promptly in respect of any understandings, undertakings or agreements (oral or written) which Offeror's Parent proposes to make or enter into with such Agency in connection with the transactions contemplated by this Agreement.

ARTICLE 4
NO SOLICITATION, TERMINATION AND BREAK FEE

4.1 NO SOLICITATION

- (a) The Company shall, and shall cause its officers, directors, employees, representatives and agents to, immediately cease any discussions or negotiations with any parties that may be ongoing with respect to any Competing Proposal. Except as expressly contemplated by this Agreement, the Company will not, and will not permit any of the Company's Subsidiaries to, directly or indirectly, through the officers, directors, employees, financial advisors, attorneys, accountants, consultants or other agents or advisors of the Company and the Company's Subsidiaries, directly or indirectly solicit, initiate or knowingly encourage the submission of any Competing Proposal; provided that, subject to section 4.1(b), nothing contained in this Article 4 or other provisions of this Agreement shall prevent the Company from engaging in discussions or negotiations with a third party or providing information in respect of, or otherwise responding to, or negotiating, approving and recommending to holders of Common Shares, an unsolicited bona fide Competing Proposal if the Board of Directors has determined in good faith, after consultation with and receiving advice from legal counsel and the Company's financial advisors, that such proposal may constitute or lead to a Superior Proposal or that such action is otherwise required by reason of the fiduciary duties of the directors of the Company under applicable law.
- (b) The Company will notify Offeror's Parent promptly (but in no event later than 24 hours) after receipt by the Company (or any of its advisors) of any Competing Proposal on or after the date hereof, or of any request (other than in the ordinary course of business and whether or not related to a Competing Proposal) for confidential, non-public information relating to the Company or any of the Company's Subsidiaries or for access to the properties, books or records of the Company or any of the Company's Subsidiaries. The Company shall provide such notice orally and in writing and shall identify the person making, and the terms and conditions of, any such Competing Proposal, indication or request. Information provided under this section 4.1(b) shall constitute information which is subject to the Confidentiality Agreement.
- (c) Nothing in this section 4.1 will preclude the Company or its officers and Board of Directors from responding, within the time and manner required by the Applicable Laws, to any take over bid or tender or exchange offer made for the Common Shares and nothing in this Agreement shall be interpreted to extend to acts or omissions of any person acting in his capacity as a director

or officer of the Company or otherwise to fetter the proper exercise of discretion by such person.

4.2 MODIFICATION OF RECOMMENDATION

Notwithstanding the provisions of section 1.3 of this Agreement, in the event that, prior to the Offeror taking up and paying for Common Shares deposited under the Offer,

- (a) a Competing Proposal is proposed, offered or made to the holders of Common Shares or to the Company which is a Superior Proposal, if the Company complies with its obligations under section 4.1 and the Offeror does not, within 48 hours (excluding Saturdays, Sundays, holidays, November 27, 2003 and November 28, 2003) of receipt of notice from the Company that the Board of Directors has determined that the Competing Proposal is a Superior Proposal, agree to amend this Agreement and the Offer to increase the consideration offered under the Offer to an amount having a value at least equal to the value of the consideration offered under the Superior Proposal; or
- (b) the Offeror or Offeror's Parent is in material breach or default of any of its agreements, covenants, representations or warranties contained herein,

the Board of Directors may withdraw, modify or change any recommendation regarding the Offer.

4.3 TERMINATION

This Agreement may be terminated by written notice by the party (in case of (a), the parties) desiring and have the right to terminate this Agreement at any time prior to the Offeror taking up and paying for Common Shares under the Offer as follows:

- (a) by mutual agreement in writing executed by the Offeror, Offeror's Parent and the Company;
- (b) by either of the Offeror or the Company:
 - (i) after January 31, 2004 if the Offeror has commenced the Offer in accordance with this Agreement but the Offeror has not purchased any Common Shares pursuant to the Offer (provided that, in the event of termination by a party, such party is not in violation of the terms of this Agreement or the Offer); or
 - (ii) if any permanent order, decree, ruling or other action of a court or other competent authority restraining, enjoining or otherwise preventing the consummation of the Offer shall have become final and non-appealable;
- (c) by the Offeror:
 - (i) if the Minimum Condition or any other condition of the Offer is not satisfied or waived at the expiry time of the Offer (as the same may be extended) and the Offeror in its sole discretion shall not elect to waive such condition or extend the Offer and the Offeror and the Offeror's Parent are not in material breach of their obligations hereunder or under the Offer;
 - (ii) at any time if the Company is in default of any material obligation under this Agreement or any representation or warranty of the Company under this Agreement is untrue in any material respect and which is not curable or, if curable, is not cured within the later of (x) 2 business days after notice of such default has been given by the Offeror to the Company and (y) the satisfaction of all conditions of the Offer not related to such default; or
 - (iii) if the Board of Directors (x) withdraws or changes its recommendation of the Offer as set forth in section 1.2(a)(iii)B in a manner that has substantially the same effect as a withdrawal or (y) recommends that holders of Common Shares accept, or vote in favour of, a transaction that constitutes a Superior Proposal.
- (d) by the Company if:
 - (i) the Offeror does not commence the Offer within the time

contemplated by section 1.1 except if such failure is due to (A) a breach of this Agreement by the Company or (B) a material delay in performance of the Company's obligations under this Agreement;

- (ii) prior to the purchase, taking-up or payment of Common Shares pursuant to the Offer, in accordance with the terms of this Agreement and the Offer, if the Offeror or Offeror's Parent is in default of any material obligation under this Agreement or any representation or warranty of the Offeror or Offeror's Parent under this Agreement is untrue in any material respect and which is not curable or, if curable, is not cured within the later of (x) 2 business days after notice of such breach has been given by the Company to Offeror's Parent and (y) the satisfaction of all conditions to the Offer not related to such breach; or
- (iii) the Board of Directors authorizes the Company, subject to complying with the terms of this Agreement, to enter into a binding written agreement concerning a transaction that constitutes a Superior Proposal and the Company so notifies Offeror's Parent in writing, and the Company, concurrently with such termination pursuant to this clause (iii) pays the fees required to be paid to Offeror's Parent pursuant to section 4.5(b).

4.4 EFFECT OF TERMINATION

In the event this Agreement is terminated as provided in section 4.3, this Agreement shall, except for the payment obligations of the Company pursuant to section 4.5, become void and of no further force and effect and no party shall have any liability or obligation (howsoever and whensoever arising) under or in relation to this Agreement to any other party hereunder or to their respective shareholders, directors, officers or employees, except as set forth in section 4.5, provided that nothing herein will relieve or have the effect of resulting in relieving the Offeror and Offeror's Parent in any way from liability for damages incurred or suffered by the Company as a result of a breach by the Offeror or Offeror's Parent of their obligations in this Agreement or prejudice the rights of the Company as a result of such breach.

4.5 EXPENSES AND NON-COMPLETION FEE

- (a) Subject to section 4.5(b) below, whether or not the Offeror takes up and pays for Common Shares under the Offer, all costs, expenses and liabilities incurred in connection with the Offer, this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs, expenses or liabilities.
- (b) Provided that the Offeror and the Offeror's Parent are not in material default of their obligations under this Agreement to be performed at or prior to the occurrence of any event referred to in (i) through (ix) of this section 4.5(b), if at any time after the execution of this Agreement,
 - (i) the Board of Directors has withdrawn, redefined or changed any of its recommendations or determinations as set forth in section 1.2(a)(iii)B in a manner adverse to the Offeror or shall have resolved to do so prior to the expiry of the period during which Common Shares may be deposited under the Offer;
 - (ii) the Board of Directors shall have failed to reaffirm its recommendation of the Offer by press statement within five full business days after the public announcement or commencement of any Competing Proposal (or, in the event that the Offer shall be scheduled to expire within such five business days, prior to the scheduled expiry of the Offer);
 - (iii) the Board of Directors shall have recommended that holders of Common Shares accept, or vote in favour of, a Competing Proposal;
 - (iv) a Competing Proposal has been made and publicly announced by a Competing Proposal Offeror, prior to the expiry time of the Offer and not withdrawn at least five days prior to the expiry time of the Offer, and the Offer is not completed as a result of the Minimum Condition not being satisfied and more than 20% of the outstanding Common

Shares (on a non-diluted basis) are acquired under such Competing Proposal;

