

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 11 of this circular apply throughout this circular, including this cover page (unless the context indicates a contrary intention).

**Action required**

This circular is important and should be read in its entirety, with particular attention to the section entitled "Action required by Adcock shareholders", which commences on page 4.

If you are in any doubt as to what action to take, you should consult your broker, CSDP, banker, accountant or other professional adviser immediately.

If you have disposed of all your Adcock ordinary shares, please forward this circular to the purchaser of such Adcock ordinary shares or to the broker, CSDP, banker, accountant or other agent through whom the disposal was effected.

**Adcock, Ad-izinyosi and AdBEE do not accept responsibility, and will not be held liable, for any act of, or omission by, any CSDP or broker including, without limitation, any failure on the part of a CSDP or broker or any registered holder of Adcock ordinary shares to notify the holder of beneficial interests in those shares of the transactions contemplated in this circular.**



**Adcock Ingram  
Holdings Limited**

**Friedshel 1652  
Proprietary Limited,  
in the course of being renamed**

**Ad-izinyosi (RF)  
Proprietary  
Limited**

**Friedshel 1651  
Proprietary Limited,  
in the course of being renamed**

**AdBEE (RF)  
Limited**

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**CIRCULAR TO ADCOCK SHAREHOLDERS**

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**relating, among other things, to:**

- **Part 1: the termination of the existing Adcock BEE scheme and repurchase**
  - the termination of the existing Adcock BEE scheme and repurchase of the A ordinary shares and B ordinary shares;
- **Part 2: a new BEE scheme**
  - a scheme of arrangement in terms of section 114 of the Companies Act proposed by the Adcock board between Adcock, Ad-izinyosi and the holders of Adcock ordinary shares (other than the holder of the treasury shares), pursuant to which scheme, if implemented, Ad-izinyosi shall acquire all of the scheme shares from the scheme participants, and each scheme participant shall receive the scheme consideration; and
- **Part 3: certain other information**
  - certain other information as required by the JSE and/or TRP, including, *inter alia*, financial effects, historical financial information, interest disclosures, opinions and recommendations;

**and incorporating, among other things:**

1. a report prepared by the independent expert in terms of section 114(3) of the Companies Act;
2. *pro forma* financial information in respect of Adcock;
3. extracts of sections 115 of the Companies Act dealing with the approval required for fundamental transactions;
4. a statement of appraisal rights in terms of section 164(2) of the Companies Act;
5. notice convening the general meeting;
6. a form of proxy in respect of the general meeting (*green*) (for use by certificated shareholders and own-name dematerialised shareholders only);
7. notices convening the scheme meeting;
8. a form of proxy in respect of the scheme meeting (*yellow*) (for use by certificated shareholders and own-name dematerialised shareholders only); and
9. a form of election, surrender and transfer in respect of the scheme shares (*blue*) (for use by certificated scheme participants only);

**and accompanied by:**

10. the placing document for AdBEE prepared in terms of the JSE Listings Requirements.

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**Merchant bank, financial adviser  
and sponsor to Adcock**



**Sponsor to AdBEE**



**Corporate law advisers to Adcock**



**Corporate law advisers and  
trustee to AdBEE**



**Independent expert  
to Adcock**



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Date of issue: 28 May 2015

This document is available in English only. Copies may be obtained from the registered office of Adcock and the financial adviser to Adcock, whose addresses are set out in the "Corporate Information and Advisers" section on page 1 of this circular, from, Thursday, 28 May 2015 until Friday, 10 July 2015. Copies of this document may also be found on Adcock's website: <http://www.adcock.com>.

The release, publication or distribution of this document in jurisdictions other than South Africa may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about and observe any applicable requirements in those jurisdictions. The information disclosed in this document may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction other than South Africa.

This document and any accompanying documentation are not intended to, and do not, constitute, or form part of, an offer to sell or an invitation to purchase or subscribe for any securities or a solicitation of any vote or approval in any jurisdiction in which it is unlawful to make such an offer, invitation or solicitation, or such offer, invitation or solicitation would require Adcock or AdBEE to comply with disproportionately onerous filing and/or disproportionately onerous regulatory obligations. This document does not constitute a prospectus or a prospectus equivalent document. However, it is accompanied by a placing document in respect of AdBEE as it will be constituted after the scheme. Adcock shareholders are advised to read carefully any formal documentation in relation to the transaction.

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## CORPORATE INFORMATION AND ADVISERS

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### Adcock Ingram Holdings Limited

#### Directors

**Brian Joffe** (*Chairman*)

**Kevin B Wakeford** (*Chief Executive Officer*)

**Andrew G Hall** (*Deputy Chief Executive and Financial Director*)

\***P Mpho Makwana**

\***Prof Matthias Haus**

\***Dr Tlalane Lesoli**

\***Clifford D Raphiri** (*Lead Independent*)

\***Dr Roger I Stewart**

\***Michael (Motty) I Sacks**

**Lindsay P Ralphs**

**Roshan Morar**

**Dr Anna T Mokgokong**

*\*Independent non-executive*

#### Company Secretary

Ntando Simelane

#### Registered Office

Adcock Ingram Holdings Limited

(Registration number 2007/016236/06)

1 New Road

Midrand, 1682

(Private Bag X69, Bryanston, 2021) South Africa

Website: <http://www.adcock.com>

#### Date and Place of Incorporation:

4 June 2007, South Africa

#### Merchant Bank and Sponsor

Rand Merchant Bank

(A division of FirstRand Bank Limited)

(Registration number 1929/001225/06)

1 Merchant Place

Corner Fredman Drive and Rivonia Road

Sandton, 2196

(PO Box 786273, Sandton, 2146)

#### Legal Advisers

Edward Nathan Sonnenbergs Incorporated

(Registration number 2006/018299/21)

150 West Street

Sandton 2196

(PO Box 783347, Sandton, 2146)

#### Transfer Secretaries

Computershare Investor Services

Proprietary Limited

(Registration number 2004/003647/07)

Ground Floor

70 Marshall Street

Johannesburg, 2001

(PO Box 61051, Marshalltown, 2107)

South Africa

#### Reporting Accountants

Ernst & Young Inc.

102 Rivonia Road

Sandton, 2196

#### Independent Expert

PSG Capital Proprietary Limited

(Registration number 2006/015817/07)

First Floor, Building 8

Inanda Greens Business Park

54 Wierda Road West

Sandton, 2196

(PO Box 650957, Benmore, 2010)

**Friedshelf 1652 Proprietary Limited, in the course  
of being renamed Ad-izinyosi (RF) Proprietary  
Limited**

**Directors**

**Dr Anna T Mokgokong**  
**Basadifeela Letsoalo**  
**Adv Willy Huma**  
**Dr Molefi Molefi**

**Company Secretary and Registered Office:**

NE Simelane  
Block 5  
Ashlea Gardens Office Park  
180 Garsfontein Road  
Ashlea Gardens  
Pretoria  
0081

**Friedshelf 1651 Proprietary Limited, in the  
course of being renamed AdBEE (RF) Limited**

**Directors**

**Clifford D Raphiri**  
**P Mpho Makwana**  
**Dr Tlalane Lesoli**

**Company Secretary and Registered Office**

NE Simelane  
1 New Road  
Midrand  
1682

**Legal Adviser in South Africa**

Edward Nathan Sonnenbergs Incorporated  
(Registration number 2006/018299/21)  
150 West Street  
Sandton 2196  
(PO Box 783347, Sandton, 2146)

**Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
(Registration number 2004/003647/07)  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown  
South Africa, 2107)

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## **ACTION REQUIRED BY ADCOCK SHAREHOLDERS**

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*The definitions and interpretations commencing on page 11 of this circular apply to this section on the Action Required by Adcock shareholders (unless the context indicates a contrary intention).*

**A general meeting and a scheme meeting are to be convened to consider the resolutions proposed at each meeting.**

**The meetings are scheduled to be held in the auditorium at Adcock's offices, 1 New Road, Midrand, Gauteng, South Africa with the general meeting commencing at 10h00 and the scheme meeting commencing at 10h30, or ten minutes after the conclusion or adjournment of the general meeting, whichever is the later, on Friday, 10 July 2015 to consider and, if deemed fit, to approve the scheme.**

**Notice convening the general meeting and the scheme meeting are attached to, and form part of, this circular.**

**1. IF YOU HAVE DEMATERIALIZED YOUR ADCOCK ORDINARY SHARES AND DO NOT HAVE "OWN NAME" REGISTRATION**

**1.1 Voting at the meetings**

- 1.1.1 You may be contacted by your duly appointed CSDP or broker in the manner stipulated in the custody agreement between you and your CSDP or broker in order to obtain your voting instructions in relation to the general meetings.
- 1.1.2 If you have not been contacted by your CSDP or broker, it is advisable for you to contact your CSDP or broker immediately and to furnish your CSDP or broker with your voting instructions in relation to the meetings in the manner and by the cut-off time stipulated by your CSDP or broker in terms of the custody agreement between you and your CSDP or broker.
- 1.1.3 If your CSDP or broker does not obtain voting instructions from you, your CSDP or broker will be obliged to act in accordance with the instructions contained in the custody agreement concluded between you and your CSDP or broker.
- 1.1.4 You **must not** complete either of the attached forms of proxy.

**1.2 Attendance at the meetings**

- 1.2.1 In accordance with the custody agreement between you and your CSDP or broker, you must advise your CSDP or broker if you wish to: (i) attend, speak and vote at the general meetings or (ii) send a proxy to represent you at the general meetings.
- 1.2.2 Your CSDP or broker should then issue the necessary letter(s) of representation to you for you or your proxy to attend, speak and vote at the general meetings.

**1.3 Elections at the scheme meeting**

- 1.3.1 You must advise your CSDP or broker in the manner stipulated in the custody agreement governing the relationship with your CSDP or broker, as to the number of Adcock ordinary shares in respect of which you elect to sell to Ad-izinyosi to receive the scheme consideration up to 30% (the minimum is 15% if the scheme is approved) in order for your CSDP or broker to provide such election to the transfer secretaries as required.
- 1.3.2 All such elections are, among other things, subject to the limitations and other provisions set out in part 2 of this circular.
- 1.3.3 If you fail to advise your CSDP or broker of your election, your CSDP or broker will make an election on your behalf in the manner stipulated in the custody agreement governing the relationship with your CSDP or broker.
- 1.3.4 If your CSDP or broker does not make such an election timeously, you will be deemed to have elected to sell 15% of your Adcock ordinary shares to Ad-izinyosi.
- 1.3.5 If your CSDP or broker exercises appraisal rights on your behalf so that you/they are a deemed scheme participant in respect of your Adcock ordinary shares, you will be deemed to have elected to sell 15% of your Adcock ordinary shares to Ad-izinyosi.

#### 1.4 **Election, surrender and transfer form**

1.4.1 You **must not** complete the election, surrender and transfer form.

#### 1.5 **Settlement of scheme consideration**

1.5.1 If the scheme becomes operative, you will have your account held at your CSDP or broker debited with the Adcock ordinary shares you are transferring in terms of the scheme and credited with the scheme consideration. If you become a deemed scheme participant, the scheme consideration will be credited to your account held at your CSDP or broker on the date set out in paragraph 14.5 of part 2 of this circular.

### 2. **IF YOU HAVE DEMATERIALISED YOUR ADCOCK ORDINARY SHARES WITH “OWN NAME” REGISTRATION**

#### 2.1 **Voting, attendance and representation at the meetings**

2.1.1 You may attend, speak at and vote at the meetings (or if you are a company or other body corporate, be represented by a duly authorised person).

2.1.2 If you do not wish to or are unable to attend the meetings and wish to be represented thereat, you must complete and return the applicable form of proxy in accordance with the instructions therein to the transfer secretaries by hand to 70 Marshall Street, Johannesburg, or by post to PO Box 61051, Marshalltown, 2107, to be received no later than 10h00, in respect of the general meeting, and 10h30, in respect of the scheme meeting, on 10 July 2015. Forms of proxy may also be handed to the chairperson of the applicable meetings at any time before the voting rights are exercised (including at any postponed or adjourned meeting).

#### 2.2 **Elections**

2.2.1 You must advise your CSDP or broker, in the manner stipulated in the custody agreement governing the relationship with your CSDP or broker, as to the number of Adcock ordinary shares in respect of which you elect to sell to Ad-izinyosi to receive the scheme consideration up to 30% (the minimum is 15% if the scheme is approved) in order for your CSDP or broker to provide such election to the transfer secretaries as required.

2.2.2 All such elections are, among other things, subject to the limitations and other provisions set out in part 2 of this circular.

2.2.3 If you fail to advise your CSDP or broker of your election, your CSDP or broker will make an election on your behalf in the manner stipulated in the custody agreement governing the relationship with your CSDP or broker.

2.2.4 If your CSDP or broker does not make such an election timeously, you shall be deemed to have elected to sell 15% of your Adcock ordinary shares to Ad-izinyosi.

2.2.5 If you are a deemed scheme participant, you will be deemed to have elected to sell 15% of your Adcock ordinary shares to Ad-izinyosi.

#### 2.3 **Election, surrender and transfer form**

2.3.1 You **must not** complete the election, surrender and transfer form.

#### 2.4 **Settlement of scheme consideration**

2.4.1 If the scheme becomes operative, you will have your account held at your CSDP or broker debited with the Adcock ordinary shares you are transferring in terms of the scheme and credited with the scheme consideration on the scheme implementation date. If you become a deemed scheme participant, the scheme consideration will be credited to your account held at your CSDP or broker on the date set out in paragraph 14.5 of part 2 of this circular.

### 3. **IF YOU HAVE NOT DEMATERIALISED YOUR ORDINARY SHARES**

#### 3.1 **Voting, attendance and representation at the meetings**

3.1.1 You may attend, speak at and vote at the meetings (or if you are a company or other body corporate, be represented by a duly authorised person).

3.1.2 If you do not wish to or are unable to attend the meetings and wish to be represented thereat, you must complete and return the applicable form of proxy in accordance with the instructions therein to the transfer secretaries by hand to 70 Marshall Street, Johannesburg, or by post to PO Box 61051, Marshalltown, 2107, to be received no later than 10h00, in respect of the general meeting, and 10h30, in respect of the scheme meeting, 10 July 2015. Forms of proxy may also be handed to the chairperson of the applicable meetings at any time before the voting rights are exercised (including any postponed or adjourned meeting).

### 3.2 Elections

3.2.1 You must, by completing the attached form of election, surrender and transfer (*blue*) advise the number of Adcock ordinary shares in respect of which you elect to sell to Ad-izinyosi.

