

Articles of Incorporation of Kaba Holding Ltd

ARTICLES OF INCORPORATION

OF

KABA HOLDING LTD

I. NAME, OFFICE OF RECORD, PURPOSE, AND DURATION OF COMPANY

§ 1

A joint stock company named

**Kaba Holding AG
(Kaba Holding SA)
(Kaba Holding Ltd)**

of unlimited duration is in existence, with its office of record in Rümlang.

§ 2

The principal purpose of the Company is participation in other businesses in Switzerland and abroad.

Secondary purposes include:

- financing of subsidiaries and associated companies;
- acquisition, use, and sale of patents, licenses, and other intangible property rights;
- acquisition, management, and sale of securities, real estate, and other assets.

In addition, the Company may participate in all activities suitable for promoting or facilitating development of the Company.

II. SHARE CAPITAL

§ 3

The fully paid-up share capital amounts to CHF 380,377.80 and is subdivided into 3,803,778 registered shares of CHF 0.10 nominal value each.

§ 3a

The share capital may be increased by an amount not exceeding CHF 36,000 by issuing up to 360,000 fully paid registered shares with a nominal value of CHF 0.10 each through exercise of conversion and/or option rights which have been granted in connection with the issuance of bonds and similar instruments by the Company or a Group Company as well as by exercise of warrants which have been conferred on shareholders. If bonds or similar instruments are issued in connection with conversion or option rights, the pre-emptive subscription rights of the existing shareholders shall be excluded. The right to subscribe for new shares shall inure on the respective holders of conversion and/or option rights. The terms of conversion and/or option exercise shall be set by the Board of Directors.

The purchase of shares by exercise of conversion and/or option rights as well as every subsequent transfer of shares are subject to the transfer and voting right restrictions pursuant to paragraphs 5 and 10 of these Articles of Incorporation.

The Board of Directors shall be entitled to limit or abolish the preferential purchase right of existing shareholders in connection with the issuance of bonds or similar instruments with conversion and/or option rights if such instruments are used for the purpose of financing the takeover of enterprises, parts of an enterprise or equity interests. If the Board of Directors abolishes the preferential purchase right, the following shall apply: the convertible bonds or bonds with stock options shall be issued at market prices, and the issuance of new shares shall be made pursuant to the then applicable terms of conversion or option exercise. Conversion rights may be exercised for no more than ten years, and option rights may be exercised for no more than seven years, after the time of the relevant issuance of bonds.

§ 3b

The share capital may be increased by no more than CHF 8,063.20 by issuing to employees and members of the Board of Directors of the Company and of Group Companies no more than 80,632 registered shares of CHF 0.10 nominal value each which must be fully paid up. The subscription rights of existing shareholders on such new shares shall be excluded.

The issue of shares or option rights to employees or members of the Board of Directors shall be governed by regulation(s) to be defined by the Board of Directors and under consideration of achievement, function and responsibility level. Said shares or option rights may be issued to employees or members of the Board of Directors at a price below the market price. In connection with the issuance of option rights to employees (and members of the Board of Directors), the preferential subscription right of the existing shareholders shall be excluded.

The purchase of shares within the scope of the employee stock option plan as well as all subsequent transfers of such shares shall be subject to § 5 of the Articles of Incorporation. The shares are further subject to the voting rights limitations set forth in § 10 of the Articles of Incorporation

§ 3c

1. The Board of Directors is authorized until no later than October 21, 2010, to increase the share capital by no more than CHF 38'000 (thirty eight thousand Swiss francs) by issuing no more than 380,000 fully paid-up shares with a par value of CHF 0.10 each. The capital increase can be consummated in partial amounts.
2. After they are purchased, the new registered shares shall be subject to the transferability and voting rights restrictions set forth in these Articles of Incorporation.
3. The Board of Directors shall specify the date of the issue of new registered shares, the issue price, the form of contribution, exercise terms of the preemptive rights, and the effective date for dividend entitlement. The Board of Directors may also issue new registered shares through a block sale to a bank or syndicate with a subsequent tender to the previous shareholders. The Board of Directors may choose to let expire preemptive rights that have not been exercised or it may sell to the public at market terms any registered shares for which preemptive rights had been granted but not exercised.