- (v) the Company consummates a Competing Proposal with the Competing Proposal Offeror, or a person acting jointly or in concert with the competing Proposal Offeror (within the meaning of that expression as used in the Applicable Laws) prior to the expiration of 270 days following termination of this Agreement;
- (vi) the Competing Proposal Offeror together with persons acting jointly or in consent with the Competing Proposal Offeror, acquires sufficient Common Shares of the Company that, together with their currently held Common Shares, would constitute control of the Company, prior to the expiration of 270 days following termination of this Agreement; or
- (vii) the Company enters into a definitive agreement with respect to a Competing Proposal with any third party (which, for greater certainty, will not include a confidentiality and standstill agreement), prior to the expiration of 180 days following the termination of this Agreement, and thereafter consummates such Competing Proposal, provided that the fee specified in this section 4.5(b)(vii) shall not be payable in the event of a termination of this Agreement following the non-satisfaction of any of paragraphs (a), (b), (c), (d), (i) or (k) in the Bid Conditions unless such condition was not satisfied as a result of any action (or failure to take any action) by the Company or its Subsidiaries;
- (viii) this Agreement is terminated pursuant to section 4.3(d)(iii), or
- (ix) the Company fails to comply with or breaches any covenant made in this Agreement or any representation or warranty of the Company in this Agreement is untrue, which failure, breach or misrepresentation, if not cured, would be reasonably likely to be Materially Adverse to the Company or reasonably likely to prevent the Offeror from proceeding with the Offer or impose material limitations or conditions on the purchase by or sale to the Offeror of the Common Shares under the Offer or the right of the Offeror to own or exercise full rights of ownership of the Common Shares or the Offeror's ability to effect a Compulsory Acquisition or Second-Step Transaction, and which is not curable or, if curable, is not cured within the later of (x) 2 business days after notice of such failure, breach or misrepresentation has been given by the Offeror to the Company and (y) the satisfaction of all conditions of the Offer not related to such failure, breach or misrepresentation,

then the Company shall pay to Offeror's Parent the sum of \$3.52 million by way of wire transfer in immediately available funds as Offeror's Parent may direct, as liquidated damages. Such payment will be due (i) in the case of an event specified in section 4.5(b)(i), (ii), (iii), or (ix) within five business days after such event, (ii) in the case of an event specified in section 4.5(b)(viii), at the time of the termination of this Agreement by the Company; or (iii) in the case of an event specified in section 4.5(b)(iv), (v), (vi) or (vii) on the day of consummation of the transaction referred to therein. The Company shall not be obligated to make more than one payment pursuant to this section 4.5.

4.6 LIQUIDATED DAMAGES

The parties acknowledge that the payments described in section 4.5 are a payment of liquidated damages which are paid in lieu of actual damages and represent a genuine pre-estimate of the damages which Offeror's Parent or the Company, as the case may be, will suffer or incur as a result of the event giving rise to such damages and resultant termination of this Agreement and are not penalties. The parties irrevocably waive any right they may have to raise as a defence that any of such liquidated damages are excessive or punitive. For greater certainty, the parties agree that the payment of the payments described in section 4.5 are the sole monetary remedy of the party receiving such payment. Nothing herein shall preclude a party from seeking injunctive relief to restrain any breach or threatened breach of the covenants and agreements set forth in the agreement or

otherwise to obtain specific performance of any such covenant or agreement, without the necessity of posting bond or security in connection therewith.

ARTICLE 5
GENERAL PROVISIONS

5.1 BROKERS

The parties represent and warrant to each other that, except for Credit Suisse First Boston, in the case of the Company, no broker, finder or investment banker is entitled to any brokerage, finder's fee or other fee or commission, or to the reimbursement of any of its expenses, in connection with the Offer or any similar transaction based upon arrangements made by or on behalf of the parties hereto.

5.2 DISCLOSURE

Disclosure of this Agreement, its terms and conditions and the transactions that it contemplates, or any confidential information provided by any party in connection therewith shall be made only:

- (a) to any legal counsel to or financial advisor engaged by, any of the parties hereto;
- (b) with the approval of each of the parties, which approval shall not be withheld unreasonably, may be oral, and may be given on behalf of a party by its counsel;
- (c) as required by the Applicable Laws or any Agency; or
- (d) as may be necessary to implement and complete the Offer and the other transactions contemplated herein.

Each party shall agree with the others as to the timing and wording of press releases and other disclosure of or relating to the Offer and the other transactions contemplated herein. Notwithstanding the foregoing, the parties shall be entitled to describe or append this Agreement in the Company's Directors' Circular, and provide copies thereof to their respective boards of directors and to those employees, lenders and professional advisors that need to know details about this Agreement in order for the parties to perform their covenants or satisfy the conditions set out in this Agreement.

5.3 NOTICES

Any notice or other communications required or permitted to be given hereunder shall be in writing and be sufficiently given if delivered in person or if sent by facsimile transmission (provided such transmission is confirmed):

- (a) in the case of the Offeror or Offeror's Parent, to the following address:

Honeywell International Inc.
101 Columbia Road
Morristown, New Jersey 07962

Attention: Senior Vice President and General Counsel

Facsimile: (973) 455-4217

with a copy to:

Honeywell International Inc.
1600 Utica Avenue S
Suite 300
St. Louis Park, MN 55416

Attention: Vice President and General Counsel -
Automation and Control Solutions

Facsimile: (952) 656-1231

With a copy to:

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Stephen Arnold

Facsimile: (416) 862-6666

(b) in the case of the Company, to the following address:

Silent Witness Enterprises Ltd.
6554 176 St
Surrey, B.C.
V3S 4G5

Attention: Rob Bakshi

Facsimile No.: 604 574-1527

With a copy to:

McCarthy Tetrault LLP
1300 - 777 Dunsmuir Street
Vancouver, British Columbia V7Y 1K2

Attention: Tim McCafferty

Facsimile: (604) 622-5680

or at such other address as the party to which such notice or other communication is to be given has last notified the party giving the same in the manner provided in this section, and if so given the same shall be deemed to have been received on the date of such delivery or sending.

5.4 DEFINITIONS

For the purposes of this Agreement, those terms defined in Exhibit I shall have the meanings attributed to them in that Exhibit.

5.5 HEADINGS AND REFERENCES

The division of this Agreement into articles, sections and the insertion of headings are for convenience of reference only and do not affect the construction or interpretation of this Agreement. Unless otherwise specified, references to articles or sections are to articles and sections of this Agreement.

5.6 NUMBER, GENDER AND PERSONS

In this Agreement, unless the contrary intention appears, words importing the singular include the plural and vice versa; words importing gender shall include all genders; and words importing persons shall include a natural person, firm, trust, partnership, association, corporation, joint venture or Agency.

5.7 DATE FOR ACTION

If the date on which any action is required to be taken hereunder is not a business day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a business day in such place.

5.8 SEVERABILITY

If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated and the parties shall negotiate in good faith to modify the agreement to preserve each party's anticipated benefits under the Agreement.

5.9 ENTIRE AGREEMENT

This Agreement, together with the Confidentiality Agreement, supersedes all prior agreements, commitments or understandings between the parties hereto with respect to the subject matter hereof and constitutes the entire agreement between the parties with respect to the subject matter hereof.

5.10 AMENDMENT

This Agreement may not be amended except by an instrument in writing signed by each of the parties hereto.

5.11 WAIVER

At any time prior to the Offeror taking up and paying for Common Shares under the Offer, either the Company on the one hand, and the Offeror and Offeror's Parent, on the other hand may:

- (a) extend the time for the performance of any of the obligations or other acts of the other; or
- (b) waive compliance with any of the agreements of the other or with any conditions to its own obligations,

in each case only to the extent such obligations, agreements and conditions are intended for its benefit.

5.12 GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein (excluding any conflict of laws rule or principle which might refer such construction to the laws of another jurisdiction). Each party hereto irrevocably submits to the non-exclusive jurisdiction of the courts of British Columbia and Ontario with respect to any matter arising hereunder or related hereto.

5.13 CURRENCY

Except as expressly indicated otherwise, all sums of money referred to in this Agreement are expressed and shall be payable in Canadian dollars.

5.14 COUNTERPARTS

This Agreement may be executed in any number of original or facsimile counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument, and it shall not be necessary in making proof of this Agreement to produce more than one counterpart.

5.15 SEPARATE AGREEMENTS, COVENANTS AND OBLIGATIONS

The agreements and covenants of any party to this Agreement are the separate agreements and covenants of such party and such party shall have no liability or obligation in respect of the agreements and covenants of any other party to this Agreement, except that Offeror's Parent shall be responsible for causing the Offeror to carry out and perform the obligations of the Offeror hereunder and be liable in the event of any breach or default by the Offeror,

5.16 THIRD PARTIES

Nothing in this Agreement shall create any rights in, or be deemed to have been executed for the benefit of, any person that is not a party hereto, or a successor or permitted assign of such a party; provided however, that the parties hereto specifically acknowledge that, the provisions of section 1.7 and section 3.5 are intended to be for the benefit of, and shall be enforceable by, the employees, officers and directors of the Company and its Subsidiaries affected thereby and their heirs and representatives.