3.2.2 All such elections are subject to the limitations and other provisions set out in part 2 of this circular.

3.2.3 If your election is not received by the transfer secretaries by 12h00 on the scheme record date, you will be deemed to have elected to sell 15% of your Adcock ordinary shares to Ad-izinyosi.

3.2.4 If you are a deemed scheme participant, you will be deemed to have elected to sell 15% of your Adcock ordinary shares to Ad-izinyosi.

### 3.3 Surrender of documents of title

3.3.1 If the scheme becomes operative, you will be required to surrender your documents of title in respect of all of your Adcock ordinary shares in order to claim your scheme consideration.

3.3.2 If you wish to surrender your documents of title in anticipation of the scheme becoming operative, you should complete part B of the attached election, surrender and transfer form (*blue*) and return it, together with the documents of title for all your Adcock ordinary shares in accordance with the instructions therein, to the transfer secretaries by hand to 70 Marshall Street, Johannesburg, or by post to PO Box 61763, Marshalltown, 2107.

3.3.3 Your attention is drawn to the fact that if you surrender your documents of title in respect of your Adcock ordinary shares in advance, you will be unable to dematerialise and/or trade in those shares on the JSE from the date of surrender. However, your right to attend and vote at the general meetings will remain unaffected.

3.3.4 Documents of title surrendered in anticipation of the scheme becoming operative will be held in trust by the transfer secretaries, at your risk, pending the scheme becoming operative.

3.3.5 If the scheme does not become operative, any documents of title surrendered will be returned within five business days after it becomes known that the scheme will not become operative, by registered post, at your risk, to the return addresses specified on the form of election, surrender and transfer (*blue*), or if no return address is specified on the form of election, surrender and transfer (*blue*), the address recorded in the register.

### 3.4 Scheme consideration

3.4.1 If the scheme becomes operative and if the attached form of election, surrender and transfer (*blue*) together with the relevant documents of title have been properly and timeously surrendered to the transfer secretaries, to the extent you are entitled to receive the share consideration, you will have such consideration credited on the scheme implementation date to an issuer initiated dematerialised account maintained by the transfer secretaries or another entity in South Africa appointed by AdBEE. Your attention is drawn to paragraph 15 of part 2 of this circular regarding the manner in which this account will be regulated and dealt with.

3.4.2 If you become a deemed scheme participant, you will need to surrender your documents of title, together with a completed form of election, surrender and transfer (*blue*), to the transfer secretaries, and will have the share consideration credited to an issuer initiated dematerialised account maintained by the transfer secretaries or another entity in South Africa appointed by AdBEE, within five business days of the later of the date on which the transfer secretaries receive your documents of title and completed form of election, surrender and transfer (*blue*) and the date on which you notify the transfer secretaries and Adcock in writing that you are no longer a dissenting shareholder. You will be deemed to have elected to sell 15% of your Adcock ordinary shares to Ad-izinyosi.



- 3.4.3 If you fail to surrender your documents of title and submit a completed form of election, surrender and transfer (*blue*) to the transfer secretaries, the scheme consideration will be held in trust by Adcock (or any third party nominated by it for this purpose) for the benefit of the scheme participants concerned, until lawfully claimed by such scheme participants, for a maximum period of three years, after which such consideration shall be made over to the Guardians Fund. For the avoidance of doubt, no interest will accrue in accordance with this paragraph 3.4.3 for the benefit of the scheme participants on the scheme consideration held by Adcock. You will be deemed to have elected to sell 15% of your Adcock ordinary shares to Ad-izinyosi.

#### 4. **ADCOCK A ORDINARY AND ADCOCK B ORDINARY SHAREHOLDERS**

The Adcock A ordinary shareholder and the Adcock B ordinary shareholder have agreed to the repurchase of their shares and the cancellation of the existing Adcock BEE scheme as part of the A repurchase agreement and the B repurchase agreement, which agreements are conditional upon the resolutions proposed at the general meeting and scheme meeting being adopted and the scheme being implemented.

The Adcock A ordinary shareholder and the Adcock B ordinary shareholder have accordingly agreed not to vote at the general meeting. If the resolution is adopted at the general meeting it would be inappropriate for the Adcock A ordinary shareholder and the Adcock B ordinary shareholder to vote at the scheme meeting. In anticipation of the resolution being adopted at the general meeting the Adcock A ordinary shareholder and the Adcock B ordinary shareholder have accordingly agreed not the vote at the scheme meeting.

#### 5. **GENERAL**

- 5.1 If you wish to dematerialise or rematerialise your Adcock ordinary shares, please contact your broker or CSDP. You **do not** need to dematerialise your Adcock ordinary shares to receive the scheme consideration.
- 5.2 The contents of this circular do not purport to constitute personal legal advice or to comprehensively deal with the legal, regulatory and tax implications of the general meeting and/or the scheme for each Adcock shareholder. Shareholders are accordingly advised to consult their relevant professional advisers about their personal legal, regulatory and tax positions regarding the general meeting and the scheme and, in particular, the receipt of the scheme consideration.
- 5.3 Shareholders are advised that no dematerialisation or rematerialisation of Adcock ordinary shares may take place from the commencement of business on the business day following the scheme LDT. The scheme LDT is expected to be on Friday, 17 July 2015.
- 5.4 If documents of title relating to any scheme shares to be surrendered are lost or destroyed, certificated scheme participants should nevertheless return the attached form of election, surrender and transfer (*blue*) duly signed and completed to the transfer secretaries by hand to 70 Marshall Street, Johannesburg, or by post to PO Box 61763, Marshalltown, 2107, together with an indemnity form, which is obtainable from the transfer secretaries.
- 5.5 Adcock may dispense with the surrender of documents of title upon production of evidence satisfactory to Adcock and AdBEE that the documents of title relating to the scheme shares in question have been lost or destroyed and upon provision of a suitable indemnity on terms satisfactory to Adcock and AdBEE. Indemnity forms are obtainable from the transfer secretaries.
- 5.6 Adcock shareholders are advised that, in terms of section 115(3) of the Companies Act, Adcock may in certain circumstances not proceed to implement the scheme, notwithstanding that the scheme may have been approved at the scheme meeting, without the approval of Court. A copy of section 115 of the Companies Act pertaining to the required approval(s) for the scheme is set out in Annexure F to this circular.

#### 6. **ELECTRONIC PARTICIPATION**

- 6.1 Adcock shareholders are advised in terms of section 63(3) of the Companies Act, that while the meetings will be held in person, Adcock shareholders (and/or their proxies) may participate in the relevant meeting(s) by electronic communication, as contemplated in sub-section 63(2) of the Companies Act, and Adcock shareholders and/or their proxies will be able, at their own expense, to participate in the relevant meeting(s) by means of a teleconference facility.
- 6.2 Arrangements to participate in the meeting(s) should be made through the office of the Company Secretary.

7. **DISSENTING SHAREHOLDERS' APPRAISAL RIGHTS**

Adcock ordinary shareholders who wish to exercise their rights in terms of section 164 of the Companies Act are referred to paragraph 14.8 of part 2 of this circular and the statement of their rights set out in Annexure G. Adcock ordinary shareholders who wish to exercise their rights in terms of section 164 of the Companies Act are required, before the applicable scheme resolution to approve the scheme is voted on at the meetings, to give notice to Adcock in writing objecting to such resolution, and to vote against the applicable resolution(s) at the relevant meetings.

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## SALIENT DATES AND TIMES RELATING TO THE SCHEME

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The definitions and interpretations commencing on page 11 of this circular shall apply throughout this section (unless the context indicates a contrary intention).

**2015**

Record date to determine which shareholders are entitled to receive the circular	Friday, 22 May
Circular issued to Adcock shareholders and notice convening the meetings released on SENS on	Thursday, 28 May
Notice convening the meetings published in the South African press on	Friday, 29 May
Last day to trade Adcock ordinary shares on the JSE in order to be recorded in the register on the voting record date in order to be eligible to vote at the meetings (see note 2 below) on	Friday, 26 June
Voting record date on which Adcock shareholders must be recorded in the register in order to vote at the meetings by close of trading (see note 2 below) on	Friday, 3 July
Last date and time to lodge forms of proxy for the general meeting with the transfer secretaries by 10h00 on	Wednesday, 8 July
Last date and time to lodge forms of proxy for the scheme meeting with the transfer secretaries by 10h30 on	Wednesday, 8 July
Last date and time for Adcock ordinary shareholders to give notice in terms of section 164 of the Companies Act objecting to the special resolution approving the scheme at the scheme meeting by 10h30, or 10 minutes after the conclusion or adjournment of the general meeting, whichever is the later on	Friday, 10 July
General meeting to be held at 10h00 on	Friday, 10 July
Scheme meeting to be held at 10h30, or 10 minutes after the conclusion or adjournment of the general meeting, whichever is the later on	Friday, 10 July
Results of meetings released on SENS on	Friday, 10 July
Results of meetings published in the South African press on	Monday, 13 July
<b>If the scheme is approved by Adcock shareholders at the scheme meeting:</b>	
Last date on which Adcock shareholders can require Adcock to seek court approval in terms of section 115(3)(a) of the Companies Act on	Friday, 17 July
Last date on which Adcock shareholders can apply to the court in terms of section 115(3)(b) of the Companies Act on	Friday, 24 July
Last date for Adcock to notify shareholders who objected to the scheme resolution, of the approval of the scheme resolution on	Friday, 24 July
<b>If no Adcock shareholders exercise their rights in terms of section 115 of the Companies Act:</b>	
Scheme finalisation date expected to be on or about	Friday, 10 July
Scheme finalisation date announcement expected to be announced on SENS by 11h00 on or about	Friday, 10 July
Scheme finalisation date announcement expected to be published in the South African press on or about	Monday, 13 July
Scheme LDT expected to be by close of trading on	Friday, 17 July

**A shareholder is not entitled during the period from commencement of trade on the 1st business day following the scheme LDT until the scheme implementation date to sell Adcock ordinary shares on the JSE unless a valid election has been submitted by him or on his behalf, in terms of paragraphs 1.3, 2.2 or 3.2 (as relevant) of the section entitled “Action Required by Adcock shareholders” commencing on page 4, in which event he shall be entitled to sell no more than that number of Adcock shares equal to the lower of: (a) the number of Adcock ordinary shares that he would have remaining if he had elected to sell 15% of his scheme shares and (b) the relevant number of Adcock ordinary shares remaining if the percentage of scheme shares which he has elected to sell is greater than 15%**

Monday, 20 July to  
Friday, 24 July

Expected date of the listing of AdBEE and the call options at commencement of trading under the JSE code ADE and ISIN: ZAE000204897 and code ADEO and ISIN: ZAE000204921, respectively at the commencement of trade on

Monday, 20 July

Elections by scheme participants in respect of the scheme to be received by the transfer secretaries by 12h00 on the scheme record date, which is expected to be on

Friday, 24 July

Scheme record date expected to be by close of trading on scheme implementation date expected to be on

Friday, 24 July

Scheme implementation date: Subject to the delayed implementation provisions regulating deemed scheme participants, settlement of the scheme consideration expected to occur to certificated scheme participants (if the form of surrender and transfer (*blue*) and documents of title are received by the transfer secretaries on or before 12h00 on the scheme record date) on

Monday, 27 July

**Notes:**

1. The above dates and times are subject to such changes as may be agreed to by Adcock and AdBEE (and, to the extent necessary, the TRP, JSE and other regulatory authorities). Without limiting the foregoing, if the suspensive conditions are not fulfilled or waived (as the case may be) by Monday, 31 August 2015, or if the suspensive conditions are fulfilled or waived (as the case may be) before that date, a revised timetable will be released on SENS and published in the South African press.
2. Adcock ordinary shareholders should note that, as trade in Adcock ordinary shares on the JSE is settled in the electronic settlement system used by Strate, settlement of trades takes place five business days after the date of such trades. Therefore, Adcock ordinary shareholders who acquire Adcock ordinary shares on the JSE after Friday, 26 June 2015, being the last day to trade in Adcock ordinary shares so as to be recorded in the register on the voting record date, will not be entitled to vote at the general meetings.
3. Adcock ordinary shareholders who wish to exercise their appraisal rights are referred to Annexure G to this circular for purposes of determining the relevant timing for the exercise of their appraisal rights. The exercise of appraisal rights may result in changes to the above salient dates and times and Adcock ordinary shareholders will be notified separately of the applicable dates and times resulting from any such changes. Adcock ordinary shareholders who wish to exercise their right in terms of section 115(3) of the Companies Act, to require the approval of a court for the scheme, should refer to Annexure F to this circular which includes an extract of section 115 of the Companies Act. Should Adcock ordinary shareholders exercise their rights in terms of section 115(3) of the Companies Act, the dates and times set out above will not be relevant. Adcock ordinary shareholders will be notified separately of the applicable dates and times under this process.
4. Dematerialised shareholders, other than those with “own name” registration, must provide their CSDP or broker with their instructions for voting at the general meetings by the cut-off time and date stipulated by their CSDP or broker in terms of their respective custody agreements between them and their CSDP or broker.
5. No dematerialisation or rematerialisation of Adcock ordinary shares may take place from the commencement of business on the business day following the scheme LDT. The scheme LDT is expected to be on Friday, 17 July 2015. Dematerialisation or rematerialisation will recommence on Monday, 27 July 2015.
6. If either of the meetings is adjourned or postponed, the above dates and times will change, but the applicable form of proxy submitted for the relevant meeting will remain valid in respect of any postponement prior to convening, adjournment or postponement of that meeting.
7. Although the above dates and times are stated to be subject to change, such statement may not be regarded as consent or dispensation for any change to time periods which may be required in terms of the Takeover Regulations and the Listings Requirements or other law or regulation, where applicable, and any such consents or dispensations must be specifically applied for and granted.
8. All times referred to in this circular are references to South African Standard Time.