4. Furthermore, the Board of Directors is authorized to restrict or void or assign to third parties preemptive rights in the event that said registered shares are to be used for the acquisition of companies, business lines, or participations or if they are to be used to finance or refinance transactions of this kind through private or public placements.

§ 4

The General Meeting of Shareholders may, at any time, resolve to convert registered shares into bearer shares or bearer shares into registered shares.

Shares shall bear the facsimile signatures of the Chairman and a member of the Board of Directors. Instead of individual shares, the Company may issue certificates representing a plurality of shares.

In the case of registered shares, the Company may waive printing and issuing share certificates, and may, with the agreement of the shareholders, annul without replacement any share certificates delivered to the Company. However, a shareholder may request at any time that the Company print and issue certificates for his registered shares, free of charge, and the Company may at any time order the printing of registered shares not physically in existence.

Registered shares not physically in existence, including the rights associated therewith, may only be transferred by assignment. The Company must be given notice for assignments to be valid, and the transfer restrictions listed in § 5 shall also apply to registered shares not physically in existence. The Company may inform the bank which holds in custody those registered shares assigned to shareholder that an assignment has taken place. If registered shares not physically in existence are managed by a bank on the instruction of a shareholder, such registered shares and the rights related therewith can only be transferred in cooperation with the bank.

Registered shares not physically in existence and the asset-related rights associated therewith may only be pledged by a written pledge agreement to the bank at which the shareholder has recorded the shares. No notice of the pledge to the Company shall be required.

§ 5

With respect to registered shares, only those persons listed in the stock ledger will be recognized as shareholders of the Company.

Transfer of registered shares shall require approval by the Board of Directors, which may delegate this authority wholly or in part.

The transfer of registered shares may be denied for the following reasons:

- a) in the case of individuals or corporations or partnerships, if they would acquire more than 5% of all share votes as a result of the stock transfer. This includes corporations and partnerships associated with one another by capital or votes, by the same management, or in any other manner, as well as all natural persons and corporations who have combined to form one person for the purpose of circumventing this restriction.

The limitation to 5% of all share votes shall apply in the case of subscription or acquisition of registered shares by the exercise of subscription, option, or conversion rights.

For shareholders who are registered in the stock ledger with more than 5% of all share votes on November 13, 1995 the Board of Directors may provide for exceptions to this restriction on the basis of a regulation to be adopted.

- b) when authorization of the transfer of registered shares could prevent the Company from furnishing legally required evidence regarding the constituency of its body of shareholders.
- c) when the registered shares are held in custody.

III. COMPANY AUTHORITIES

§ 6

The authorities of the Company are:

- a) the General Meeting of Shareholders
- b) the Board of Directors
- c) the Auditors

- a) General Meeting of Shareholders

§ 7

The General Meeting of Shareholders shall be convened by the Board of Directors subject to Article 699 of the Swiss Code of Obligations ("CO").

The ordinary General Meeting of Shareholders shall take place annually within six months following the end of the financial year.

§ 8

Extraordinary General Meetings of Shareholders may be convened as required and in those cases prescribed by law.

§ 9

The invitation to the General Meeting of Shareholders shall be issued at least 20 days before the day of the meeting in accordance with § 24. The agenda and the motions shall be issued together with the invitation. The annual report and the auditors' report shall be available for review no later than 20 days prior to the date of the General Meeting at the principal office of the Company and at its branch offices, if any. Every shareholder may demand that a copy of these documents be sent to him immediately.

The Board of Directors shall be obliged to add to the agenda any motions by shareholders who represent at least 0.5% of the share capital, provided the Board receives these motions in writing at least four weeks before the General Meeting of Shareholders. The provisions of Article 699 para. 3 CO regarding motion rights shall apply.