5.17 NO PERSONAL LIABILITY

- (a) No director, officer or employee of the Company shall have any personal liability to the Offeror or Offeror's Parent or persons named in section 5.16 under this Agreement.
- (b) No director, officer or employee of the Offeror or Offeror's Parent shall have any personal liability to the Company or persons named in section 5.16 under this Agreement.

5.18 ASSIGNMENT AND APPLICATION

This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto prior to the consummation of the Offer without the prior written consent of the other party hereto, except that Offeror may assign to the Offeror's Parent or any other subsidiary of Offeror's Parent any and all rights, interests and obligations of Offeror under this Agreement (provided that such entity remains a subsidiary of the Offeror's Parent until the consummation of the Offer). Offeror's Parent covenants and agrees to cause the Offeror to carry out its obligations under this Agreement and

agrees that the representations and warranties relating to the Offeror shall be construed as extending to it.

5.19 EXHIBITS

The following are the Exhibits to this Agreement, which form an integral part hereof:

- Exhibit I - Definitions
- Exhibit II - Conditions of the Offer
- Exhibit III - Representations and Warranties of the Offeror and Offeror's Parent
- Exhibit IV - Representations and Warranties of the Company

IN WITNESS WHEREOF, the parties have executed this Agreement.

678669 B.C. LTD.

/s/ Anne T. Madden

Anne T. Madden
Authorized Signatory

HONEYWELL INTERNATIONAL INC.

/s/ Anne T. Madden

Anne T. Madden,
Vice President-Corporate Planning
and Development

SILENT WITNESS ENTERPRISES LTD.

/s/ Rob Bakshi

Rob Bakshi,
CEO and Chairman of the Board

EXHIBIT I
TO SUPPORT AGREEMENT

DEFINITIONS

"ACT" means the Company Act (British Columbia), as the same may be amended or re-enacted or any successor legislation thereto.

"AFFILIATE" shall have the meaning attributed to it under the Act.

"AGENCY" means any:

- (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, official, minister, bureau or agency, domestic or foreign;
- (b) subdivision, agent, commission, board or authority of any of the foregoing; or
- (c) quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing.

"AGREEMENT" means this Agreement including the Exhibits hereto.

"ANTITRUST LAWS" means any antitrust, competition or trade regulatory laws, rules or regulations of any domestic or foreign government or governmental authority or any multinational authority.

"APPLICABLE LAWS" means the Act, United States federal securities laws, the securities legislation of each province and territory of Canada where holders who are resident in such province or territory hold not less than 2% of the Company's Common Shares, the rules, regulations and forms made or promulgated under that legislation, and the published policies, bulletins and notices of the regulatory authorities administering that legislation and the published rules, regulations, bylaws and policies of The Toronto Stock Exchange and the National Association of Securities Dealers, Inc., as any of the foregoing may be amended from time to time.

"APPURTENANCES" means all privileges, rights, easements and appurtenances both at law and equity belonging to or for the benefit of Real Property, including any means of access between such Real Property and a public way, rights in respect of or for any other uses upon which the present use is dependent (such as pipelines, cables, railway sidings) and all rights existing in and to any streets, alleys, passages and other rights-of-way.

"BID CONDITIONS" means the conditions set out in Exhibit II.

"BOARD OF DIRECTORS" means the board of directors of the Company.

"BUSINESS DAY" means any day on which commercial banks are generally open for business in Vancouver, British Columbia, other than a Saturday, a Sunday or a day observed as a holiday in Vancouver, British Columbia.

"COMMON SHARES" means Common shares without par value in the capital of the Company as constituted on the date hereof.

"COMPANY" means Silent Witness Enterprises Ltd., a company incorporated under the Act.

"COMPANY'S DISCLOSURE DOCUMENTS" means the Company's audited financial statements for the fiscal year-ended July 31, 2003 including the notes thereto and Management's Discussion and Analysis contained therein, the Company's Form 20-F/Annual Information Form for each of the fiscal years ended July 31, 2002 and July 31, 2003 and all other interim financial statements, reports to shareholders and material change reports filed pursuant to the Applicable Laws since December 31, 2002.

"COMPANY DISCLOSURE SCHEDULE" means a written disclosure schedule delivered by the Company to the Offeror's Parent prior to or concurrently with the execution of this Agreement.

"COMPETING PROPOSAL" does not include the Offer but means:

- (a) the possible acquisition of, or business combination with, the Company or any of its Subsidiaries (whether by way of merger, amalgamation, arrangement, consolidation, takeover bid, tender

- offer, purchase of shares, purchase of assets or otherwise);
- (b) the possible acquisition of any material portion of the shares or assets of the Company or any of its Subsidiaries;
 - (c) any takeover bid, tender offer, stock exchange takeover bid or other purchase or acquisition of equity securities of the Company that, if consummated, would result in any person beneficially owning 50% or more of any class of equity securities of the Company; or
 - (d) any other transaction, the consummation of which would reasonably be expected to prevent or materially impeded, interfere with or delay the consummation of the Offer.

"COMPETING PROPOSAL OFFEROR" means any person, other than the Offeror, Offeror's Parent, or any affiliate of Offeror's Parent that, prior to the expiry time of the Offer, has made and publicly announced a Competing Proposal that is not withdrawn at least five days prior to the expiry time of the Offer.

"COMPULSORY ACQUISITION" means the acquisition of the Common Shares not deposited under the Offer pursuant to the provisions of Section 255 of the Act.

"CONFIDENTIALITY AGREEMENT" means the agreement dated May 28, 2003 between Offeror's Parent and the Company.

"CONTRACT" means any contract, commitment or understanding (including any lease, license, loan agreement, guarantee, security, indemnity, indenture or other instrument), whether written or oral.

"ENCUMBRANCE" means any lien, charge, title retention right, security interest, pledge, hypothecation or encumbrance of any nature or kind whatsoever.

"EXCESS TREASURY SHARES" has the meaning defined in paragraph (b) of the Representations and Warranties of the Company set forth in Exhibit IV.

"IMPROVEMENTS" means all plants, buildings, structures, fixtures, erections and improvements located on, over, under or upon the Real Property including those under construction and any mechanical, electrical, plumbing, heating and air-conditioning systems relating to the Real Property.

"INDEBTEDNESS" of any person, means, without duplication, (a) all obligations of such person for borrowed money; (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments; (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets other than purchase orders incurred in the ordinary course of business; (d) all obligations of such person in respect of the deferred purchase price of property, assets or services (excluding current accounts receivable payable incurred in the ordinary course of business); (e) all Indebtedness of third parties secured by (or for which the holder of such Indebtedness has an existing right, contingent right or otherwise, to be secured by) any lien on property or assets owned by or acquired by such person, whether or not the Indebtedness secured thereby has been assumed; (f) all guarantees by such person of Indebtedness of others; (g) all capital leases of such person; (h) all obligations, contingent or otherwise, of such person as an account party to letters of credit and letters of guarantee (other than in connection with inventory purchased in the ordinary course of business); and (i) all obligations of such person, contingent or otherwise, of such person in respect of bankers' acceptances.

"LAND EXCHANGE AGREEMENT" has the meaning defined in subparagraph (k)(ii) of the Representations and Warranties of the Company set forth in Exhibit IV.

"LEASED REAL PROPERTY" means lands and/or premises which are used by the Company or any of the Subsidiaries and which are leased, subleased, licensed to or otherwise occupied by the Company or any of the Subsidiaries and the interest of the Company and the Subsidiaries in all Improvements and Appurtenances.

"LOSSES" means, in respect of any matter, all claims, demands, proceedings, losses, damages, liabilities, liabilities for Taxes, deficiencies, reasonable costs and expenses (including, without limitation, all legal and other professional fees and disbursements, interest, penalties and amounts paid in settlement) arising directly or indirectly as a consequence of such matter.