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## DEFINITIONS AND INTERPRETATION

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In this circular, unless the context indicates a contrary intention, an expression which denotes any gender includes the other genders, a natural person includes a juristic person, a trust and a partnership, and *vice versa*, the singular includes the plural and *vice versa* and the following expressions bear the meanings assigned to them below:

<b>“AdBEE”</b>	Friedshelf 1651 Proprietary Limited, in the course of being renamed and converted to AdBEE (RF) Limited (registration number 2015/054070/06), a public company duly incorporated and registered under the laws of South Africa established for the sole purpose of issuing the AdBEE securities to securities holders;
<b>“A share repurchase agreement”</b>	the repurchase agreement entered into between Blue Falcon and the company in terms of which the company will repurchase the entirety of issued A ordinary shares held by Blue Falcon at nominal value which agreement will be implemented after the implementation of the scheme;
<b>“auditors”</b>	the auditors of Adcock from time to time;
<b>“BEE”</b>	Black Economic Empowerment;
<b>“AdBEE resolute condition”</b>	the resolute condition stipulated for AdBEE’s benefit as set out in paragraph 3.2 of part 2 of this circular;
<b>“AdBEE security”</b>	an AdBEE security listed on the main board of the JSE in the “Specialist Securities – Investment Products” sector as an Asset Backed Security, under the name “ADE” obliging AdBEE to pay each securities holder the <i>pro rata</i> portion of the settlement or distribution received by AdBEE in settlement of or pursuant to the Ad-izinyosi indebtedness, as soon as possible after receipt of such settlement or distribution;
<b>“Adcock” or “the company”</b>	Adcock Ingram Holdings Limited (registration number 2007/016236/06), a public company duly incorporated and registered under the laws of South Africa;
<b>“Adcock A ordinary shareholder”</b>	a registered holder of Adcock A ordinary shares;
<b>“Adcock A ordinary shares” or “A ordinary shares”</b>	automatically convertible A ordinary shares in Adcock with a par value of 10 cents each;
<b>“Adcock B ordinary shareholder”</b>	a registered holder of Adcock B ordinary shares;
<b>“Adcock B ordinary shares” or “B ordinary shares”</b>	automatically convertible B ordinary shares in Adcock with a par value of 10 cents each;
<b>“Adcock ordinary shareholders” or “ordinary shareholders”</b>	registered holders of Adcock ordinary shares;
<b>“Adcock ordinary shares” or “ordinary shares”</b>	ordinary shares in Adcock with a par value of 10 cents each (it being recorded that such shares do not include the Adcock A ordinary shares or the Adcock B ordinary shares, which shares are of different classes);
<b>“Adcock shareholders” or “shareholders”</b>	collectively, Adcock ordinary shareholders, Adcock A ordinary shareholders and Adcock B ordinary shareholders;
<b>“Adcock shares”</b>	collectively, Adcock ordinary shares, Adcock A ordinary shares and Adcock B ordinary shares;
<b>“Ad-izinyosi”</b>	Friedshelf 1652 Proprietary Limited, in the course of being renamed Ad-izinyosi (RF) Proprietary Limited (registration number 2015/066155/07), a private company duly incorporated and registered under the laws of South Africa, established for the sole purpose of owning the Adcock ordinary shares;

<b>“the Ad-izinyosi indebtedness”</b>	subject to the AdBEE and Ad-izinyosi resolute conditions the indebtedness (given in consideration for the assumption by AdBEE of the Ad-izinyosi obligation) of Ad-izinyosi to AdBEE being the obligation to pay by not later than the 1st business day after the specified date the calculated value per scheme share multiplied by between 25 718 428 and 51 436 856 to AdBEE. Settlement will either be in cash in full or partly in cash and partly by the delivery of the requisite scheme shares. Ad-izinyosi shall be entitled to settle the Ad-izinyosi indebtedness in full prior to the specified date by paying the calculated value multiplied by between 25 718 428 and 51 436 856, but only in cash. At the operative date the Ad-izinyosi indebtedness will have an aggregate minimum value of R52.00 and an aggregate maximum value of R72.00 before any adjustments that may be made to the minimum price and the maximum price;
<b>“the Ad-izinyosi obligation”</b>	the obligation of Ad-izinyosi to each scheme participant, in terms of the scheme, to deliver to the scheme participant one AdBEE security for each scheme share, which obligation will be delegated by Ad-izinyosi to AdBEE in exchange for the assumption by Ad-izinyosi of the Ad-izinyosi indebtedness (as a result of which AdBEE will be liable to the scheme participants by way of the AdBEE securities);
<b>“Ad-izinyosi resolute condition”</b>	the resolute condition stipulated for Ad-izinyosi’s benefit as set out in paragraph 3.1 of part 2 of this circular;
<b>“appraisal rights”</b>	the rights afforded to shareholders in terms of section 164 of the Companies Act, an extract of which is set out in Annexure G to this circular;
<b>“Banks Act”</b>	the South African Banks Act, 94 of 1990;
<b>“BDH Group”</b>	BDH Group Proprietary Limited (registration number 2006/020916/07), a private company duly incorporated and registered under the company laws of South Africa;
<b>“Bidvest”</b>	The Bidvest Group Limited and/or its subsidiaries (registration number 1946/021180/06), a public company duly incorporated and registered under the company laws of South Africa;
<b>“Bidvest offer document”</b>	the offer by Bidvest to all holders of ordinary shares in Adcock dated 19 March 2015, other than the holders of treasury shares, to acquire their shares at R52.00 per Adcock ordinary share;
<b>“Blue Falcon”</b>	Blue Falcon 69 Trading Proprietary Limited (registration number 2009/016091/07), a private company duly incorporated and registered in accordance with the laws of South Africa, which company holds all the issued Adcock A ordinary shares;
<b>“Bophelo Trust”</b>	the trustees for the time being of Mpho ea Bophelo Trust (Master’s reference number IT330/2010), acting in their capacity as such, which trust holds all the issued Adcock B ordinary shares;
<b>“broker”</b>	any person registered as a “broking member (equities)” in terms of the Rules of the JSE made in accordance with the provisions of the Financial Markets Act;
<b>“B share repurchase agreement”</b>	the repurchase agreement entered into between the Bophelo Trust and the company in terms of which the company will repurchase the entirety of issued B ordinary shares held by the Bophelo Trust at nominal value which agreement will be implemented after the implementation of the scheme;
<b>“business day”</b>	any day other than a Saturday, Sunday or official public holiday in South Africa;
<b>“calculated value”</b>	the value of an Adcock share on the JSE calculated on a rolling 30-day traded VWAP of the Adcock shares immediately preceding the transaction end date, but not less than the minimum price even if the value so determined is less than the minimum price nor more than the maximum price if the value so determined is more than the maximum price;

<b>“call options”</b>	the listed call options entitling the holders thereof to subscribe, in the aggregate, for approximately 8 million Adcock shares at the strike price, issued to scheme participants in accordance with the table of entitlements set out in Annexure I. The salient terms of the call options are summarised in Annexure J;
<b>“cancel” or “cancellation”</b>	means terminate or termination where that is appropriate in the context;
<b>“cents”</b>	South African cents in the official currency of South Africa;
<b>“certificated scheme participants”</b>	scheme participants who hold certificated shares;
<b>“certificated shares”</b>	shares, other than dematerialised shares;
<b>“CGT”</b>	Capital Gains Tax as levied in terms of the Income Tax Act;
<b>“CIH”</b>	CIH Projects Proprietary Limited (registration number 2012/211864/07), a private company duly incorporated and registered under the laws of South Africa, a wholly owned subsidiary of Community Investment Holdings Proprietary Limited;
<b>“CIPC”</b>	the Companies and Intellectual Property Commission of South Africa;
<b>“closing date”</b>	the 4 <sup>th</sup> anniversary of the transaction end date, but if the specified date is extended, then it shall be the 4 <sup>th</sup> anniversary of the extended specified date;
<b>“common monetary area”</b>	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland;
<b>“Companies Act”</b>	the South African Companies Act, 71 of 2008;
<b>“Companies Regulations”</b>	the Companies Regulations, 2011, published in terms of section 223 and item 14 of Schedule 5 to the Companies Act;
<b>“Competition Act”</b>	the South African Competition Act, 89 of 1998;
<b>“competition authorities”</b>	the Competition Commission, Competition Tribunal and/or Competition Appeal Court established in terms of the Competition Act;
<b>“core shareholders”</b>	CIH, Blue Falcon, Bophelo Trust and BDH Group;
<b>“the court”</b>	the High Court of South Africa Gauteng Local Division, Johannesburg;
<b>“CSDP”</b>	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act;
<b>“deemed scheme participants”</b>	a dissenting shareholder who is deemed to be a scheme participant as contemplated in any of paragraphs 14.5,14.7 or 14.10 of part 2 of this circular;
<b>“dematerialised scheme participants”</b>	scheme participants who hold dematerialised shares;
<b>“dematerialised shares”</b>	those shares that have been dematerialised through a CSDP or broker and are held on Adcock’s sub-registers of members administered by CSDPs in electronic form;
<b>“designated subsidiary”</b>	Adcock Ingram Limited (registration number 1949/034385/06), the subsidiary of Adcock which, at the last practicable date prior to the finalisation of this scheme circular, held 4 285 163 shares in the issued share capital of Adcock as treasury stock, but which will not be a scheme member nor a scheme participant;

<b>“dispute resolution process”</b>	if any decision or determination by the auditors contemplated in the scheme is not accepted by Adcock, by giving the auditors written notice to that effect within one business day after the relevant decision or determination by the auditors is communicated to Adcock, an independent firm of merchant bankers nominated by Adcock shall, within not more than a further two business days make the necessary decision or determination, as the case may be, for which purpose the independent firm of merchant bankers in question shall act as an expert and not as an arbitrator, its decision being final and binding on Ad-izinyosi, AdBEE, the securities holders and Adcock, or as the holders of the call options and Adcock, as the case may be. The costs of the merchant bankers shall be borne by Adcock;
<b>“dividend distribution”</b>	any distribution made by Adcock to its shareholders, excluding Ad-izinyosi, during the transaction period in accordance with its normal distribution policy, which could include distributions from Adcock’s share premium account in terms of Adcock’s normal distribution policy;
<b>“documents of title”</b>	valid share certificate(s), share statements, certified transfer deed(s), balance receipts or any other documents of title acceptable to Adcock in respect of Adcock shares;
<b>“EFT”</b>	electronic funds transfer;
<b>“emigrant”</b>	any emigrant from the common monetary area whose address is outside the common monetary area;
<b>“Exchange Control Regulations”</b>	the Exchange Control Regulations, 1961, as amended, made in terms of section 9 of the South African Currency and Exchanges Act, 9 of 1933, as amended;
<b>“existing Adcock BEE scheme”</b>	Adcock’s existing black economic empowerment transaction implemented on the terms set out in the circular to Adcock’s shareholders dated 17 March 2010;
<b>“final date”</b>	the date on which the scheme becomes unconditional and binding, which final date is expected to be Friday, 10 July 2015;
<b>“Financial Markets Act”</b>	the South African Financial Markets Act, 19 of 2012, as amended;
<b>“fixed interest”</b>	<p>if Ad-izinyosi pays the Ad-izinyosi indebtedness:</p> <ul style="list-style-type: none"> <li>• (or the relevant part thereof, if the Ad-izinyosi resolutive condition is waived only in part) on or after the specified date but before the 2nd business day after the specified date, the amount of interest (which shall accrue on the 1st business day after the specified date being the date upon which the calculated value is ultimately determinable) calculated on the Ad-izinyosi indebtedness (or the relevant part thereof, if the Ad-izinyosi resolutive condition is waived only in part) for one day namely the 1st business day after the specified date at a rate equal to the overnight call rate of Nedbank applicable on the 1st business day after the specified date in respect of money deposited with Nedbank on overnight call;</li> <li>• prior to the specified date, the amount of interest (which shall accrue on the 1st business day, succeeding the transaction end date being the date upon which the calculated value is ultimately determinable) calculated on the Ad-izinyosi indebtedness for one day, namely the 1st business day after the transaction end date at a rate equal to the overnight call rate of Nedbank applicable on the 1st business day after the transaction end date in respect of money deposited with Nedbank on overnight call.</li> </ul> <p>In the event of any dispute, the overnight call rate shall be certified by any manager of Nedbank whose appointment need not be proved;</p>
<b>“the general meeting”</b>	the meeting of Adcock ordinary shareholders to be held at 10h00 on Friday, 10 July 2015 for the purposes of considering, and if deemed fit, passing the resolution contained in the notice of general meeting;
<b>“group”</b>	Adcock and its subsidiaries, joint ventures and associate companies from time to time;



<b>“HDIs”</b>	historically disadvantaged individuals;
<b>“holders of AdBEE securities”</b>	holders of the AdBEE security as defined in this circular;
<b>“Income Tax Act”</b>	the South African Income Tax Act, 58 of 1962, as amended;
<b>“independent expert” or “PSG”</b>	PSG Capital Proprietary Limited (registration number 2006/015817/07), a private company duly incorporate and registered in accordance with the law of South Africa and the Independent Expert to the Adcock Board;
<b>“JSE”</b>	as the context requires, either JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed to operate an exchange under the Financial Markets Act, or the securities exchange operated by that company;
<b>“last practicable date”</b>	Thursday, 21 May 2015, the last practicable date before this circular was finalised;
<b>“Listings Requirements”</b>	the listings requirements of the JSE, as amended from time to time;
<b>“maximum price”</b>	R72.00 per scheme share adjusted: <ul style="list-style-type: none"> <li>• downwards on a rand-for-rand basis per scheme share by the amount of a specified distribution per Adcock share received by a securities holder (and if the distribution is in specie the value of the assets per Adcock share so distributed shall be determined by the auditors);</li> <li>• downwards by the amount of the rights offer value in respect of any rights offer deemed to have been renounced by Ad-izinyosi to AdBEE and onward renounced by AdBEE to the securities holders registered on the record date for the relevant rights offer;</li> <li>• upwards or downwards as the auditors from time to time determine if the issued share capital and/or share premium of Adcock is increased (but excluding any increase in the issued share capital by reason of the exercise of the call options) or reduced or otherwise restructured during the transaction period from that prevailing on the operative date for any other reason other than a dividend distribution and other than an issue of shares in consideration for the acquisition of one or more assets by Adcock.</li> </ul> <p>For purposes of the adjustment the auditors shall act as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on Ad-izinyosi, AdBEE, the securities holders and Adcock;</p>
<b>“meetings”</b>	the scheme meeting and the general meeting, together with any meetings held as a result of any postponement or adjournment or a reconvening thereof, and <b>“meeting”</b> means either one of them, as the context may require;
<b>“minimum price”</b>	R52.00 per scheme share adjusted: <ul style="list-style-type: none"> <li>• downwards on a rand-for-rand basis per scheme share by the amount of a specified distribution per Adcock share received by the securities holders (and if the distribution is in specie the value of the assets per Adcock share so distributed shall be determined by the auditors);</li> <li>• downwards by the amount of the rights offer value in respect of any rights offer deemed to have been renounced by Ad-izinyosi to AdBEE and onward renounced by AdBEE to the securities holders registered on the record date for the relevant rights offer;</li> <li>• upwards or downwards as the auditors from time to time determine if the issued share capital and/or share premium of Adcock is increased (but excluding any increase in the issued share capital by reason of the exercise of the call options) or reduced or otherwise restructured during the transaction period from that prevailing on the operative date for any other reason other than a dividend distribution and other than an issue of shares in consideration for the acquisition of one or more assets by Adcock.</li> </ul> <p>For purposes of the adjustment the auditors shall act as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on Ad-izinyosi, AdBEE, the securities holders and Adcock;</p>