§ 10

Each share shall entitle the shareholder to one vote in the General Meeting of Shareholders.

A shareholder, however, may exercise directly or indirectly for his own shares and the shares he represents, the voting right of a maximum of 5% of all stock voting rights. Corporations and partnerships connected with one another by capital or votes, by the same management or in another fashion, as well as natural persons or corporations or partnerships formed for the purpose of circumventing the voting restrictions, shall be considered as one person. This limitation does not apply to members of the board, banks or independent parties in accordance with Article 689c CO acting as proxies.

This voting restriction shall not apply to shareholders who, when this provision of the Articles of Incorporation was issued, were already listed in the stock ledger with registered shareholdings representing more than 5% of all the stock voting rights.

A shareholder may be represented only by one other shareholder with a written proxy. The representation by members of the board, banks or independent proxies in accordance with Articles 689c and 689d CO remains reserved.

§ 11

The General Meeting shall pass its resolution and conduct its votes without regard for the number of shareholders present or the represented shares, on the basis of the majority votes cast.

For resolutions covering

- conversion of registered shares into bearer shares;
- dissolution of the Company (including as a result of merger);
- amendment of § 5, § 11 and § 15 of the Articles of Incorporation

approval shall require at least two-thirds of the represented votes.

The compulsory rules of the law are reserved.

§ 12

All elections and referenda shall be public, unless the General Meeting decides on a secret ballot or is directed to do so by the Chairman.

§ 13

The Chairman of the General Meeting of Shareholders shall be the Chairman of the Board of Directors; if he is prevented from presiding, his deputy or another member of the Board of Directors shall preside.

The Chairman shall designate an individual to take the minutes and at least two vote tellers, none of whom need be shareholders.

Minutes shall be kept of the resolutions and votes of the General Meeting. The minutes shall be signed by the Chairman, the keeper of the minutes, and the tellers.

In the case of resolutions and election of auditors and experts, but not for election of the Board of Directors, the Chairman shall cast the deciding vote in case of a tie.

§ 14

The General Meeting of Shareholders is the supreme authority of the Company. It enjoys the following non-transferable rights:

- a) It establishes and amends the Articles of Incorporation;
- b) It elects the Board of Directors and the Auditors;
- c) It approves the annual report and the books of account;
- d) It approves the financial statements and the resolutions regarding appropriation of net income;
- e) It formally approves the actions of the Board of Directors and the Management;
- f) It adopts resolutions covering all other subjects reserved to the General Meeting of Shareholders by law or by these Articles of Incorporation.

- b) Board of Directors

§ 15

The Board of Directors of the Company shall be composed of five to ten members.

The members of the Board shall be elected for three years and shall be entitled to run for re-election immediately. About one-third of the members shall be recommended for re-election each year; the Board of Directors shall decide on how the tenure will be allocated.

§ 16

The Board of Directors shall constitute itself.

The Board of Directors shall meet at the invitation of the Chairman or a member representing him, or at the request of one of its members as often as business requires, but at least four times a year.

The Board of Directors shall constitute a quorum when more than half of its members are present. It shall pass its resolutions and conduct its votes on the basis of the majority of members present. The Chairman shall also vote; in case of a tie vote, his vote shall count twice.

When adopting resolutions concerning the implementation of capital increases, the Board of Directors shall constitute a quorum regardless of the number of members present.

Minutes shall be kept of the actions and resolutions of the Board of Directors and shall be signed by the Chairman and the keeper of the minutes.

The keeper of the minutes shall be appointed by the Chairman of the Board of Directors and need not be a member of the Board of Directors.

Resolutions of the Board of Directors may also be passed by circular letter.

§ 17

The powers of the Board of Directors shall include all matters not reserved to another Company authority by law or the Articles of Incorporation.