"MATERIALLY ADVERSE" means, with respect to a person, circumstance, term, asset, agreement, obligation, liability, covenant, sale, disposition, expenditure, event, change, compliance, breach, violation, default or other action, occurrence or effect (collectively, a "fact") that is or would reasonably be expected to be material and adverse to the condition of that person and its Subsidiaries, taken as a whole, provided that, for all purposes of this Agreement, a fact shall be deemed not to be Materially Adverse to a person unless the effect of such fact is or would reasonably be expected to be, or, in the case of any fact described in Exhibit III or Exhibit IV, is, or would reasonably be expected to be, when combined with any other fact described in such Exhibit III or Exhibit IV (without duplication), material and adverse to the condition of such person and its Subsidiaries, taken as a whole, and provided for greater certainty that a fact shall not be deemed to be Materially Adverse if it consists of, or results from, any change, effect, event, circumstance, action or occurrence (i) in or relating to the Canadian or United States economy or financial, credit or securities markets in general including, without limitation, any reduction in major markets indices, (ii) in or relating to currency exchange rates, (iii) in or relating to the industries in which the Company or Offeror's Parent operates or the markets for any of the Company's or Offeror's Parent products or services in general, (iv) reasonably attributable to the announcement of the Offer and anticipated closing thereof, (v) in or relating to the trading price of the Shares, or (vi) in or relating to Canadian or United States generally accepted accounting principles or regulatory accounting requirements;

"MINIMUM CONDITION" has the meaning defined in paragraph (a) of the Bid Conditions;

"OFFER" means the takeover bid to be made by the Offeror offering to acquire all of the outstanding Common Shares at a price per share of \$11.27 payable in cash, including any amendments to, or extensions of, such offer, including without limitation, increasing the consideration offered, removing, waiving or altering any condition or extending the date by which Common Shares may be deposited under such offer.

"OFFER DOCUMENTS" means the take over bid circular setting out the Offer, together with the Letter of Transmittal, Notice of Guaranteed Delivery and other related documents, together with any amendments or supplements to such documents.

"OPTIONS" has the meaning defined in section 1.1(a).

"OWNED REAL PROPERTY" means real property, owned or purported to be owned in fee simple, by the Company or any of the Subsidiaries, or real property, other than Leased Real Property, in which the Company or any of the Subsidiaries has an interest, including all Improvements and Appurtenances.

"PERSON" includes an individual, corporation, incorporated or unincorporated association, syndicate or organization, partnership, limited liability company, joint venture, association, joint stock company, trust, trustee, executor, administrator or other legal representative or other entity.

"REAL PROPERTY" means the Owned Real Property and the Leased Real Property.

"RIGHTS PLAN" means the Share Rights Plan pursuant to the Share Rights Plan Agreement dated November 12, 1999 between the Company and Computershare Trust Company, as trustee.

"SECOND-STEP TRANSACTION" has the meaning defined in section 1.6.

"SENIOR MANAGEMENT OF THE COMPANY" means Messrs. Rob Bakshi, Tom Gill, Darren Jarvis, Curtis Smith and Coleen Hunter.

"SUBSIDIARY" means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which it exercises direction or control or which is in a like relation to a Subsidiary.

"SUPERIOR PROPOSAL" means a bona fide Competing Proposal which is determined by the board of directors in good faith by majority vote of its members, after consultation with the Company's financial advisors, to be one which would, if consummated in accordance with its terms, result in a transaction more favourable to the holders of the Common Shares than the

Offer with a value of not less than \$0.50 per share in excess of the value of the Offer or, if applicable, any amended Offer by the Offeror. For the purpose of this Agreement, the value of any non-cash consideration proposed to be paid, delivered or issued under any Superior Proposal or by the Offeror (unless the consideration proposed to be paid, delivered or issued by the Offeror includes an all-cash option in which case the Offer shall be valued on a per share basis as such cash consideration) shall be determined by the Board of Directors (having consulted any financial advisor of the Company or obtained other independent financial advice), acting reasonably.

"TAXES" means all taxes, however denominated, including any interest, penalties or other additions that may become payable in respect thereof, imposed by any government or governmental body, which taxes shall include, without limiting the generality of the foregoing, all income or profits taxes (including, but not limited to, federal income taxes, provincial and state income taxes), capital taxes, payroll and employee withholding taxes, unemployment insurance, social insurance taxes (including Canada Pension Plan payments), goods and services tax, sales and use taxes, ad valorem taxes, excise taxes, franchise taxes, gross receipt taxes, business licence taxes, occupation taxes, real and personal property taxes, stamp taxes, environmental taxes, transfer taxes, workers compensation, pension assessment and other governmental charges and other obligations of the same or of a similar nature to any of the foregoing which the Company or any of its Subsidiaries is required to pay, withhold or collect.

"TAX RETURNS" includes all returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by law in respect of Taxes;

"TRANSACTION EXPENSES" means all reasonable costs and expenses incurred in connection with the transactions contemplated by this Agreement including all legal, accounting, financial advisory, printing, translation, registrar and transfer agent, and other administrative or professional fees, costs and expenses of third parties incurred by the Company in connection with the solicitation of bids or expressions of interest in relation to the Company prior to the execution of this Agreement, the preparation, negotiation and settlement of this Agreement, the preparation and mailing of a Directors Circular and structuring and the completion of the transactions contemplated by the Offer and this Agreement and any incentive fees payable by the Company to its senior officers in connection with completion of the Offer.

EXHIBIT II
TO SUPPORT AGREEMENT

CONDITIONS OF THE OFFER

The Offeror shall have the right to withdraw the Offer and not take up and pay for, or extend the period of time during which the Offer is open and postpone taking up and paying for, any Common Shares deposited thereunder unless all of the following conditions are satisfied or waived by the Offeror at or prior to the expiry time of the Offer (the "Expiry Time"):

- (a) there shall have been validly deposited under the Offer and not withdrawn at the Expiry Time that number of Common Shares that constitute at least 90% of the outstanding Common Shares on a fully diluted basis other than Common Shares already held at the date of the Offer by, or by a nominee for, the Offeror or its affiliates (the "Minimum Condition");
- (b) all necessary consents, authorizations, governmental and regulatory approvals, orders, rulings and exemptions (including, without limitation, those of any stock exchange or securities or other regulatory authorities) shall have been obtained on terms and conditions satisfactory to the Offeror, including, without limiting the generality of the foregoing, (i) an advance ruling certificate ("ARC") pursuant to section 102 of the Competition Act (Canada) shall have been issued by the Commissioner of Competition (the "Commissioner") appointed under that Act; or (ii) the relevant waiting period in section 123 of the Competition Act (Canada) shall have expired and a "no action" letter indicating that the Commissioner has determined not to make an application for an order under section 92 of the Competition Act (Canada) shall have been received from the Commissioner, and any terms and conditions attached to any such letter would not have a Materially Adverse effect on either Offeror's Parent or Offeror's Parent's global video controls business or the Company; or (iii) pursuant to section 113(c) of the Competition Act (Canada) the Commission shall have waived the obligation to comply with Part IX of the Competition Act (Canada) and there shall be no threatened or actual application by the Commissioner for an order under section 92 or 100 of the Competition Act (Canada) in respect of the transactions contemplated hereby which would have a Materially Adverse effect on either Offeror's Parent or Offeror's Parent's global video controls business or the Company;
- (c) no act, action, suit or proceeding shall have been threatened or taken before or by any domestic or foreign court or tribunal or governmental agency or other regulatory authority, stock exchange or administrative agency or commission or by any elected or appointed public official in Canada or elsewhere, whether or not having the force of law and no law, regulation or policy shall have been proposed, enacted, promulgated or applied:
 - (i) which has the effect or may have the effect to cease trade, enjoin, prohibit or impose material limitations or conditions on the purchase by or the sale to the Offeror of the Common Shares or the right of the Offeror to own or exercise full rights of ownership of the Common Shares,
 - (ii) which, if the Offer were consummated, would materially adversely affect the Company or Offeror's Parent or its global video controls business; or
 - (iii) which, if the Offer were consummated, would adversely affect the Company or the Offeror's ability to effect a Compulsory Acquisition or a Second-Step Transaction;
- (d) there shall not exist any prohibition at law against the Offeror making the Offer, taking up and paying for any Common Shares deposited under the Offer or completing a Compulsory Acquisition or a Second-Step Transaction;
- (e) since the announcement of the Offer, the Company and its Subsidiaries shall not have taken or proposed to take any action that has not been disclosed in writing to the Offeror prior to announcement of the Offer, or publicly disclosed that they intend to take any action that has not been disclosed in writing to the

Offeror prior to the announcement of the Offer, and the Offeror shall not have otherwise learned of any previous action taken by the Company or its Subsidiaries which had not been publicly disclosed prior to the announcement of the Offer, that would have a material adverse effect on the Company or that would prevent the Offeror from proceeding with the Offer or that would impose material limitations or conditions on the purchase by or the sale to the Offeror of the Common Shares under the Offer or the right of the Offeror to own or exercise full rights of ownership of the Common Shares or the Offeror's ability to effect a Compulsory Acquisition or a Second-Step Transaction, other than actions that have been consented to by the Offeror;