<b>“MOI”</b>	the Memorandum of Incorporation of Adcock;
<b>“mora interest”</b>	<p>the amount of interest at a rate equal to the overnight call rate in force from time to time of Nedbank in respect of money deposited with Nedbank an overnight call, which shall accrue from the 2nd business day after the default on:</p> <ul style="list-style-type: none"> <li>• the Ad-izinyosi indebtedness or portion not paid, if Ad-izinyosi does not settle to AdBEE and/or the trustee the Ad-izinyosi indebtedness before the 2nd business day after the specified date; and/or</li> <li>• the fixed interest if Ad-izinyosi does not pay the fixed interest to AdBEE and/or the trustee before the 2nd business day after the specified date unless the Ad-izinyosi indebtedness is settled in full prior to the specified date in which event it shall accrue on the fixed interest if Ad-izinyosi does not pay the fixed interest before the 4th business day after the transaction end date. In the event of dispute the rate shall be certified by any manager of Nedbank whose appointment need not be proved.</li> </ul>
<b>“Nedbank”</b>	Nedbank Limited (registration number 1951/00009/06), a public company duly incorporated and registered under the company laws of South Africa and registered as a bank in terms of the Banks Act;
<b>“operative date”</b>	the business day immediately following the record date of the scheme, which operative date is expected to be Monday, 27 July 2015;
<b>“PIC”</b>	Public Investment Corporation (registration number 2005/009094/06), a public company duly incorporated and registered in accordance with the laws of South Africa;
<b>“pledge”</b>	the pledge of the scheme shares by Ad-izinyosi in favour of AdBEE to secure the Ad-izinyosi indebtedness, the terms of which are set out in paragraph 12 of part 3 of this circular;
<b>“rand”</b>	South African rand, the official currency of South Africa;
<b>“the record date of the scheme”</b>	is expected to be the close of business on Friday, 24 July 2015;
<b>“register”</b>	the register of Adcock shareholders maintained in accordance with the Companies Act;
<b>“relationship agreement”</b>	the agreement entered into on or about 14 May 2015 between Adcock, Ad-izinyosi, the core shareholders, and their associate shareholders, to regulate <i>inter alia</i> the relationship between Adcock and Ad-izinyosi, as amended;
<b>“the remaining Adcock shares”</b>	in respect of each scheme participant its/his shares in the issued share capital of Adcock on the record date of the scheme excluding its/his scheme shares;
<b>“the requisite scheme shares”</b>	the relevant number of scheme shares the value of which, calculated on a rolling 30-day traded VWAP on the JSE, for the period immediately before the specified date, is equal to the calculated value multiplied by between 25 718 428 and 51 436 856 (depending on the final elections made) less the amount of the payment in cash;
<b>“resolutive conditions”</b>	collectively, the AdBEE resolutive condition and the Ad-izinyosi resolutive condition;
<b>“rights offer”</b>	any rights offer made by Adcock during the transaction period, excluding the call options;
<b>“rights offer value”</b>	the value of a renounceable letter of allocation issued by Adcock in respect of a holding of one Adcock share for a rights offer calculated on the traded VWAP on the JSE of the renounceable letter of allocation in question for the last seven business days of trading in the renounceable letters of allocation. To the extent that the renounceable letters of allocation are not listed on the JSE the value will be determined by the auditors. For the purposes of this definition the auditors shall act as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on Ad-izinyosi, AdBEE, the securities holders and Adcock;

<b>“RMB”</b>	FirstRand Bank Limited (acting through its Rand Merchant Bank division) (registration number 1929/001225/06), a public company duly incorporated and registered in accordance with the laws of South Africa, and registered as a bank in terms of the Banks Act;
<b>“SARS”</b>	the South African Revenue Service;
<b>“the scheme”</b>	the scheme of arrangement in terms of section 114 of the Act contained in part 2 of this circular;
<b>“the scheme circular”</b> or <b>“circular”</b>	this circular issued to Adcock ordinary shareholders dated 28 May 2015;
<b>“the scheme consideration”</b>	the consideration payable by Ad-izinyosi to the scheme participants, being one AdBEE security for every scheme share disposed of in terms of the scheme;
<b>“the scheme implementation date”</b>	the implementation date for the scheme which, subject to the delayed implementation provisions regulating deemed scheme participants, is expected to be on Monday, 27 July 2015;
<b>“scheme LDT”</b>	the last day to trade in order to be registered as a shareholder on the scheme record date, which last day to trade is expected to be Friday, 17 July 2015;
<b>“the scheme meeting”</b>	the meeting of Adcock ordinary shareholders to be held at 10h30 (or 10 minutes after the conclusion of the general meeting, whichever is the later), on Friday, 10 July 2015 for the purposes of considering, and if deemed fit, passing the resolution contained in the notice of scheme meeting;
<b>“the scheme members”</b>	persons registered as members of Adcock, other than the designated subsidiary, on the voting record date who are entitled to attend and vote at the scheme meeting. The designated subsidiary shall not be entitled to attend and vote at the scheme meeting;
<b>“the scheme participants”</b>	members of Adcock, other than the designated subsidiary, registered as such on the record date of the scheme, who are entitled to receive the scheme consideration and call options;
<b>“the scheme resolution”</b>	the resolution proposed at the scheme meeting to adopt and approve of the scheme;
<b>“scheme record date”</b>	the record date for the scheme expected to be on Friday, 24 July 2015;
<b>“the scheme shares”</b>	between a minimum of 25 718 428 and a maximum of 51 436 856 Adcock shares (depending on the final elections made by scheme participants), being between approximately 15% and 30% of the Adcock shares held by the scheme participants (calculated in accordance with the table of entitlements set out in Annexure I to this circular), on the record date of the scheme which, upon the scheme becoming operative, will be acquired by Ad-izinyosi, will not participate in any dividend distributions during the transaction period, but will participate in the specified distributions and rights offers during the transaction period subject to the obligations contained in the scheme to renounce same to AdBEE for onward renunciation to the securities holders;
<b>“securities holders”</b>	the registered holders of the AdBEE securities which will initially be the scheme participants;
<b>“securities transfer tax”</b>	securities transfer tax as levied under the Securities Transfer Tax Act, 2007 (Act 25 of 2007);
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“South Africa”</b>	the Republic of South Africa;

<b>“specified date”</b>	<p>the 1st business day following the 4th anniversary of the operative date unless the transaction is cancelled <i>ab initio</i> prior to that or unless the specified date shall be extended for a maximum of one year in the aggregate by:</p> <ul style="list-style-type: none"> <li>• the board of directors of AdBEE giving written notice, 30 business days prior to the specified date to Ad-izinyosi and Adcock by hand delivered letter that it has elected to extend the transaction end date to a date specified in the notice;</li> <li>• Ad-izinyosi giving written notice 28 business days prior to the specified date by hand delivered letters to Adcock and AdBEE, agreeing to such extension; and</li> <li>• the approval of such extension by securities holders holding not less than 75% by market value present and voting of the AdBEE securities, once such extension has been approved by Ad-izinyosi and the AdBEE directors, in which case the specified date shall be such extended date;</li> </ul>
<b>“specified distribution”</b>	any distribution made by Adcock to its shareholders including Ad-izinyosi, from time to time during the transaction period which is not a dividend distribution;
<b>“Strate”</b>	an electronic settlement environment for transactions to be settled and transfer of ownership to be recorded electronically managed by Strate Proprietary Limited;
<b>“strike price”</b>	R72.00 per Adcock share which will be allotted and issued if the call option is exercised, adjusted as the auditors determine (acting as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on the holders of the call options and Adcock) if during the transaction period the issued share capital and/or share premium of Adcock is increased or reduced by way of a share split or share consolidation from that prevailing on the operative date (other than by reason of the exercise of the call options);
<b>“suspensive conditions”</b>	the suspensive conditions referred to in paragraph 11 of the scheme in this scheme circular;
<b>“Takeover Regulations”</b>	the Takeover Regulations prescribed by the South African Minister of Trade and Industry in terms of section 120 of the Companies Act;
<b>“transaction”</b>	all the transactions contemplated by the scheme, but excluding the issue of the call options;
<b>“the transaction end date”</b>	<p>the earlier of:</p> <ul style="list-style-type: none"> <li>• the specified date; and</li> <li>• the date prior to the specified date upon which Ad-izinyosi makes payment only in cash (but not by any other method) of the calculated value multiplied by the number of scheme shares, to AdBEE in settlement of the Ad-izinyosi indebtedness, unless the unwind date shall occur, in which event the transaction end date shall never arise for the purposes of the scheme.</li> </ul>
<b>“transaction period”</b>	the period commencing on the operative date and ending on the transaction end date, both dates inclusive;
<b>“transfer secretaries”</b>	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly incorporated and registered in accordance with the laws of South Africa;
<b>“treasury shares”</b>	4 285 163 Adcock ordinary shares held by Adcock Ingram Limited, which will be retained by the designated subsidiary upon implementation of the scheme;
<b>“TRP”</b>	the Takeover Regulation Panel established by section 196 of the Companies Act;
<b>“trustee”</b>	Edward Nathan Sonnenbergs Incorporated, or its successor;

<b>“unwind date”</b>	the date upon which the AdBEE resolute condition is fulfilled unless prior to the fulfilment of the AdBEE resolute condition, the board of directors of AdBEE notifies Adcock and Ad-izinyosi in writing, by hand delivered letters, that it has waived the AdBEE resolute condition as regards that particular drop below the unwind hurdle price;
<b>“unwind hurdle price”</b>	R36.00 per Adcock share adjusted downwards on a rand-for-rand basis by the amount of a specified distribution per Adcock share (and if the distribution is <i>in specie</i> the value of the assets per Adcock share so distributed shall be determined by the auditors), or adjusted as the auditors determine if the issued share capital and/or share premium of Adcock is increased but excluding any increase in the issued share capital by reason of the exercise of the call options or reduced or otherwise restructured during the transaction period from that prevailing on the operative date for any other reason, other than a dividend distribution and other than an issue of shares in consideration for the acquisition of one or more assets by Adcock. The auditors shall act as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on Ad-izinyosi, AdBEE, the securities holders and Adcock;
<b>“the voting record date”</b>	the close of business on the Friday (or if that Friday is not a business day, the immediately preceding business day) at least five business days following the last day to trade in order to be registered as an Adcock member on the voting record date, which voting record date is expected to be Friday, 3 July;
<b>“VAT”</b>	value-added tax, payable in terms of the South African Value-Added Tax Act, 89 of 1991, as amended; and
<b>“VWAP”</b>	volume weighted average price.

**Notes:**

In this circular, unless the context indicates a contrary intention:

1. any word or expression defined in the Companies Act or the Companies Regulations and not expressly defined in this circular shall have the meaning given in the Companies Act or the Companies Regulations (as applicable);
2. headings are to be ignored in construing this circular;
3. references to a paragraph or Annexure are to a paragraph of, or Annexure to, this circular;
4. any reference to a time of day is a reference to South Africa Standard Time, unless a contrary indication appears;
5. a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified, replaced or re-enacted;
6. a reference to any other document referred to in this circular is a reference to that other document as amended, revised, varied, novated or supplemented at any time;
7. where any number of days is prescribed, those days shall be reckoned exclusively of the first and inclusively of the last day unless the last day falls on a day which is not a business day, in which event the last day shall be the next succeeding business day;
8. the use of the word including, include/s, in particular or any similar such word followed by a specific example/s shall not be construed as limiting the meaning of the general wording preceding it and the *eiusdem generis* rule shall not be applied in the interpretation of such general wording or such specific example/s;
9. references to law and regulation or any similar such word shall be deemed to include the rules of any stock exchange by which Adcock or AdBEE is bound, and specifically includes the Listings Requirements;
10. no rule of construction shall be applied to the disadvantage of a signatory party to this circular because that signatory was responsible for or participated in the preparation of this circular or any part of it; and
11. all references to “rand”, “R” or “ZAR” or “cents” are references to the lawful currency of South Africa.

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## **CIRCULAR TO ADCOCK SHAREHOLDERS**

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*The definitions and interpretations commencing on page 11 of this circular apply throughout.*

### **INTRODUCTION AND PURPOSE OF THIS CIRCULAR**

Adcock shareholders are referred to the joint SENS announcements by Bidvest and Adcock on 23 February 2015 detailing Bidvest's proposed offer to acquire 100% of the total issued Adcock ordinary shares (excluding treasury shares) and the proposed termination by Adcock of the existing BEE transaction and creation of the new Adcock BEE scheme.

On 19 March 2015 Bidvest issued an offer document to Adcock shareholders wherein it made an offer to acquire 100% of the total issued Adcock ordinary shares (excluding treasury shares) as set out in the Bidvest offer document. The Adcock independent board responded to this offer in a document issued on 20 April 2015.

This circular sets out the details of the proposed cancellation of the existing Adcock BEE scheme and the proposed new Adcock BEE scheme.

The reason for proposing the cancellation of the existing BEE scheme and the creation of the new BEE scheme is to create meaningful participation for BEE participants.

Adcock shareholders should be aware that the Bidvest offer as set out in the Bidvest offer document closed for acceptances on 15 May 2015.