The Board of Directors may transfer responsibilities for management of the Company and representation of the Company within the framework of the law and a regulation passed by it, to individual members of the Board of Directors (delegates) or to third parties who need not be shareholders. It may also constitute committees composed of its members.

The Board of Directors shall appoint the authorized signatories and the manner of signature.

§ 18

Members of the Board of Directors shall be remunerated for their efforts, said remuneration to be determined annually by the Board of Directors itself.

For tasks beyond the normal activities of the members of the Board of Directors, the Board may grant special emoluments.

c) Auditors

§ 19

The General Meeting of Shareholders shall appoint the Auditors at the request of the Board of Directors; the Auditors' term of office shall be one year.

An auditing firm subject to governmental supervision as required by law is to be appointed as Auditors.

The rights and duties of the Auditors are determined by the provisions of the law.

IV. ACCOUNTING

§ 20

The financial accounts shall close each year on June 30. The consolidated statement of account shall be prepared as at June 30 of each year.

§ 21

For each financial year, the Board of Directors shall prepare a business report which consists of a financial statement, the annual report and the consolidated accounts to the extent required by law.

The financial statement shall consist of the statement of income, the balance sheet, and the appendix. It shall be prepared according to the principles of due diligence in reporting practices and to the provisions set forth in Articles 663-663c and 664-670 CO.

§ 22

Five percent of the annual net income shall be allocated to the legal reserve fund, until the latter has reached a value of one-fifth of the paid-in share capital.

Article 671 CO, especially paragraph 4, shall govern further appropriations to the legal reserve fund and its use.

The net income shall be made available to the General Meeting of Shareholders. The latter may decide in particular whether any additional reserves shall be set aside, and may amend the purpose of such funds.

V. DISSOLUTION AND LIQUIDATION OF THE COMPANY

§ 23

In response to a motion from the Board of Directors or a shareholder, and in accordance with legal provisions and these Articles of Incorporation, the General Meeting of Shareholders may decide to dissolve and liquidate.

Liquidation shall be conducted by the Board of Directors then in office if the General Meeting of Shareholders does not charge other persons with this task.

VI. ANNOUNCEMENTS

§ 24

The organ for statutory publications by the Company shall be the Swiss Official Gazette of Commerce. The Board of Directors is entitled at any time to appoint further means of publication.

The communication of the Company to the registered shareholders whose addresses are known additionally can be made by a letter.

§ 24a

The Company intends to use the proceeds from the capital increase, resolved on February 8, 2001, to finance, in part, a take-over bid for all shares of Unican Security Systems Ltd., Montreal (Quebec), Canada, to be extended all of the shareholders of Unican at the date the offer will be made, at a price of CAD 36 per share or an expected overall purchase price of approximately CAD 788,180,184.

§ 24b

In accordance with the Contribution in Kind Agreement of August 8, 2006 between the Company, Ng Kin Shek United Company Limited (Seller), in Road Town, Tortola, British Virgin Islands, as well as Billion Power Investments Limited, Sino Origin Investments Limited, Right Elite Limited and Wah Yuet (China) Limited, four subsidiaries of the Seller (Subsidiaries) also of Road Town, Tortola, British Virgin Islands, the Company in conjunction with the capital increase has taken over from the Seller 24 fully paid shares of Wah Yuet (Ng's) Group Holdings Limited (Target) with registered office in Road Town, Tortola, British Virgin Islands on August 10, 2006. These shares are being taken over with a net book value of CHF 59,256,126.30 in total. In consideration of this contribution the Seller receives a total of 196,910 fully paid registered shares of the Company with a nominal value of CHF 5.20 each, which upon instruction have been allotted to the Subsidiaries. The Company allocates the difference between the total nominal value of the issued shares and the net book value of the contribution of CHF 58,232,194.30 in total to the reserves.

Regensdorf, October 21, 2008

The Chairman of the Board:

Minutes:

Ulrich Graf

Dr. Jürg Hans Appenzeller