- (f) there shall be no more than 7,952,952 Common Shares outstanding (which number of Common Shares shall be reduced by any Options which are surrendered to the Company for cancellation and payment in cash in lieu of exercise and cancelled pursuant to such surrender or share appreciation rights that are settled by a cash payment without issuance of Common Shares) and all of the Options and any other rights, warrants or entitlements to acquire Common Shares shall have been either exercised or otherwise cancelled, terminated, released surrendered or waived by the holders thereof (and including for this purpose, the cancellation of any Common Shares held by the Company which are not reserved for transfer on account of any Options or share appreciation rights);
- (g) there shall not have been any breach of a covenant, nor shall any representation or warranty be untrue at the date it was given or deemed to have been given, or the date of take-up under the Offer, by the Company pursuant to the provisions of this Agreement, except for any breaches or untrue representations which, individually or in the aggregate, would not be Materially Adverse to the Company or would not prevent the Offeror from or significantly impair the Offeror in proceeding with the Offer or taking up and paying for Common Shares under the Offer or completing a Compulsory Acquisition or all possible Second-Step Transactions;
- (h) the Company shall have waived the provisions of the Company's Rights Plan in respect of the Offer;
- (i) there shall not have occurred, developed or come into effect or existence any event, action, state, condition or financial occurrence of national or international consequence or any law, regulation, action, government regulation, inquiry or other occurrence of any nature whatsoever which materially adversely affects or involves, or may materially adversely affect or involve, the general economic, financial, currency exchange or securities in Canada or elsewhere, or the financial condition, business, operations, assets, affairs or prospects of Company and its Subsidiaries, taken as a whole (other than those reasonably attributable to the announcement of the Offer), or which impairs the Offeror in proceeding with the Offer or taking up and paying for Common Shares deposited under the Offer or that would impose material limitations or conditions on the purchase by or sale to the Offeror of the Common Shares under the Offer or the right of the Offeror to own or exercise full rights of ownership of the Common Shares or the Offeror's ability to effect a Compulsory Acquisition or Second-Step Transaction;
- (j) there does not exist and there shall not have occurred (or, if there does exist or shall have previously occurred, there shall not have been disclosed, generally or to the Offeror in writing prior to the commencement of the Offer) any change (or any condition, event, circumstance or development involving a prospective change) in the business, assets, operations, capitalization, condition (financial or otherwise), prospects, share or debt ownership, results of operations, cash flows, properties, articles, by-laws, licenses, permits, rights, or privileges, whether contractual or otherwise, or liabilities (including without limitation any contingent liabilities that may arise through outstanding, pending or threatened litigation or otherwise), whether contractual or otherwise, of the Company and its Subsidiaries taken as a whole which is or may be Materially Adverse to Company or the value of the Common Shares to the Offeror;
- (k) there shall not have occurred an actual or announced change in tax legislation applicable to the Company (including a press release issued by the Minister of Finance of Canada to amend the Tax Act or a final rule to further amend the United States

Internal Revenue Code of 1986, or an announcement condition, event or development involving a change or a prospective change) that directly or indirectly has or may have a Materially Adverse effect with respect to the business or operations of Company and its Subsidiaries taken as a whole with respect to the regulatory regime applicable to their respective businesses and operations or with respect to completing a Compulsory Acquisition or Subsequent Acquisition Transaction or that increases or would increase the effective tax cost of the Offer to the Offeror; and

- (1) the Offeror shall not have become aware of any untrue statement of material fact, or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made and at the date it was made (after giving effect to all subsequent filings prior to the date of the Offer in relation to all matters covered in earlier filings), in any document filed by or on behalf of Company or any of its Subsidiaries with any securities commission or similar securities regulatory authority in any of the provinces of Canada, including without limitation any annual information form, financial statement, material change report or management proxy circular or in any document so filed or released by Company or its Subsidiaries to the public which is materially adverse to the Company or significantly impairs the Offeror in proceeding with the Offer or taking up and paying for Common Shares deposited under the Offer or that would impose material limitations or conditions on the purchase by or sale to the Offeror of the Common Shares under the Offer or the right of the Offeror to own or exercise full rights of ownership of the Common Shares or the Offeror's ability to effect a Compulsory Acquisition or Second-Step Transaction; and

EXHIBIT III
TO SUPPORT AGREEMENT

REPRESENTATIONS AND WARRANTIES OF THE OFFEROR AND
OFFEROR'S PARENT

- (a) Organization and Qualification. Each of the Offeror and Offeror's Parent has been duly incorporated and is validly existing as a corporation under the jurisdiction of its incorporation, amalgamation or continuance and has full corporate power and authority to own its assets and conduct its business as now owned and conducted.
- (b) Authority Relative to this Agreement. Each of the Offeror and Offeror's Parent has the requisite corporate power and authority to execute and deliver into this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by each of the Offeror and Offeror's Parent and the consummation by each of the Offeror and Offeror's Parent of the transactions contemplated by this Agreement, including without limitation, the making of the Offer and the taking up of and payment for Common Shares thereunder have been duly authorized by all requisite corporate action on the part of each of the Offeror and Offeror's Parent and no other corporate proceedings on the part of either the Offeror or Offeror's Parent are necessary to authorize this Agreement and the transactions contemplated hereby, including without limitation, the making of the Offer and the taking up of and payment for Common Shares thereunder. This Agreement has been duly executed and delivered by each of the Offeror and Offeror's Parent and constitutes a legal, valid and binding obligation of each of the Offeror and Offeror's Parent, enforceable against each of the Offeror and Offeror's Parent in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other laws relating to or affecting the availability of equitable remedies and the enforcement of creditors' rights generally and to general principles of equity and public policy and the fact that the Currency Act (Canada) precludes a court in Canada from giving judgment in any currency other than Canadian currency. The execution and delivery by either the Offeror or Offeror's Parent of this Agreement and the performance by it of its obligations hereunder, including without limitation, the making of the Offer and the taking up of and payment for Common Shares thereunder, will not result in a material violation or breach of:
- (i) any provision of its constating documents;
 - (ii) any applicable law, or, to its knowledge, any regulation, order, judgment or decree (subject to obtaining the authorizations, consents and approvals referred to in paragraph (e)), or
 - (iii) any material contract, agreement, arrangement or understanding to which it is a party or by which its properties are bound or subject which will have a Material Adverse effect on Offeror's Parent or significantly impede the completion of the transactions contemplated by this Agreement.
- (c) Approvals. Other than in connection with or in compliance with the provisions of the Competition Act (Canada), the Hart-Scott-Rodino Act, foreign antitrust laws and the Applicable Laws, no authorization, consent or approval of, or filing with, any Agency is necessary for the consummation by either the Offeror or Offeror's Parent of its obligations under this Agreement, including without limitation, the making of the Offer and the taking up of and payment for Common Shares thereunder, except for such authorizations, consents, approvals and filings the failure to obtain or make which would not, individually or in the aggregate, prevent, significantly impede or materially delay the consummation or completion of the transactions contemplated by this Agreement.
- (d) Availability of Financing. The Offeror has available to it financing sufficient to permit it to fulfil its obligations under this Agreement and make full payment for securities which the Offeror has agreed to acquire under the Offer and pay all related fees and expenses. If the Offeror is borrowing funds, the Offeror has provided to the Company evidence of the availability of such credit facilities or funding sources (and any modifications, variations and amendments thereto) setting out the terms and conditions of such credit facilities or funding sources.

(e) Actions. There are (i) no claims, actions, proceedings, suits, investigations or reviews pending or, to the best of the knowledge of either the Offeror or Offeror's Parent threatened against the Offeror or Offeror's Parent or any of their properties or assets by or before any Agency or (ii) existing facts or conditions which may reasonably be expected, individually or in the aggregate, to be a proper basis for claims, actions, proceedings, suits, investigations or reviews; that, in either case, either individually or in the aggregate, could, or prevent, hinder or materially delay the consummation of the transactions contemplated hereby, including, without limitation, the making of the Offer and the taking up of, and payment for Common Shares thereunder.