### **PART 1 – CANCELLATION OF THE EXISTING ADCOCK BEE SCHEME**

1. As announced on 23 February 2015, Bidvest has agreed to acquire 2 571 000 Adcock ordinary shares, which are owned and were acquired by Blue Falcon and Bophelo Trust using the dividends earned through the existing Adcock BEE scheme, subject to certain conditions, namely that:
  - 1.1 Bidvest makes an offer at the same price (R52.00 per Adcock share) to all Adcock ordinary shareholders; and
  - 1.2 Adcock ordinary shareholders approve the cancellation of the existing Adcock BEE scheme in order to enable the dividend acquired shares to be released from the relevant restrictions under the existing Adcock BEE scheme.
2. Bidvest has made an offer to the holders of all Adcock ordinary shares (other than the holders of treasury shares), which offer was set out in the Bidvest offer document.
3. Blue Falcon and Bophelo Trust have each entered into the A share repurchase agreement and the B share repurchase agreement respectively, in terms of which Adcock will repurchase the entirety of the A ordinary shares in issue from Blue Falcon and the entirety of the B ordinary shares in issue from Bophelo Trust at nominal value, which agreements will be implemented immediately after the implementation of the scheme.
4. As the repurchase constitutes in excess of 5% of the issued shares of each of the A class and B class respectively, ordinarily the provisions of section 114 and 115 of the Companies Act would apply to such repurchase. As there is only one shareholder in each class, and the shares are being repurchased at nominal value, the company on the one hand and Blue Falcon and Bophelo Trust on the other hand have each agreed to waive the requirements set out under section 114 and 115 of the Companies Act and such waiver is contained in the A repurchase agreement and B repurchase agreement respectively which waivers have been approved by the TRP.
5. It is a condition, imposed by the Adcock board, of the release of the dividend acquired Adcock ordinary shares that the ordinary shareholders in Adcock approve the repurchase of the A ordinary shares and the B ordinary shares and the concomitant cancellation of the existing Adcock BEE scheme as a result.
6. For this reason a notice convening a general meeting of Adcock ordinary shareholders for this purpose is attached to this circular, at which meeting will be proposed a resolution authorising the repurchase of the A ordinary shares and the B ordinary shares respectively and approving of the cancellation of the existing Adcock BEE scheme. If approved, the dividend acquired Adcock ordinary shares held by Blue Falcon and Bophelo Trust will be released from their restrictions and the existing Adcock BEE scheme will be cancelled.

**PART 2 – SCHEME OF ARRANGEMENT**

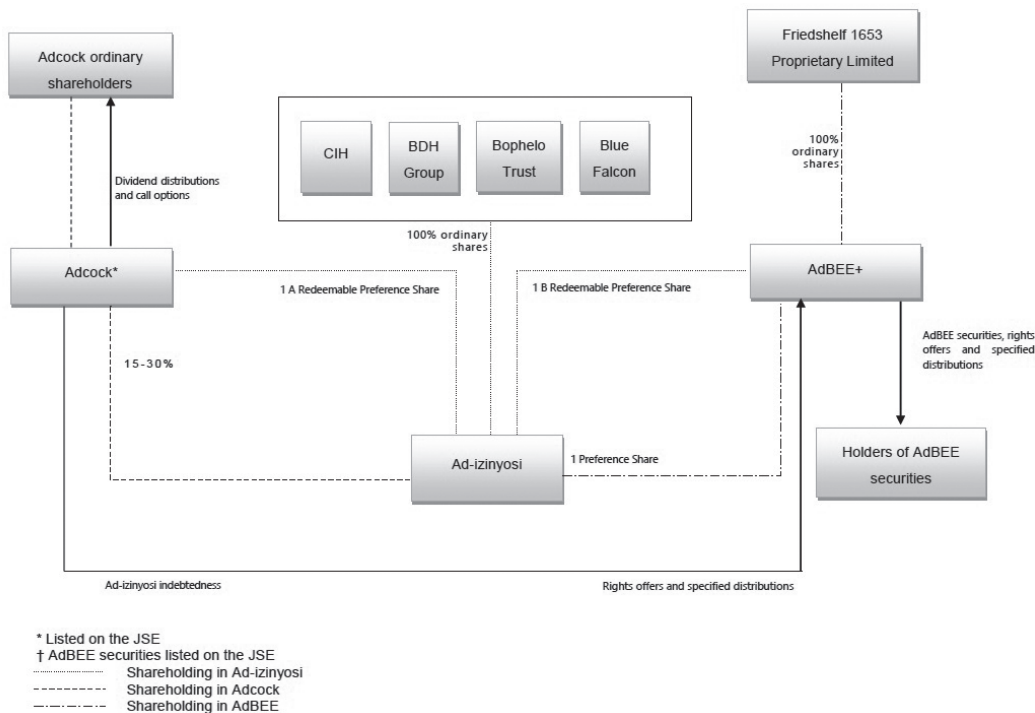
**1. INTRODUCTION**

- 1.1 This circular contains the scheme proposed by the Adcock board between Ad-izinyosi, Adcock and the scheme members to which AdBEE is a party. Further relevant information and details are contained in part 3 of this circular.
- 1.2 As announced on SENS on 23 February 2015 and in the press on 24 February 2015, Ad-izinyosi will, subject to the fulfilment of certain conditions, propose the scheme between Adcock and the scheme members to which scheme AdBEE is a party. In terms of the scheme, Ad-izinyosi will, with effect from the operative date, acquire the scheme shares from all the scheme participants.
- 1.3 AdBEE has been established for the specific purpose of owing the AdBEE securities to the securities holders. The AdBEE securities will be listed on the main board of the JSE in the “Specialist Securities – Other Securities” sector as an Asset Based Security under the name “ADE”. Ad-izinyosi will secure the Ad-izinyosi indebtedness by the pledge of the scheme shares to AdBEE as more fully set out in paragraph 12 of Part 3 of this circular. As a result if, prior to the specified date, Ad-izinyosi is wound up or liquidated or deregistered and/or if it effectively loses its BEE status (and fails to timeously restore its BEE status) and/or if it breaches any provisions of the relationship agreement and fails to timeously remedy such breach, AdBEE will be entitled to realise its security under the pledge which has to be used by AdBEE to settle the AdBEE securities.
- 1.4 AdBEE will settle the AdBEE securities as soon as reasonably possible after the Ad-izinyosi indebtedness has been settled. Ad-izinyosi can pledge its reversionary interest in the scheme shares, but such pledge cannot be effected in a manner which prejudices in any way the settlement or discharge of the Ad-izinyosi indebtedness and even after the Ad-izinyosi indebtedness is settled (after the expiry of the transaction period), no third party under any pledge may exercise its rights thereunder over the scheme shares before the arrival of the closing date.

**2. THE OBJECT OF THE SCHEME**

The object of the scheme is to procure that Ad-izinyosi, a new broad-based empowerment entity owned by a consortium of prominent entrepreneurial black businesses, will become the registered owner of between 25 718 428 and 51 436 856 Adcock ordinary shares, being approximately between 15% and 30% of the issued share capital of Adcock held by the scheme participants, to enable Adcock’s BEE objectives to be realised. Scheme participants will receive AdBEE securities for their scheme shares disposed of in terms of the scheme. In addition as an indivisible part of the scheme but not as part of the scheme consideration, scheme participants will receive call options. The AdBEE securities will be settled by AdBEE as soon as reasonably possible after settlement of the Ad-izinyosi indebtedness (or portion thereof if the Ad-izinyosi resolute condition is fulfilled and waived only in part) by Ad-izinyosi procuring the transfer of the settlement to the securities holders or by AdBEE exercising its rights under the pledge.

A diagrammatic summary of the scheme is set out below.



### 3. THE SCHEME

3.1 Subject to the scheme becoming operative, scheme participants shall be deemed, subject to the resolute conditions, with effect from the operative date, to have:

3.1.1 disposed of their scheme shares to Ad-izinyosi in consideration for the scheme consideration, on the basis that:

3.1.1.1 the scheme shares will not be entitled to participate in any dividend distributions during the transaction period. Any new shares issued by Adcock during the transaction period will participate in all dividend distributions;

3.1.1.2 whatever Ad-izinyosi may be entitled to receive from Adcock, as the holder of scheme shares during the transaction period, is deemed to have been renounced by Ad-izinyosi to AdBEE and onward renounced by AdBEE to the securities holders and, in particular:

3.1.1.2.1 as regards any specified distributions, Ad-izinyosi will be entitled to receive them as the holder of the scheme shares but will be deemed, during the transaction period, to have renounced them in favour of AdBEE which will, in turn, onward renounce them to the securities holders. The maximum and minimum prices will be adjusted downwards on a rand-for-rand basis per scheme share by the amount of a specified distribution per Adcock share received by a securities holder (and if the distribution is *in specie* the value of the assets so distributed shall be determined by the auditors). For this purpose the auditors shall act as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on Ad-izinyosi, AdBEE, the securities holders and Adcock. The specified distributions will not be paid by Adcock to Ad-izinyosi but will be paid by Adcock as agent on behalf of Ad-izinyosi and AdBEE directly to the securities holders recorded in the register on the record date for the specified distribution in question;

3.1.1.2.2 as regards rights offers, Ad-izinyosi will be entitled to receive the rights offers as the holder of the scheme shares but will be deemed, during the transaction period, to have renounced the rights offers in favour of AdBEE which, in turn, will onward renounce them to the securities holders recorded in the registers of AdBEE on the record date for the rights offer. The maximum and minimum prices will be adjusted downwards by the rights offer value. The letters of allocation in respect of any such rights offers will not be delivered by Adcock to Ad-izinyosi but will be delivered by Adcock as agent on behalf of Ad-izinyosi and AdBEE directly to the certificated securities holders recorded in the register on the record date for the rights offers in question.

For the avoidance of doubt, this shall not in any way affect Ad-izinyosi's sole right to exercise the voting rights attached to the scheme shares;

3.1.2 in addition as an indivisible part of the scheme but not as part of the scheme consideration, scheme participants will receive call options. The call options may be exercised at any time within the 30 day period prior to the transaction end date. In order to exercise the call options, payment of the strike price multiplied by the number of Adcock shares in respect of which the call options are being exercised, must accompany the exercise of the call options. **Once the call option has been exercised, it will no longer be possible to trade the call option. The Adcock shares which will be issued as a result of the exercise of the call options will be issued and listed on the JSE in accordance with the normal JSE and Strate settlement timetable, further details of which are set out in Annexure J;**

3.1.3 Ad-izinyosi will be deemed to have acquired ownership of the scheme shares from the operative date, in exchange for the scheme consideration;

3.1.4 authorised Adcock to cause the scheme shares to be transferred and registered in the name of Ad-izinyosi in certificated form on the operative date, subject to the pledge;

3.1.5 authorised Ad-izinyosi to delegate its obligations to deliver to each scheme participant one AdBEE security for each scheme share, to AdBEE, which as a result will be liable to the scheme participants by way of the AdBEE securities;



- 3.1.6 authorised Adcock to procure that the scheme consideration in certificated form is delivered to the certificated scheme participants;
  - 3.1.7 authorised Adcock to procure that the scheme consideration in dematerialised form is delivered to dematerialised scheme participants by the appropriate entries being made in the sub-register administered and maintained by the CSDP;
  - 3.1.8 authorised Adcock as agent to deliver the specified distributions and the rights offers directly to securities holders registered on the relevant record date.
- 3.2 The transaction is subject to the resolutive conditions, namely:
- 3.2.1 that if on the specified date the calculated value of a scheme share does not exceed the maximum price then subject to the provisions of paragraph 3.3 below, on the 3rd business day after the specified date the transaction in its entirety shall *ipso facto* be cancelled *ab initio*, unless prior to the 3rd business day after the specified date, Ad-izinyosi waives the Ad-izinyosi resolutive condition in respect of all the scheme shares, electing to pay the Ad-izinyosi indebtedness:
    - 3.2.1.1 entirely in cash. The waiver will only be of force and effect if, prior to the 3rd business day after the specified date, Ad-izinyosi has hand-delivered a letter to Adcock and AdBEE stating that it waives the Ad-izinyosi resolutive condition as aforesaid and such letter is accompanied by a bank or bank-marked cheque drawn in favour of AdBEE for the Ad-izinyosi indebtedness plus the fixed interest; or
    - 3.2.1.2 partly in cash and partly by the delivery of the requisite scheme shares. The waiver will only be of force and effect if, prior to the 3rd business day after the specified date, Ad-izinyosi has hand-delivered a letter to Adcock and AdBEE stating that it waives the Ad-izinyosi resolutive condition as aforesaid and such letter is accompanied by a bank or bank-marked cheque drawn in favour of AdBEE in part payment for the cash amount referred to in the notice plus the fixed interest, with the authority to pay the balance by way of the requisite scheme shares, which in certificated form shall be released from the pledge to the trustee on the date on which the waiver is so hand-delivered,

which shall constitute due settlement of the Ad-izinyosi indebtedness. Ad-izinyosi shall be entitled to elect instead of waiving the Ad-izinyosi resolutive condition in respect of the entire transaction, to waive it only as regards a portion of the scheme shares which shall be identified in its written notice, in which event the transaction shall be cancelled *ab initio* only in respect of those scheme shares to which the waiver does not apply. If the Ad-izinyosi resolutive condition is waived the requisite scheme shares shall be released from the pledge and shall be deemed to have been delivered by Ad-izinyosi in certificated form to the trustee for the securities holders. The trustee shall thereafter procure the dematerialisation thereof where appropriate for securities holders holding their AdBEE securities in dematerialised form. The trustee shall as soon as reasonably possible deliver the remaining certificated scheme shares to those securities holders holding their AdBEE securities in certificated form, as the successors-in-title to the scheme participants. The trustee shall procure that the relevant entries are made by the CSDPs in question as regards the remaining securities holders in AdBEE's sub-registers of securities holders, as successors-in-title to the scheme participants;
  - 3.2.2 on each occasion on which the value of an Adcock share traded on the JSE calculated on a rolling 30-day traded VWAP (which will be published on Adcock's website: [www.adcock.com](http://www.adcock.com)) falls below the unwind hurdle price during the transaction period (other than 30 days after the operative date), then subject to the provisions of paragraph 3.3 below, on the 7th business day after the date on which each aforesaid value falls below the unwind hurdle price, the transaction in its entirety shall *ipso facto* be cancelled *ab initio*, unless prior to the 7th business day after the date on which each aforesaid value falls below the unwind hurdle price the Board of directors of AdBEE waives the AdBEE resolutive condition. The waiver will only be of force and effect if, prior to the 7th business day after the date on which each aforesaid value falls below the unwind hurdle price, AdBEE has hand-delivered to Adcock and Ad-izinyosi a letter stating that it waives the AdBEE resolutive condition as aforesaid as regards that particular drop below the unwind hurdle price which would have triggered the AdBEE resolutive condition.
- 3.3 The resolutive conditions, if fulfilled, shall not in any way affect the issue of the call options. For the avoidance of doubt the cancellation *ab initio* of the entire transaction or part thereof as contemplated above will have the following effect:

- 3.3.1 the scheme shares shall cease to be subject to the pledge and shall be returned by Ad-izinyosi in certificated form to those securities holders holding their AdBEE securities in certificated form, as the successors-in-title to the scheme participants, and the relevant entries shall be made by the CSDPs in question as regards the remaining securities holders in AdBEE's sub-registers of securities holders, as successors-in-title to the scheme participants;
  - 3.3.2 the transaction (excluding the issue of the call options) shall be cancelled *ab initio* and, save as regards the tax and securities transfer tax effects of the implementation of the scheme prior to the cancellation *ab initio* and as regards specified distributions and rights offers renounced by Ad-izinyosi and onward renounced by AdBEE to the securities holders, the *status quo ante* shall be restored as between Ad-izinyosi, AdBEE and the securities holders at the time (as the successors-in-title to the scheme participants). Accordingly for the avoidance of doubt by way of example, any scheme participant which incurred a CGT gain or loss when the scheme was implemented will not be affected by the cancellation *ab initio*;
  - 3.3.3 any agreements between Ad-izinyosi and AdBEE (whether or not there are any other parties to them) relating to the scheme and/or the holding by Ad-izinyosi of the scheme shares, save insofar as they provide expressly to the contrary, shall be deemed to have been cancelled.
- 3.4 Subject to the scheme becoming operative, Ad-izinyosi shall be deemed with effect from the operative date, to have:
- 3.4.1 agreed to delegate the Ad-izinyosi obligation to AdBEE in consideration for Ad-izinyosi becoming indebted to AdBEE in the form of the Ad-izinyosi indebtedness;
  - 3.4.2 agreed not to participate in dividend distributions during the transaction period;
  - 3.4.3 agreed to renounce specified distributions and rights offers to AdBEE for onward renunciation to the securities holders registered on the record date relating to the specified distribution or rights offer in question.
- 3.5 Upon the scheme becoming operative the mechanics of the scheme are as follows:

**Certificated scheme participants**

- 3.5.1 Certificated scheme participants will be obliged to surrender their documents of title to the transfer secretaries, under cover of the election, transfer and surrender form (*blue*) attached to the document of which this scheme forms part;
- 3.5.2 Adcock shall enter into its register of holders of certificated shares, the transfer of the scheme shares to Ad-izinyosi;
- 3.5.3 Adcock will deliver to the transfer secretaries, acting as agent for and on behalf of Adcock, new Adcock share certificates to reflect the number of Adcock shares remaining in the hands of the certificated scheme participants after the scheme, which new Adcock share certificates will be posted to the relevant certificated scheme participants together with the scheme consideration and the call options once the certificated scheme participants in question have surrendered their documents of title;
- 3.5.4 AdBEE will deliver to Adcock, or to the transfer secretaries, (acting as the agent for and on behalf of Adcock), the AdBEE securities in certificated form due to certificated scheme participants;
- 3.5.5 Adcock, or the transfer secretaries (acting as agent for and on behalf of Adcock) will post the scheme consideration and the call options in certificated form as well as the new certificate in respect of the remaining Adcock shares, to certificated scheme participants who have surrendered their documents of title;

**Dematerialised scheme participants**

- 3.5.6 no action regarding the surrender of documents is required from dematerialised scheme participants;
- 3.5.7 Adcock shall procure the entry in the relevant sub-register of the transfer of the scheme shares to Ad-izinyosi, and which shares shall then be rematerialised and Ad-izinyosi shall from that date hold the scheme shares in certificated form, subject to the pledge. AdBEE undertakes to Adcock that it will procure the delivery of the scheme consideration and the call options to dematerialised scheme participants by procuring that the appropriate entries are made in the AdBEE sub-registers administered by the CSDPs.

## **AdBEE**

- 3.5.8 AdBEE will assume the obligation of Ad-izinyosi to the securities holders to settle the scheme consideration. In consideration for AdBEE assuming that obligation, Ad-izinyosi will become indebted to AdBEE in the form of the Ad-izinyosi indebtedness, which Ad-izinyosi is obliged to pay by not later than the 1st business day after the specified date, subject to the resolute conditions.
- 3.5.9 As soon as reasonably possible after the settlement of the Ad-izinyosi indebtedness by Ad-izinyosi either in cash, in full, or in cash and by the delivery of the requisite scheme shares, or as soon as possible after AdBEE becomes entitled to realise its security under the pledge, AdBEE shall exercise its rights thereunder and AdBEE will transfer the settlement to the securities holders. If the Ad-izinyosi resolute condition is not fulfilled and Ad-izinyosi does not settle the Ad-izinyosi indebtedness in full in cash on the 1st business day after the specified date, AdBEE shall be obliged to release the requisite scheme shares from the pledge and simultaneously Ad-izinyosi shall be deemed to have settled the Ad-izinyosi indebtedness by way of specific performance, as a result of which AdBEE shall be obliged to deliver the scheme shares to the securities holders in settlement of the AdBEE securities. If the Ad-izinyosi resolute condition is fulfilled but Ad-izinyosi waives it (in whole or in part) and tenders the amount of cash referred to in its notice of waiver, at the same time authorising the delivery of the requisite scheme shares as to the balance, the requisite scheme shares shall be released from the pledge on that day and simultaneously Ad-izinyosi shall be deemed to have settled the Ad-izinyosi indebtedness by way of specific performance.
- 3.5.10 The AdBEE securities will be interest bearing in that:
- 3.5.10.1 they will receive (amongst themselves on a *pro rata* basis) interest equal to the fixed interest which shall accrue on date of receipt from Ad-izinyosi of the fixed interest, and if appropriate *mora* interest; plus
- 3.5.10.2 as regards any amount paid in cash by Ad-izinyosi to AdBEE, AdBEE shall invest same with Nedbank on overnight call until such time as same together with the interest accruing thereon, shall be paid to the securities holders, which shall be as soon as possible after receipt thereof by AdBEE. The overnight call rate of Nedbank in the event of any dispute shall be certified by any manager of Nedbank whose appointment need not be proved.

## **Ad-izinyosi**

- 3.5.11 Ad-izinyosi shall be deemed to have delegated the Ad-izinyosi obligation to AdBEE in exchange for the Ad-izinyosi indebtedness.
- 3.5.12 The Ad-izinyosi indebtedness shall bear the fixed interest and if the Ad-izinyosi indebtedness is not settled in full (or in part, if the Ad-izinyosi resolute condition is fulfilled and waived only in part), on the 1st business day after the specified date, the relevant part of the Ad-izinyosi indebtedness shall in addition bear *mora* interest, provided that the *mora* interest will be suspended if the dispute resolution process is evoked, from the day on which Adcock gives the auditors written notice to the effect that a decision or determination by the auditors is not accepted by Adcock, until the firm of merchant bankers makes the necessary decision or determination, both days inclusive. If the Ad-izinyosi indebtedness is settled by Ad-izinyosi prior to the specified date, the interest shall be payable by Ad-izinyosi on the 2nd business day after the transaction end date failing which the fixed interest shall attract *mora* interest.
- 3.5.13 Ad-izinyosi shall be deemed to have secured the Ad-izinyosi indebtedness by the pledge of the scheme shares in favour of AdBEE as more fully set out in paragraph 12 of part 3 of this circular.
- 3.6 Upon the scheme becoming operative, Adcock will be obliged, subject to paragraphs 3.5.1 to 3.5.10:
- 3.6.1 and subject to the pledge in favour of AdBEE to enter into its register of holders of certificated shares, the transfer of the scheme shares to Ad-izinyosi;
- 3.6.2 to procure the delivery of the scheme consideration in certificated form as well as the new certificate in respect of the remaining Adcock shares, to the certificated scheme participants;
- 3.6.3 to deliver the call options in certificated form to the certificated scheme participants; and
- 3.6.4 to deliver the call options and the scheme consideration to dematerialised scheme participants by procuring that the appropriate entries are made in the relevant sub-registers.

- 3.7 The procuring by AdBEE that the appropriate entries are made in the AdBEE sub-registers of securities holders administered and maintained by CSDPs shall be the only manner of discharge by Ad-izinyosi of its obligation to make payment of the scheme consideration.
- 3.8 Any scheme participants will be entitled to require Adcock to enforce its rights in respect of the scheme consideration arising in terms of this scheme against Ad-izinyosi and AdBEE, which rights Adcock undertakes to enforce.
- 3.9 In terms of the scheme the surrender of documents of title in respect of the scheme shares and settlement of the scheme consideration will be effected through Adcock or the transfer secretaries (acting as the agent for and on behalf of Adcock).
- 3.10 Upon the scheme becoming operative AdBEE will procure the listing of the AdBEE securities on the JSE.

#### **4. THE SCHEME CONSIDERATION**

- 4.1 In consideration for the disposal of the scheme shares to Ad-izinyosi each scheme participant shall, subject to the scheme becoming operative, be entitled to receive the scheme consideration.
- 4.2 A certificated scheme participant who wishes to surrender his documents of title in anticipation of the scheme becoming operative must complete the election surrender and transfer form (*blue*) referred to in paragraph 9.2 of part 2 and return it together with the documents of title in respect of all his Adcock shares to the transfer secretaries at the address referred to in such form.
- 4.3 Scheme participants are referred to paragraph 10 of part 2 of this circular regarding the treatment of their scheme consideration in terms of the South African Exchange Control Regulations.
- 4.4 Completed election, surrender and transfer forms, together with the relevant documents of title to the Adcock shares, must be lodged with and received by the transfer secretaries at the address referred to in such form in order to receive the AdBEE securities.
- 4.5 No action regarding the surrender of documents is required from dematerialised scheme participants.
- 4.6 If no election is made, scheme participants will be deemed to have elected to sell 15% of their Adcock shares to Ad-izinyosi.

#### **5. SETTLEMENT OF THE SCHEME CONSIDERATION AND ISSUE OF THE CALL OPTIONS**

- 5.1 For certificated scheme participants, the scheme consideration and the call options will, where the documents of title have been surrendered on or prior to 12h00 on the record date of the scheme, be posted, by registered post, to the certificated scheme participant at the risk of the certificated scheme participant concerned, by the transfer secretaries on the operative date, or within five business days of the subsequent receipt after the record date of the scheme, of the election, transfer and surrender form together with the relevant documents of title.
- 5.2 Deemed scheme participants who hold certificated shares will need to surrender their documents of title, together with completed forms of election, surrender and transfer (*blue*), to the transfer secretaries, and will have the scheme consideration credited to an issuer initiated dematerialised account maintained by the transfer secretaries or another entity in South Africa appointed by Adcock within five business days of the later of the date on which the transfer secretaries receive their documents of title and a completed form of election, surrender and transfer (*blue*) and the date on which they notify the transfer secretaries and Adcock in writing that they are no longer dissenting shareholders. Deemed scheme participants will be deemed to have elected to sell 15% of their Adcock shares to Ad-izinyosi.
- 5.3 For dematerialised scheme participants the scheme consideration will be delivered to the dematerialised scheme participants by Adcock arranging that the appropriate entries in AdBEE's sub-registers of securities holders, be made by CSDPs, against transfer of the scheme shares to Ad-izinyosi by CSDPs in Adcock's sub-registers of members, and the call options credited to them on the sub-registers administered by the relevant CSDPs. Such credits will be made on the operative date.
- 5.4 Deemed scheme participants who hold dematerialised shares will receive their scheme consideration by having their accounts held at their CSDPs or broker credited with the scheme consideration and debited with the Adcock Ingram shares within five business days of the date on which they cease to be dissenting shareholders and become deemed scheme participants.
- 5.5 As regards Ad-izinyosi and AdBEE, Adcock will procure that the appropriate entries will be made in Adcock's register of members, transferring the scheme shares to Ad-izinyosi and that the scheme shares shall be rematerialised and that the relevant share certificates are delivered to the trustee in terms of the pledge.

- 5.6 Where on or subsequent to the operative date a person who was not a registered holder of Adcock shares at the record date of the scheme, tenders to the transfer secretaries documents of title together with a form of transfer purporting to have been executed on or before the record date of the scheme on behalf of the certificated scheme participant of such shares and provided that the scheme consideration and the letter of allocation shall not already have been posted to the certificated scheme participant, such transfer may, subject to proof satisfactory to Ad-izinyosi, Adcock and AdBEE as to the payment of any securities transfer tax payable and provided that Ad-izinyosi, Adcock and AdBEE are, if so required by any or all of them, given an indemnity on terms acceptable to them and at the cost of the certificated scheme participant, be accepted by Ad-izinyosi, Adcock and AdBEE as if it were a valid transfer to such person of the Adcock shares concerned. The scheme consideration and the call options will be posted, by registered post, to such person in accordance with the provisions of paragraph 5.1 above within five business days of such acceptance.
- 5.7 If the scheme consideration and the call options are not sent to a certificated scheme participant entitled thereto because the relevant documents of title have not been surrendered or if the scheme consideration and the call options are returned undelivered to the transfer secretaries, the scheme consideration and the letter of allocation will be held by Adcock or the transfer secretaries, on behalf of and for the benefit of such certificated scheme participant, until claimed. No interest or other payment will accrue or be paid to a certificated scheme participant on any scheme consideration, specified distributions and the call options so held.
- 5.8 The settlement of the scheme consideration and the issue of the letter of allocation to which any certificated scheme participant becomes entitled in terms of the scheme will be effected in full in accordance with the terms of the scheme without regard to any lien, right of set-off, counterclaim or any other analogous right to which Ad-izinyosi, AdBEE or Adcock may be entitled.

## 6. SETTLEMENT OF THE AD-IZINYOSI INDEBTEDNESS

- 6.1 The Ad-izinyosi indebtedness will be secured by the pledge.
- 6.2 Ad-izinyosi shall be entitled at any time prior to the specified date to settle the Ad-izinyosi indebtedness in full by paying to AdBEE the calculated value multiplied by the number of scheme shares, in cash only as well as the fixed interest on the 2nd business day after the transaction end date, failing which the Ad-izinyosi indebtedness shall attract *mora* interest.