EXHIBIT IV
TO SUPPORT AGREEMENT

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

- (a) Organization and Qualification. The Company has been duly incorporated and is validly existing as a corporation under the Act and has all requisite corporate power and authority to own, lease and operate properties and conduct its businesses as currently conducted. The Company is duly qualified to carry on business, and is in good-standing, in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary and where the failure to be so qualified or in good standing has, or would have, a Materially Adverse effect on the Company.
- (b) Capitalization. The authorized capital of the Company consists of 100,000,000 Common Shares and 10,000,000 Preference Shares. As at the date of this Agreement there are (i) 7,468,541 Common Shares issued and outstanding (excluding 549,900 Common Shares which are held by the Company and which have not been cancelled) as fully paid and non-assessable shares, (ii) 57,411 Common Shares reserved for issue or transfer pursuant to all outstanding share appreciation rights granted prior to the date of this Agreement (assuming that the "Market Price" applicable under the share appreciation rights shall be determined to be the price per Common Share referred to in Section 1.1(a)), (iii) 427,000 Common Shares reserved for issue or transfer pursuant to all outstanding Options granted prior to the date of this Agreement and (iv) no Preference Shares outstanding. Except as set forth on the Company Disclosure Schedule and the rights of the parties and the securityholders of the Company under this Agreement and the transactions contemplated herein, there are no Options, warrants, conversion privileges, calls or other rights, agreements, arrangements, commitments or obligations obligating the Company to issue, transfer or sell any shares of the Company or securities or obligations of any kind convertible into or exchangeable for any shares of the Company, nor are there outstanding any share appreciation rights, phantom equity or similar rights, agreements, arrangements or commitments based upon the share price, book value, income or any other attribute of the Company.
- (c) Subsidiaries. Other than the Subsidiaries set forth on the Company Disclosure Schedule, there are no Subsidiaries of the Company the total assets of which constituted more than ten percent of the consolidated assets of the Company or the total revenues of which constituted more than ten percent of the consolidated revenues of the Company, in each case as set out in the consolidated financial statements of the Company for the year ended July 31, 2003 and including each Subsidiary of the Company that directly or indirectly holds an equity interest in each such Subsidiary. Each of the Subsidiaries of the Company is validly existing and has all requisite corporate authority to own, lease and operate its properties and conduct its businesses as currently conducted. Neither the nature of its business nor the location or character of the assets owned or leased by any of the Subsidiaries of the Company requires it to be registered, licensed or otherwise qualified as an extra-provincial or foreign corporation in any jurisdiction other than jurisdictions where the relevant Subsidiary is duly registered, licensed or otherwise qualified for such purpose as previously disclosed to the Offeror's Parent. All of the outstanding shares in the capital of or outstanding shares of capital stock or other ownership interests of such Subsidiaries are validly issued, fully paid and non assessable and except:
- (i) as previously disclosed to the Offeror's Parent;
 - (ii) pursuant to the constating documents of any Subsidiary or any shareholder, partnership or joint venture or other similar agreements for Subsidiaries that are not wholly-owned; or
 - (iii) pursuant to existing financing arrangements;

all such shares and other ownership interests owned directly or indirectly by the Company are owned free and clear of all Encumbrances other than as previously disclosed to Offeror's Parent. There are no outstanding Options, rights, entitlements, understandings or commitments (contingent or otherwise) regarding the right to acquire any such share or other ownership interests in any such Subsidiaries.

There are no Options, warrants, entitlements, conversion privileges or other rights, agreements, arrangements or commitments obligating any such Subsidiaries to issue or sell any shares of such Subsidiary or securities or obligations of any kind convertible into or exchangeable for any shares of such Subsidiary.

(d) Authority Relative to this Agreement. The Company has the requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution and delivery of this Agreement by the Company and the performance by the Company of its obligations hereunder have been duly authorized by the Board of Directors and no other corporate proceedings on the part of the Company are necessary to authorize this Agreement and the transactions contemplated hereunder, subject to approval of the Directors Circular by the Board of Directors provided that additional corporate proceedings on the part of the Company, including approvals by the Board of Directors and in some cases holders of Common Shares may be required to authorize (i) a Compulsory Acquisition; (ii) a Second-Step Transaction; (iii) the transactions described in section 1.5 and (iv) cancellation of the Excess Treasury Shares. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding obligation of the Company enforceable by the Offeror and Offeror's Parent against the Company in accordance with its terms, subject to bankruptcy, insolvency, reorganization, fraudulent transfer, moratorium and other laws relating to or affecting the availability of equitable remedies and the enforcement of creditors' rights generally and to general principles of equity and public policy and the fact that the Currency Act (Canada) precludes a court in Canada from giving judgment in any currency other than Canadian currency. The execution and delivery by the Company of this Agreement and performance by it of its obligations hereunder and the transactions contemplated hereby will not result in:

- (i) a material violation or breach of any provision of or constitute a default (or an event that with notice or lapse of time or both would become a default) under,
 - (A) its constating documents or those of any of its Subsidiaries,
 - (B) any applicable law or, to its knowledge, any regulation, order, judgment or decree (subject to obtaining the authorizations, consents and approvals referred to in paragraph (e)), or
 - (C) any material contract, agreement, arrangement, understanding, license, franchise or permit to which it or any of its Subsidiaries is a party or by which any of them or their properties is bound or is subject, or
- (ii) the imposition of any Encumbrance upon any of its assets or the assets of any of its Subsidiaries.

(e) Approvals. Other than in connection with or in compliance with the provisions of the Competition Act (Canada), the Hart-Scott-Rodino Act, foreign antitrust laws and the Applicable Laws, no authorization, consent or approval of, or filing with, any Agency is necessary for the consummation by the Company of its obligations under this Agreement, except for such authorizations, consents, approvals and filings the failure to obtain or make would not prevent, significantly impede or materially delay the consummation or completion of the transactions contemplated by this Agreement.

(f) Financial Statements and Disclosure Documents. The audited financial statements of the Company prepared on a consolidated basis, for and as at the years ended July 31, 2002 and July 31, 2003 have been prepared in accordance with generally accepted accounting principles in Canada ("GAAP") consistently applied (except as noted in such statements) and fairly present in all material respects the financial position of the Company and its Subsidiaries as at the respective dates thereof and the results of operations and cash flows of the Company and its Subsidiaries on a consolidated basis for the respective periods covered thereby. The Company has filed with the appropriate Agency true and complete copies of all forms, reports, schedules, statements and other documents required to be filed by it under the Applicable Laws since July 31, 2001. The Company's Disclosure Documents were, as of their respective dates, in compliance in all material respects with the Applicable Laws and did not, when filed, contain any "misrepresentation" within the meaning of the Applicable Laws and complied in all material respects with the requirements of Applicable Laws and make full disclosure of and provision for all material actual

and contingent liabilities.

- (g) Absence of Certain Changes or Events. Since July 31, 2003, except as has been publicly disclosed in one or more documents filed under the Applicable Laws prior to the date of this Agreement or as contemplated by this Agreement or disclosed to the Offeror or Offeror's Parent in writing:
- (i) the Company has conducted its business only in the ordinary course of business;
 - (ii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) material to the Company and its Subsidiaries, taken as a whole, has been incurred other than in the ordinary course of business;
 - (iii) none of the Company or any of the Subsidiaries, directly or indirectly, has declared or paid any dividends or declared or made any other payments or distributions on or in respect of any of its shares and has not, directly or indirectly, purchased or otherwise acquired any of its shares;
 - (iv) there has not been any change that, individually or in the aggregate, is or has been Materially Adverse to the Company; and
 - (v) as of the date of this Agreement, there are no material change reports filed on a confidential basis with any Agency or any other documents with any securities regulatory agency which remain confidential.
- (h) Disclosure. The Company has not failed to disclose in the Company's Disclosure Documents or to the Offeror or Offeror's Parent in writing, on or prior to the date of this Agreement, any information regarding any event, circumstance or action taken or failed to be taken since July 31, 2003 within the knowledge of the Company and not within the knowledge of the Offeror or Offeror's Parent as at the date of this Agreement which could reasonably be expected to be Materially Adverse to the Company. Without limitation, since July 31, 2003, except as set forth in the Company's Disclosure Documents that have been filed prior to the date of this Agreement pursuant to the Applicable Laws or, prior to the date of this Agreement, disclosed in writing to the Offeror or Offeror's Parent:
- (i) except as disclosed in the Company Disclosure Schedule or as contemplated in this Agreement, none of the Company nor any of its Subsidiaries has (A) become a party to any written or oral agreement providing for severance, retention or termination payments to, or any employment agreement with, any officer or director, (B) granted any bonuses, salary increases, severance or termination payments to any officer or director or (C) entered into or modified any change of control, collective bargaining, bonus, incentive compensation or other compensation or benefit plan, policy, agreement, trust, fund or arrangement with, for, in respect of, or for the benefit or welfare of any employees of the Company or any of its Subsidiaries;
 - (ii) except as contemplated in this Agreement, none of the Company nor any of its Subsidiaries has incurred any liabilities or obligations of any nature (whether absolute, accrued, contingent or otherwise) that, either individually or in the aggregate, are material to the Company except those incurred in the ordinary course of business;
 - (iii) except as specifically contemplated by this Agreement, neither the Company nor any Subsidiary of the Company is or has become bound by any voting trust or other agreement or understanding with respect to the voting of any equity interests of the Company or any such Subsidiary;
 - (iv) except as specifically contemplated by this Agreement, neither the Company nor any Subsidiary of the Company is or has become bound by any material restrictions on the business or activities of the Company or any of its Subsidiaries;
 - (v) there have been no material claims, actions, proceedings, suits, investigations or reviews and, to the best of the Company's knowledge, no facts or conditions have arisen which may reasonably be expected, individually or in the aggregate, to be a proper basis for material claims, actions, proceedings, suits, investigations or reviews, commenced or, to the best of

the knowledge of the Company, threatened against the Company or any of its Subsidiaries or any of their properties by or before any Agency, nor is the Company aware of any basis for any such claim, action, proceeding, suit, investigation or review; and

(vi) none of the Company nor any of its Subsidiaries nor any of their properties has been the subject of a judgement, order, writ, injunction or decree.