### 6.3 During the transaction period

- 6.3.1 The specified date could be extended beyond the 1st business day after the 4th anniversary of the operative date, with the result that the transaction period is extended by a maximum of one year in the aggregate. The directors of AdBEE shall, if they elect to extend the specified date, give 30 business days' written notice prior to the specified date to Ad-izinyosi and Adcock by hand delivered letter that they have elected to extend the specified date to a date specified in the notice. If Ad-izinyosi has given written notice by hand delivered letter to Adcock and AdBEE, 28 business days prior to the specified date, agreeing to such extension, the directors of AdBEE will, prior to the specified date, convene a meeting of securities holders to consider such extension of the specified date. If securities holders holding not less than 75% by market value of the AdBEE securities present and voting approve the extension of the specified date, the specified date shall be such extended date.
- 6.3.2 If at any time during the transaction period, but after the expiry of a period of 30 days after the operative date, the value of an Adcock share traded on the JSE calculated on a rolling 30-day traded VWAP falls below the sum of the unwind hurdle price and R4.00, the directors of AdBEE shall be entitled to convene a meeting of the securities holders in order to obtain a direction as to whether, if the value of an Adcock share traded on the JSE calculated on a rolling 30-day traded VWAP falls below the unwind hurdle price, the directors of AdBEE should waive the AdBEE resolute condition as regards that particular drop below the unwind hurdle price. If securities holders holding 75% by market value of the AdBEE securities present and voting resolve to give such a direction to the directors and the value of an Adcock share traded on the JSE calculated on a rolling 30-day traded VWAP falls below the unwind hurdle price, the directors shall pass the necessary resolution resolving to waive the AdBEE resolute condition as regards that particular drop below the unwind hurdle price and shall deliver a written notice to Adcock and Ad-izinyosi by hand to that effect. If it is not reasonably possible for a meeting of the securities holders to be convened before the AdBEE resolute condition will be fulfilled, the board of directors of AdBEE shall be entitled to waive the AdBEE resolute condition and no securities holders shall have any claims against the directors as a result of such waiver.

- 6.3.3 On each occasion on which the value of an Adcock share traded on the JSE calculated on a rolling 30-day traded VWAP, falls below the unwind hurdle price during the transaction period (other than 30 days after the operative date), subject to the provisions of paragraph 3.3 above, on the 7th business day after the date on which each aforesaid calculated price falls below the unwind hurdle price, the transaction in its entirety shall *ipso facto* be cancelled *ab initio*, unless prior thereto the Board of directors of AdBEE waives the AdBEE resolute condition. The waiver will only be of force and effect if, prior to the 7th business day after the date on which each aforesaid value falls below the unwind hurdle price, AdBEE has hand-delivered to Adcock and Ad-izinyosi a letter stating that it waives the AdBEE resolute condition as aforesaid as regards that particular drop below the unwind hurdle price which would have triggered the AdBEE resolute condition.
- 6.3.4 Subject to the provisions of paragraphs 3.3 and 6.3.2 above, should the AdBEE resolute condition be fulfilled and accordingly the unwind date occur then the following will occur:
- 6.3.4.1 trading in the AdBEE securities on the JSE shall immediately cease on the unwind date. Thereafter, all transactions for the transfer of the AdBEE securities which have been initiated with the JSE before and on the unwind date shall be completed within five days after the unwind date in accordance with the normal settlement provisions of Strate;
- 6.3.4.2 a register of the securities holders at the unwind date, shall be created after five days from the unwind date;
- 6.3.5 the scheme shares shall cease to be subject to the pledge.

#### 6.4 **Calculated value does not exceed the maximum price**

- 6.4.1 The transaction is subject to the Ad-izinyosi resolute condition that, if on the specified date the calculated value of a scheme share does not exceed the maximum price then, subject to the provisions of paragraph 3.3 above on the 3rd business day after the specified date, the transaction in its entirety shall *ipso facto* be cancelled *ab initio*, unless prior to the 3rd business day after the specified date, Ad-izinyosi waives the Ad-izinyosi resolute condition in respect of all the scheme shares electing to pay the Ad-izinyosi indebtedness:
- 6.4.1.1 entirely in cash. The waiver will only be of force and effect if, prior to the 3rd business day after the specified date, Ad-izinyosi has hand-delivered a letter to Adcock and AdBEE stating that it waives the Ad-izinyosi resolute condition as aforesaid and such letter is accompanied by a bank or bank-marked cheque drawn in favour of AdBEE for the Ad-izinyosi indebtedness plus the fixed interest; or
- 6.4.1.2 partly in cash and partly by the delivery of the requisite scheme shares. The waiver will only be of force and effect if, prior to the 3rd business day after the specified date, Ad-izinyosi has hand-delivered a letter to Adcock and AdBEE stating that it waives the Ad-izinyosi resolute condition as aforesaid and such letter is accompanied by a bank or bank-marked cheque drawn in favour of AdBEE in part payment for the cash amount referred to in the notice plus the fixed interest, with the authority to pay the balance by way of the requisite scheme shares, which in certificated form shall be released from the pledge to the trustee on the date on which the waiver is so hand-delivered,

which shall constitute due settlement of the Ad-izinyosi indebtedness. Ad-izinyosi shall be entitled to elect instead of waiving the Ad-izinyosi resolute condition in respect of the entire transaction, to waive it only as regards a portion of the scheme shares which shall be identified in its written notice, in which event the transaction shall be cancelled *ab initio* only in respect of those scheme shares to which the waiver does not apply. If the Ad-izinyosi resolute condition is waived the requisite scheme shares shall be released from the pledge and shall be deemed to have been delivered by Ad-izinyosi in certificated form to the trustee for the securities holders. The trustee shall thereafter procure the dematerialisation thereof where appropriate for securities holders holding their AdBEE securities in dematerialised form. The trustee shall as soon as reasonably possible deliver the remaining certificated scheme shares to those securities holders holding their AdBEE securities in certificated form, as the successors-in-title to the scheme participants. The trustee shall procure that the relevant entries are made by the CSDPs in question as regards the remaining securities holders in AdBEE's sub-registers of securities holders, as successors-in-title to the scheme participants.

## 6.5 Calculated value exceeds the maximum price

If on the specified date the calculated value of a scheme share exceeds the maximum price then the scheme consideration will be settled as follows:

- 6.5.1 trading in the AdBEE securities on the JSE shall immediately cease at the specified date. Thereafter, all transactions for the transfer of the AdBEE securities, which have been initiated with the JSE before the specified date shall be completed within five days after such date in accordance with the normal settlement procedures of Strate;
- 6.5.2 a register of the securities holders at the specified date, shall be created after five days from such date;
- 6.5.3 if Ad-izinyosi settles any part of the Ad-izinyosi indebtedness on the specified date by payment to AdBEE in cash, then:
  - 6.5.3.1 the requisite scheme shares shall be released from the pledge and simultaneously Ad-izinyosi shall be deemed to have made payment of the Ad-izinyosi indebtedness by way of specific performance, by delivery to the trustee on behalf of the security holders. The trustee shall procure the dematerialisation thereof where appropriate for securities holders holding their AdBEE securities in dematerialised form. The trustee shall as soon as reasonably possible deliver the remaining certificated scheme shares to those securities holders holding their AdBEE securities in certificated form. The trustee shall procure that the relevant entries are made by the CSDPs in question as regards the remaining securities holders in AdBEE's sub-registers of securities holders; and
  - 6.5.3.2 the balance of the scheme shares not used to settle the balance of the Ad-izinyosi indebtedness shall be released from the pledge and released by AdBEE to Ad-izinyosi and AdBEE shall procure that the trustee returns the share certificates in respect of such shares to Ad-izinyosi.

## 6.6 Breaches

- 6.6.1 If, prior to the specified date, Ad-izinyosi effectively loses its BEE status (and fails to restore its BEE status within the ensuing 90-day period following the loss thereof) and/or if Ad-izinyosi breaches any of the provisions of the relationship agreement and fails to timeously remedy such breach, then the transaction (excluding the issue of the call options) will be deemed to have been cancelled.
- 6.6.2 AdBEE shall be entitled to exercise its rights under the pledge if Ad-izinyosi is wound up or liquidated or deregistered.
- 6.6.3 If Ad-izinyosi settles the Ad-izinyosi indebtedness entirely in cash, the scheme shares shall be released from the pledge and AdBEE shall procure that the trustee returns the share certificates in respect of the scheme shares to Ad-izinyosi.

## 6.7 Exercise of the call options

The call options may be exercised at any time within the 30 day period prior to the transaction end date. In order to exercise the call options, payment of the strike price multiplied by the number of Adcock shares in respect of which the call options are being exercised, must accompany the exercise of the call options. **Once the call option has been exercised, it will no longer be possible to trade the call option. The Adcock shares which will be issued as a result of the exercise of the call options will be issued and listed on the JSE in accordance with the normal JSE and Strate settlement timetable, further details of which are set out in Annexure J.**

## 7. TRANSFER AND SETTLEMENT OF THE ADBEE SECURITIES AND THE CALL OPTIONS

- 7.1 Any sale by a securities holder of its AdBEE securities shall as a matter of fact include a cession and delegation of its rights and obligations in respect of the transaction and in particular the right to be restored to the status before as the successor-in-title to the scheme participants concerned if the transaction in whole or in part (other than the issue of the call options) is cancelled from the beginning.
- 7.2 AdBEE undertakes as soon as reasonably possible after the settlement of the Ad-izinyosi indebtedness by Ad-izinyosi either in cash, in full, or in cash and the delivery of the requisite scheme shares, or as soon as reasonably possible after AdBEE becomes entitled to realise its security under the pledge, AdBEE shall exercise its rights thereunder and AdBEE will transfer the same to the securities holders. If Ad-izinyosi does not settle the Ad-izinyosi indebtedness in full on the specified date, AdBEE shall be obliged to exercise its rights pursuant to the pledge or to release the scheme shares

from the pledge and simultaneously Ad-izinyosi shall be deemed to have settled the Ad-izinyosi indebtedness by way of specific performance, as a result of which AdBEE shall be obliged to deliver the scheme shares to the securities holders in settlement of the unsettled portion of the AdBEE securities.

- 7.3 The AdBEE securities will be settled in full without regard to any lien, right of set-off, counterclaim or any other analogous right to which Ad-izinyosi, AdBEE or Adcock may be entitled.

Adcock will make an announcement in the press and on SENS at least 30 days prior to the final date of exercise of the call options, which final date of exercise is expected to be on or about Friday, 26 July 2019, detailing the exercise and settlement procedures of the call options.

## 8. UNDERTAKINGS BY AD-IZINYOSI

- 8.1 In addition to the undertakings given in paragraphs 3.5.11 to 3.5.13 above, Ad-izinyosi undertakes for so long as the Ad-izinyosi indebtedness remains outstanding:

8.1.1 not to dispose of any scheme shares, except by disposing of some or all of such shares to AdBEE for the purpose of settlement of the Ad-izinyosi indebtedness in accordance with the provisions of the scheme;

8.1.2 not to encumber or pledge any of its rights in the scheme shares to any third party, provided that Ad-izinyosi shall be entitled so to do, after consultation with Adcock, only by way of a pledge of its reversionary interests for the purpose of financing the acquisition of any scheme shares and raising finance to cover the actual and anticipated costs of the transaction for which Ad-izinyosi is liable, on the basis that:

8.1.2.1 any exercise of rights under the reversionary interest may not occur until after the closing date; and

8.1.2.2 the pledge of Ad-izinyosi's reversionary interest cannot be effected in a manner which prejudices in any way the settlement or discharge of the Ad-izinyosi indebtedness;

provided further that, once the Ad-izinyosi indebtedness is settled in full and the scheme shares are released from the pledge, Ad-izinyosi shall be entitled also to pledge the scheme shares themselves for the aforementioned purpose, but only after consulting thereon with Adcock and on the basis that no third party under any such pledge may exercise its rights thereunder over any scheme shares before the arrival of the closing date.

- 8.2 At any time prior to the arrival of the specified date Ad-izinyosi shall be entitled but not obliged to settle the Ad-izinyosi indebtedness in full by making payment only in cash but not by any other method of the calculated value multiplied by the number of scheme shares, provided Ad-izinyosi is able to raise such finance as is necessary and requisite from any financier, on terms acceptable to Ad-izinyosi and which are not inconsistent with any of the provisions of the relationship agreement or the scheme, which will enable Ad-izinyosi to settle the Ad-izinyosi indebtedness in full. In such event, simultaneously with the discharge of the Ad-izinyosi indebtedness, Ad-izinyosi shall be entitled to settle in full the balance of its indebtedness to any financier and/or Adcock in respect of the actual and anticipated costs of the transaction for which Ad-izinyosi is liable. For the purpose of enabling Ad-izinyosi to raise the requisite finance to settle its outstanding indebtedness as aforesaid, Ad-izinyosi shall be entitled to encumber, subject to and in accordance with the provisions of paragraph 8.1.2, its interest in any scheme shares retained by it upon settlement of the Ad-izinyosi indebtedness.

- 8.3 Should Ad-izinyosi not already have discharged the Ad-izinyosi indebtedness in terms of paragraph 8.2 prior to the specified date, Ad-izinyosi is expected to and undertakes, subject to the provisions of paragraph 8.1.2, to use its best endeavours to raise as much cash as it is able on market-related terms so as to reduce to the maximum extent possible and, if possible, to extinguish the Ad-izinyosi indebtedness. Simultaneously with the discharge of the Ad-izinyosi indebtedness, Ad-izinyosi shall be entitled to settle in full its then existing and future anticipated indebtedness in respect of actual and anticipated costs of the transaction for which Ad-izinyosi is liable. For the purpose of enabling Ad-izinyosi to raise the requisite finance to settle its outstanding indebtedness as aforesaid, Ad-izinyosi shall be entitled to encumber subject to and in accordance with the provisions of paragraph 8.1.2 its interest in any scheme shares retained by it upon settlement of the Ad-izinyosi indebtedness.

- 8.4 Ad-izinyosi is responsible for the payment of all costs which it incurs in complying with its statutory, common law and contractual obligations under the scheme and any other costs which Ad-izinyosi would ordinarily incur in the ordinary course of business. Certain Ad-izinyosi shareholders (being Blue Falcon and Bophelo Trust) have agreed to contribute to Ad-izinyosi amounts which in the



aggregate total approximately R20 million in order to enable Ad-izinyosi to pay such costs, which amounts shall be for the benefit of all of the shareholders of Ad-izinyosi. If this scheme fails, then Adcock shall be responsible for paying all costs in respect of the scheme which would otherwise have been Ad-izinyosi's responsibility. If, however, the scheme is subsequently unwound or cancelled *ab initio*, Adcock has agreed to re-imburse the abovementioned amount to all Ad-izinyosi shareholders in proportion to their shareholdings.

- 8.5 It is a further term of the relationship agreement that the scheme shares are subject to a right of first refusal in favour of Adcock which may be exercised by a nominee of Adcock when Ad-izinyosi becomes entitled to dispose of its Adcock shares after the closing date.