(i) Compliance. None of the Company nor any of its Subsidiaries is in conflict with, or in default (including cross defaults) under or in violation of:

(i) its constating documents;

(ii) any law or, to its knowledge, any rule, regulation, order, judgement or decree applicable to it or by which any of its properties is bound or affected, or

(iii) any material contract, agreement, license, franchise or permit to which it is a party or by which any of its properties is bound or is subject.

(j) Sarbanes-Oxley Compliance, etc.

(i) The Company has complied with and maintains the disclosure controls and procedures required by the U.S. Securities Exchange Act of 1934 Rule 13a-14 and Rule 15d-14. Such controls and procedures are effective to ensure that all material information concerning the Company and its Subsidiaries is made known on a timely basis to the individuals responsible for the preparation of Company's filings with the SEC and other public disclosure documents and the conclusions regarding the effectiveness of the disclosure controls and procedures set forth in the SEC Reports are true and correct in all material respects.

(ii) The chief executive officer and the chief financial officer of the Company have signed, and the Company has filed with the SEC, all certifications required by Sections 302 and Section 906 of the Sarbanes-Oxley Act with respect to the SEC Reports filed since such certifications have been required and such certifications were true and correct when filed, contained no qualifications or exceptions to the matters certified therein and have not been modified or withdrawn.

(iii) Neither the Company nor any of its officers has received any notice from the SEC or any other governmental entity that any of its accounting policies or practices are the subject of any review, inquiry, investigation or challenge other than comments from the SEC on Company filings, which comments have either been satisfied or withdrawn by the SEC.

(iv) At the time of the signing of the audit report for any audit period commencing on or after January 1, 2000, as required by applicable law at the time the financial statements were signed by the auditor of the Company, the auditor of the Company's financial statements for each such period was (A) qualified as an "independent accountant" as required by the U.S. Securities and Exchange Act of 1934, as amended (and the rules and regulations promulgated thereunder) and (B) complied with the auditor independence requirements of applicable Canadian securities laws.

(v) For purposes of this paragraph (j), (A) "SEC" shall mean the U.S. Securities and Exchange Commission; (B) "Sarbanes-Oxley Act" shall mean the U.S. Sarbanes-Oxley Act of 2002 and the rule and regulations promulgated thereunder; (C) "principal executive officer" and "principal financial officer" shall have the meanings given to such terms in the Sarbanes-Oxley Act; and (D) "SEC Reports" shall mean all forms, reports and documents required to be filed by the Company with the SEC which were subject to the requirements of the Sarbanes-Oxley Act.

(k) Property.

(i) Except as has been disclosed to Offeror's Parent prior to the execution of this Agreement, each of the Company and its Subsidiaries has good and marketable title to, is the legal and beneficial owner of the Owned Real Property or is entitled to the benefits of all of its properties and assets (real and

personal, tangible and intangible, including Leased Real Property) necessary to permit the operation of its businesses as presently conducted. A full and complete description of all such property, including a list of all Owned Real Property (by reference to the owner, municipal address and legal description) and all Leased Real Property (by reference to the terms thereof and all relevant documents, including amendments, extension notices, registered notices, non-disturbance agreements) has been previously disclosed in writing to Offeror's Parent. Such properties and assets are not subject to any Encumbrance of any kind except those Encumbrances which do not adversely affect the value of such properties and assets, individually or in the aggregate, or as is reflected in the balance sheets forming part of the financial statements of the Company and except where the failure to have such title, or the existence of such Encumbrance, individually or in the aggregate, would not be Materially Adverse to the Company.

- (ii) The Company is in the process of negotiating a land exchange agreement with LNF Holdings Inc. with respect to Company lands legally described as Parcel Identifier: 025-639-781 Lot 1 Section 3 Township 2 New Westminster District Plan BCP5151 and LNF Holdings Inc. lands legally described as a portion of Parcel Identifier: 013-219-081 Parcel "A" (Reference Plan 2726) North East Quarter Section 3, Township 2 and at District Lot 167 Group 2, New Westminster District (the "Land Exchange Agreement"). Except as disclosed in the Company Disclosure Schedule, the Company has not entered into the Land Exchange Agreement or any other agreement respecting the sale, transfer or exchange of the lands which are the subject of the Land Exchange Agreement.
- (iii) Except as previously disclosed to Offeror's Parent, there are no (A) agreements, undertakings or other documents which affect or relate to the title to, or ownership, operation or management of, the Owned Real Property or (B) agreements or understandings between the landlord and tenant, or sublandlord and subtenant, or other relevant parties, other than as contained in the Real Property Leases, relating to the rights and obligations of the parties thereto or relating to the use and occupation of the Leased Real Property.

(1) Tax Matters.

- (i) Each of the Company and its Subsidiaries has filed all Tax Returns required to be filed by it (and such returns are true, complete and correct in all material respects), has paid in full on a timely basis all Taxes that are imposed under any laws or by any relevant taxing authority that are due and payable and has made adequate provision in the financial statements referred to above for the payment of all Taxes not then due and payable including all Taxes shown to be payable on the returns or on subsequent assessments with respect thereto and no other Taxes are payable by the Company or any of its Subsidiaries with respect to the items or time periods covered by the returns. Each of the Company and its Subsidiaries has made and will have made adequate and timely payment of instalments on account of Taxes for each of the taxation periods ending on or before the date on which the Offeror takes up and pays for the Common Shares under the Offer. With respect to any taxation period up to and including the date on which the Offeror takes up and pays for Common Shares under the Offer for which Tax Returns have not yet been filed or for which Taxes are not yet due and payable, each of the Company and its Subsidiaries has only incurred liabilities for Taxes in the ordinary course of its business consistent with past practice. Except as disclosed in writing to the Offeror or Offeror's Parent prior to the date of this Agreement, there are no outstanding waivers of any limitation periods or agreements providing for an extension of time for the filing of any tax return or the payment of any Taxes. No deficiencies exist or have been asserted with respect to Taxes of the Company or any of its Subsidiaries, neither the Company nor any Subsidiary of the Company is a party to any action or proceeding or assessment or collection of Taxes, nor has any such event been asserted or threatened against the Company or any of its Subsidiaries or any of their respective assets and to the best of the Company's knowledge, as of the date of this Agreement none of the Company nor any of its Subsidiaries is subject to any assessments, penalties or levies with respect to Taxes that will result in any liability on its part in respect of any

period ending on or before the date of this Agreement in excess of the amount provided for in the financial statements referred to above. Except as disclosed in writing to the Offeror or Offeror's Parent prior to the date of this Agreement, to the knowledge of the Company and its Subsidiaries, no audit, investigation, assessment or reassessment of Taxes is reasonably anticipated or imminent.

- (ii) Each of the Company and the Subsidiaries has duly and timely withheld all Taxes and other amounts required by law to be withheld by it (including Taxes and other amounts required to be withheld by it in respect of any amount paid or credited or deemed to be paid or credited by it to or for the account or benefit of any person, including any employees, officers or directors and any non-resident person), and has duly and timely remitted to the appropriate governmental authority such Taxes and other amounts required by law to be remitted by it.
 - (iii) Each of the Company and the Subsidiaries has duly and timely collected all amounts on account of any sales or transfer taxes, including goods and services, harmonized sales and local, state, provincial or territorial sales taxes, required by law to be collected by it and has duly and timely remitted to the appropriate governmental authority any such amounts required by law to be remitted by it.
- (m) Environmental Laws. Except as disclosed in writing to the Offeror or Offeror's Parent prior to the date of this Agreement:
- (i) the operations of the Company and its Subsidiaries are in compliance with all applicable environmental laws and environmental permits in Canada and in other applicable foreign jurisdictions with environmental regulatory jurisdiction over the Company or any of its Subsidiaries except where the failure to be in compliance would not have a Material Adverse effect on the Company; and
 - (ii) none of the Company nor any of its Subsidiaries is, with respect to its businesses and operations, aware of or subject to any written notice, written notice of default, order, summons, or notice of judgment or commencement of proceedings of any nature related to any material breach, liability or remedial action (or alleged material breach, liability or remedial action) arising under environmental laws and environmental permits that could reasonably be expected to be, individually nor in the aggregate, Materially Adverse to the Company, and none of the Company or its Subsidiaries have (with respect to such businesses and operations) at any time given any written undertakings with respect to remedying any breach of, or liability under, environmental laws that have not been duly performed, which breach or liability could reasonably be expected to be, individually or in the aggregate, Materially Adverse to the Company.
- (n) Books and Records. The corporate records and minute books of the Company and its Subsidiaries have been maintained substantially in accordance with all applicable laws and are complete and accurate in all material respects.
- (o) Insurance. Policies of insurance in force as of the date hereof, naming the Company and its Subsidiaries as insureds adequately cover all risk reasonably and prudently foreseeable in the operation and conduct of the businesses of the Company and its Subsidiaries in such amounts and against such risks as are customarily carried and insured against by owners of comparable businesses, properties and assets. All such policies of insurance are in full force and effect and none of the Company or any of the Subsidiaries is in default, as to the payment of premiums or otherwise, under the terms of any such policy. The Company has previously disclosed to Offeror's Parent in writing a complete list of all policies of insurance which the Company or any of the Subsidiaries maintain and the particulars of such policies, including the name of the insurer, the risk insured against, the amount of coverage and the amount of any deductible and a summary of all claims under each such policy for the past three years.
- (p) Employment Agreements. Except as set forth in the Company Disclosure Schedule, the Company is not a party to any written or oral employment, service or consulting agreement specifically providing for severance or termination payments to any officer of the Company.
- (q) Non-Arm's Length Transactions. Except as set forth in the Company

Disclosure Schedule, no director or officer, former director or officer, shareholder or employee of, or any other person not dealing at arm's length (within the meaning of the Income Tax Act (Canada)) with, the Company or any Subsidiary or any affiliate of the foregoing is engaged in any transaction or arrangement with or is a party to a contract with, or has any indebtedness, liability or obligation to, the Company or any of the Subsidiaries except for employment arrangements with employees, the terms of which have been disclosed to Offeror's Parent.

(r) Pension and Employee Benefits. Except as disclosed to the Offeror or Offeror's Parent in writing prior to the date of this Agreement, neither the Company nor any Subsidiary of the Company has, or is subject to, any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, Option or stock purchase plan, profit sharing plan, bonus plan or policy, employee group insurance plan, program policy or practice, formal or informal, with respect to its employees.

(s) Material Agreements. Other than:

(i) as referred to in the Company's Disclosure Documents;

(ii) agreements, copies of which were in the data or information rooms maintained by the Company made available to Offeror's Parent; or

(iii) as set forth in a list provided to Offeror's Parent;

there are no agreements material to the conduct of the Company's business. Except as disclosed in writing to Offeror's Parent or the Offeror, such agreements are all in full force and effect unamended and there are no outstanding material defaults or violations under any such agreements on the part of the Company or any of the Subsidiaries or, to the Company's knowledge, on the part of any other party to such agreements and no approval or consent of any person is needed in order that such agreements continue in full force and effect following consummation of the transactions contemplated hereby.

(t) Indebtedness. The Company, together with its Subsidiaries on a consolidated basis, does not have any Indebtedness (excluding liabilities incurred in the ordinary course of business).

(u) Liens, etc. Except as disclosed in writing to Offeror's Parent prior to the date hereof, there are no pledges, liens, charges, security interests, leases, title retention agreements, mortgages, restrictions or encumbrances of any kind or character whatsoever on any material asset of the Company or its Subsidiaries.

(v) Intellectual Property.

(i) The Company has previously disclosed to Offeror's Parent a true, correct and complete list (including, to the extent applicable, registration, application or file numbers) of all patents, registered copyrights, registered trademarks, trade names, and registered service marks owned by the Company or any Subsidiary of the Company, including all domain names that are registered in the name of the Company or any Subsidiary of the Company and that are currently used in connection with the Company's business as it is now conducted, and all registrations of or applications for registration of any of the foregoing, including any additions thereto or extensions, continuations, renewals or divisions thereof (setting forth the registration, issue or serial number and a description of the same) (collectively, together with all trade dress, trade secrets, processes, formulae, designs, know-how and other intellectual property rights that are so owned, the "Owned Intellectual Property"). The Company has previously disclosed to Offeror's Parent true, correct and complete copies of each registration or application for registration covering any of the Owned Intellectual Property which is registered with, or in respect of which any application for registration has been filed with, any governmental entity.

(ii) All patents, copyrights, trademarks, trade names, service marks, domain names, trade dress, trade secrets, processes, formulae, designs, know-how and other intellectual property rights held by the Company or any Subsidiary of the Company under a license or similar arrangement (collectively, the "Licensed Intellectual Property" and, together with the Owned Intellectual Property, the "Intellectual Property"), together

with the Owned Intellectual Property, includes all of the intellectual property rights owned or licensed by the Company and its Subsidiaries that are reasonably necessary to conduct the Company's business as it is now conducted. The Company, directly or through its Subsidiaries, has good, marketable and exclusive title to, and the valid and enforceable power and unqualified right to use, the Owned Intellectual Property free and clear of all liens and encumbrances and no person or entity other than the Company and its Subsidiaries has any material right or interest of any kind or nature in or with respect to the Owned Intellectual Property or any portion thereof or any material rights to use, market or exploit the Owned Intellectual Property or any portion thereof, except for rights that have been granted by the Company or any of its Subsidiaries to its customers as part of sales in the ordinary course of business or as disclosed in the Company Disclosure Schedule.

- (iii) Except as set forth the Company Disclosure Schedule, neither the existence nor the sale, license, lease, transfer, use, reproduction, distribution, modification or other exploitation by the Company or any Subsidiary of the Company of any Intellectual Property, as is reasonably necessary to conduct the Company's business as it is currently conducted does or did (i) infringe on any patent, trademark, copyright or other right of any other person or (ii) constitute a misuse or misappropriation of any trade secret, know-how process, proprietary information or other right of any other person (each an "Infringement"). Since January 1, 2000, except (i) as set forth on the Company Disclosure Schedule, (ii) for agreements previously delivered to Purchaser with a claiming party pursuant to which such party has released or otherwise agreed to settle such claim of Infringement or (iii) settlements of claims of Infringements which were not individually or in the aggregate material, neither the Company nor any of its Subsidiaries has received in writing any complaint, assertion, threat or allegation or otherwise has notice of any lawsuit, claim, demand, proceeding or investigation involving matters of Infringement or is aware of any facts or circumstances that could reasonably be expected to give rise to any such lawsuit, claim, demand, proceeding or investigation. Except as required under any license agreements or similar agreements to which the Company or any Subsidiary of the Company is bound which (i) were placed in the Data Room on or prior to Thursday, August 21, 2003 or (ii) have previously been delivered by the Company to the Offeror's Parent, there are no restrictions on the ability of the Company or any Subsidiary of the Company to commercially exploit any Owned Intellectual Property or any Licensed Intellectual Property.
- (iv) Except for agreements which (i) were placed in the Data Room on or prior to Thursday, August 21, 2003 or (ii) previously delivered to Offeror's Parent, neither the Company nor any Subsidiary of the Company has any obligation to indemnify any third party for any claims of any infringement, misappropriation or violation relating to any Intellectual Property.
- (v) Except for agreements which (i) were placed in the Data Room on or prior to Thursday, August 21, 2003 or (ii) have previously been delivered by the Company to the Offeror's Parent, there are no settlement agreements, consents, judgments, orders, forbearance to sue or similar obligations limiting or restricting any rights of the Company or any Subsidiary of the Company in and to any Intellectual Property.
- (vi) Each of the Company and the Subsidiaries of the Company is using or holding Intellectual Property to which it is not the sole beneficial and registered owner with the consent of or a licence from the owner of such Intellectual Property, all of which such consents or licences are in full force and effect and no material default exists on the part of the Company or any of the Subsidiaries of the Company or, to the knowledge of the Company or any of the Subsidiaries of the Company, on the part of any of the parties thereto.
- (v) Inventory. All inventories of the Company and its Subsidiaries are valued on the books of the Company and its Subsidiaries at the lower of cost, using the first in, first out method, or net realizable value in accordance with GAAP consistently applied. Inventories of finished goods are saleable and all other inventories are merchantable or

usable and all inventories are in quantities usable or saleable in the ordinary course of business. The inventory levels have been maintained at the amounts required for the operations of the Company and its Subsidiaries as previously conducted and such inventory levels are adequate for such operations.

- (w) Major Suppliers and Customers. Other than as a result of the announcement of the Offer or the anticipated completion of the Offer, to the Company's knowledge, no material supplier or customer has any intention to change its relationship or the terms upon which it conducts business with the Company or any of its Subsidiaries.