## 9. SURRENDER OF DOCUMENTS OF TITLE

*This paragraph 9 only applies to certificated scheme participants and does not apply to dematerialised scheme participants.*

- 9.1 Certificated scheme participants must surrender their documents of title in respect of all their scheme shares in order to receive the scheme consideration, the replacement share certificate in respect of their remaining Adcock ordinary shares and the call options.
- 9.2 A scheme participant who wishes to surrender his documents of title in anticipation of the scheme becoming operative must complete the election, transfer and surrender form (blue) attached to the explanatory statement of which this scheme forms part and return it together with the documents of title in respect of all that scheme participant's scheme shares to the transfer secretaries.
- 9.3 No receipts will be issued for documents of title surrendered unless specifically requested in writing.
- 9.4 The transfer secretaries pending the scheme becoming operative will hold on behalf of and for the benefit of the surrendering participant documents of title surrendered by members prior to the operative date in anticipation of the scheme becoming operative. If the scheme does not become operative for any reason whatsoever, the transfer secretaries will, within five business days of the date upon which it becomes known that the scheme will not become operative, return the documents of title, by registered post, to the member concerned, at the risk of such member.
- 9.5 Adcock may dispense with the surrender of such documents of title upon production of evidence satisfactory to Adcock and Ad-izinyosi that the documents of title to the Adcock shares have been lost or destroyed and upon provision of a suitable indemnity satisfactory to Adcock at the cost of the scheme participant. Indemnity forms are obtainable from the transfer secretaries on request and will be regarded as the only suitable form for submission in such case.
- 9.6 If a certificated scheme participant does not surrender his document of title in respect of his holding of Adcock shares, then the scheme consideration as delivered by AdBEE to Adcock will be deemed to have been received and held in terms of paragraph 15 of part 2, pending surrender by that scheme participant of his documents of title in respect of his holding of Adcock ordinary shares.
- 9.7 If the documents of title are not surrendered prior to the operative date, the certificates in respect thereof shall no longer be good for delivery other than for the purposes of the scheme in order to receive the scheme consideration, the new certificates in respect of the remaining Adcock ordinary shares and the call options. The new certificates in respect of the remaining Adcock ordinary shares will be good for delivery.

## 10. SOUTH AFRICAN EXCHANGE CONTROL REGULATIONS

The following extract from the Exchange Control Regulations is intended as a guide only, and is therefore not comprehensive. Should there be any doubt in this regard, scheme members, scheme participants and/or securities holders should seek advice from appropriate professional advisers.

### 10.1 Emigrants

- 10.1.1 The scheme consideration and call options due to a certificated scheme participant who is an emigrant and whose documents of title have been restrictively endorsed under the Exchange Control Regulations, on the surrender of the appropriate documents of title, will be similarly endorsed and sent to the authorised dealer controlling the blocked assets of the emigrant certificated scheme participant.
- 10.1.2 The scheme consideration and call options due to a dematerialised scheme participant whose registration as a member has been marked as being an "emigrant", will be similarly marked as being held by an "emigrant".

## 10.2 All other non-residents of the common monetary area

10.2.1 The scheme consideration due to a scheme participant who is a non-resident of South Africa and who has never resided in South Africa, whose registered address is outside the common monetary area and whose documents of title have been restrictively endorsed under the Exchange Control Regulations (or, in the case of a dematerialised scheme participant, whose registration has been so endorsed) will, in the case of a certificated scheme participant, on the surrender documents of title and in the case of a dematerialised scheme participant, be endorsed non-resident in respect of the scheme consideration and call options.

## 11. SUSPENSIVE CONDITIONS

11.1 The scheme is subject to the fulfilment or waiver, if applicable, of various suspensive conditions before it becomes operative. These conditions are:

11.1.1 in accordance with the requirements of section 114 of the Companies Act by no later than 31 August 2015:

### 11.1.1.1 Approval of the Scheme:

11.1.1.1.1 the approval of the scheme resolution at the scheme meeting in terms of the Companies Act and, if the provisions of section 115(2)(c) of the Companies Act become applicable:

11.1.1.1.2 the approval of the scheme by the court; and

11.1.1.1.3 if applicable, Adcock not treating the scheme resolution as a nullity as contemplated in section 115(5)(b) of the Companies Act; and

### 11.1.1.2 Dissenting Shareholders

If there are objections by Adcock ordinary shareholders to the scheme by Adcock shareholders, then either:

11.1.1.2.1 the number of Adcock shareholders that give notice objecting to the scheme as contemplated in section 164(3) of the Companies Act and vote against the scheme resolution at the general meeting does not exceed more than 5% of all of the Adcock ordinary shares; or

11.1.1.2.2 if it does (i.e. the number of Adcock shareholders that give notice objecting to the scheme and vote against the scheme resolution at the scheme meeting exceeds 5% of all the Adcock ordinary shares), such shareholders have not exercised appraisal rights, by giving valid demands in terms of sections 164(5) to 164(8) of the Companies Act, in respect of more than 5% of all of the Adcock ordinary shares within 30 business days following the scheme meeting;

11.1.2 the adoption by shareholders of the resolutions proposed at the general meeting relating to the termination of the existing Adcock BEE transaction to be held immediately prior to the meeting relating to the scheme;

11.1.3 the granting of a listing by the JSE of the AdBEE securities, the Adcock call options and the Adcock shares that are the subject of the call options. The JSE has, subject to the fulfilment of all the suspensive conditions, granted approval for the listing of the AdBEE securities and the Adcock shares that are the subject of the call options; and

11.1.4 any other regulatory approvals, consents or rulings necessary to implement the scheme being obtained in unqualified form including but not limited to approvals, consents and/or rulings from the JSE, the TRP (by the issue of a compliance certificate), and the Exchange Control Department of the South African Reserve Bank.

11.2 Adcock shall be entitled to waive in writing the suspensive condition in paragraph 11.1.1.2 in whole or in part.

11.3 Adcock has undertaken to announce on SENS and in the press confirmation of the fulfilment of the suspensive conditions as soon as possible after such fulfilment or waiver, as the case may be.

## 12. INSTRUCTIONS AND AUTHORITIES

12.1 Adcock, Ad-izinyosi and AdBEE shall be entitled to accept and act on all documents recorded with Adcock relating to the status and capacity of any scheme participant.

13.2 Each mandate, instruction or authority with regard to the scheme shares recorded with Adcock at the record date of the scheme will be deemed, unless and until revoked, to be a mandate, instruction or authority to Adcock, Ad-izinyosi and AdBEE in respect of any right accruing in respect of the scheme consideration.

### 13. GENERAL

13.1 Adcock, AdBEE and Ad-izinyosi hereby reciprocally undertake to each other that, immediately after the scheme becomes operative, each of them will sign and/or procure the signing of all documents which are necessary to be signed and will carry out and/or procure the carrying out of all acts which are necessary to be carried out to give effect to the scheme.

13.2 Upon the scheme becoming operative, documents of title relating to the Adcock shares will cease to be of any value, other than for the purposes of surrender in terms of the scheme. On the operative date, Adcock shall enter into its register of holders of certificated shares, the transfer of the scheme shares to Ad-izinyosi. Adcock will deliver to the transfer secretaries, acting as agent for and on behalf of Adcock, new Adcock share certificates to reflect the number of Adcock shares remaining in the hands of the certificated scheme participants after the scheme, which new Adcock share certificates will be posted to the relevant certificated scheme participants together with the scheme consideration and the call options at their risk once the certificated scheme participants in question have surrendered their documents of title.

13.3 On the operative date every director of Adcock and every director of the transfer secretaries will irrevocably be deemed to be the attorney and agent *in rem suam* of each scheme participant to implement the acquisition and registration of transfer of the scheme shares referred to in paragraph 4.1 above and to sign any instrument of transfer in respect thereof or any other documents required to implement the scheme.

13.4 Subject to the written consents of Ad-izinyosi and AdBEE, the directors of Adcock may consent:

13.4.1 before or at the scheme meeting, at any time prior to the voting in respect of the scheme, to any amendment, variation or modification of the scheme; or

13.4.2 to any amendment, variation or modification which the Court may think fit to approve or impose,

provided that no amendment, variation or modification made after the scheme meeting may have the effect of diminishing the rights which will accrue to a scheme participant in terms of the scheme or increase the obligations of Ad-izinyosi and AdBEE in terms of the scheme.

13.5 A certificate signed by any director of Adcock stating that all the conditions of the scheme have been fulfilled and that the scheme has become operative shall be binding on Adcock, Ad-izinyosi, AdBEE and scheme participants.

13.6 All dates and times referred to in the scheme are subject to amendment. Details of any such amendments will be published on SENS and in the press.

13.7 Ad-izinyosi and AdBEE and the designated subsidiary (not being scheme members) will not vote at the scheme meeting.

### 14. DISSENTING SHAREHOLDERS

Adcock ordinary shareholders are hereby advised of their appraisal rights in terms of section 164 of the Companies Act:

14.1 Should any Adcock ordinary shareholder wish to exercise its rights in terms of section 164 of the Companies Act, it must, before the scheme resolution is voted on at the scheme meeting, give notice to Adcock in writing objecting to the scheme in terms of section 164(3) of the Companies Act.

14.2 If the scheme resolution is approved at the scheme meeting, Adcock is required in terms of section 164(4) of the Companies Act, within 10 business days after the date of such approval, to send notice to Adcock ordinary shareholders who gave notice to Adcock objecting to the scheme and did not withdraw such written notice or vote in support of scheme, notifying them that the scheme has been approved.

14.3 Each Adcock ordinary shareholder who has given written notice to Adcock in terms of section 164(1) of the Companies Act (and has not withdrawn that notice), who voted against the scheme and who has complied with all the procedural requirements set out in section 164, may, in terms of sections 164(5) to 164(8) of the Companies Act, within 20 business days of receiving notice from Adcock in terms of section 164(4) of the Companies Act, demand that Adcock pay it fair value for the Adcock ordinary shares held by that Adcock ordinary shareholder and in respect of which it has given the aforesaid written notice.

- 14.4 If Adcock receives a written demand in terms of sections 164(5) to 164(8) of the Companies Act from any Adcock ordinary shareholder and such demand is not withdrawn on the scheme implementation date, Adcock shall, in accordance with section 164(11) of the Companies Act, within five business days of the scheme implementation date, make an offer to that Adcock ordinary shareholder to purchase its Adcock ordinary shares.
- 14.5 A dissenting shareholder who has sent a demand in terms of sections 164(5) to 164(8) may withdraw the demand before Adcock makes an offer in accordance with section 164(11) of the Companies Act or if Adcock fails to make such an offer. If a dissenting shareholder voluntarily withdraws its demand made in terms of sections 164(5) to 164(8) of the Companies Act, it will no longer be a dissenting shareholder and will become a scheme participant if it withdraws its demand before the scheme record date, in which case the Adcock ordinary shares in respect of which it is the registered owner will be acquired by AdBEE in terms of the scheme, or be deemed to be a scheme participant if it withdraws its demand on or after the scheme record date, in which case the Adcock ordinary shares in respect of which it is the registered owner will be acquired by Ad-izinyosi in accordance with paragraph 5.2 or 5.4 above with retrospective effect from the scheme implementation date.
- 14.6 A dissenting shareholder who has sent a demand in terms of sections 164(5) to 164(8) has no further rights in relation to Adcock ordinary shares in respect of which it is the registered owner, other than to be paid the fair value of such Adcock ordinary shares, unless:
- 14.6.1 that dissenting shareholder withdraws that demand before Adcock makes an offer in accordance with section 164(11) of the Companies Act;
  - 14.6.2 Adcock fails to make an offer in accordance with section 164(11) of the Companies Act and that dissenting shareholder withdraws its demand;
  - 14.6.3 Adcock makes an offer in accordance with section 164(11) of the Companies Act and the dissenting shareholder allows such offer to lapse; or
  - 14.6.4 Adcock, by a subsequent special resolution(s), revokes the scheme resolution, in which case that Adcock ordinary shareholder's rights shall, in terms of section 164(10) of the Companies Act, be reinstated without interruption.
- 14.7 The offer made in accordance with section 164(11) of the Companies Act will, in terms of section 164(12)(b) of the Companies Act, lapse if it is not accepted by the dissenting shareholder within 30 business days after it was made. If the dissenting shareholder allows that offer to lapse, it will cease to be a dissenting shareholder and will, be deemed to be a scheme participant whose Adcock ordinary shares will be acquired by Ad-izinyosi, in accordance with paragraphs 5.2 or 5.4 above, with retrospective effect from the scheme implementation date.
- 14.8 A dissenting shareholder who accepts an offer made in terms of section 164(11) of the Companies Act will not participate in the scheme. The dissenting shareholder must thereafter, if it: (i) holds certificated shares tender the documents of title in respect of such certificated shares to Adcock or the transfer secretaries or (ii) holds dematerialised shares, instruct its CSDP or broker to transfer those Adcock ordinary shares to Adcock or the transfer secretaries. Adcock must pay that dissenting shareholder the agreed amount within 10 business days after the dissenting shareholder has accepted the offer and tendered the documents of title or directed the transfer to Adcock of the dematerialised shares.
- 14.9 A dissenting shareholder who considers the offer made by Adcock in accordance with section 164(11) of the Companies Act to be inadequate, may, in accordance with section 164(14) of the Companies Act, apply to court to determine a fair value in respect of the Adcock ordinary shares that were the subject of that demand, and an order requiring Adcock to pay the dissenting shareholder the fair value so determined. The court will, in accordance with section 164(15)(v) of the Companies Act, be obliged to make an order requiring:
- 14.9.1 the dissenting shareholders to either withdraw their respective demands or to tender their Adcock ordinary shares as contemplated in paragraph 14.8; and
  - 14.9.2 Adcock to pay the fair value in respect of the Adcock ordinary shares (as determined by the court) to each dissenting shareholder who tenders its Adcock ordinary shares, subject to any conditions the Court consider necessary to ensure that Adcock fulfils its obligations under section 164 of the Companies Act.

- 14.10 If, pursuant to any order of the court, any dissenting shareholder withdraws its demand, the dissenting shareholder will cease to be a dissenting shareholder and will be deemed to be a scheme participant whose Adcock ordinary shares will be transferred to Ad-izinyosi, in accordance with paragraphs 5.2 or 5.4 above, with retrospective effect from the scheme implementation date.
- 14.11 If, pursuant to the order of court, a dissenting shareholder tenders its Adcock ordinary shares to Adcock, such dissenting shareholder will not participate in the scheme.
- 14.12 A copy of section 164 of the Companies Act, which sets out the appraisal rights is included in Annexure G to this circular.

**15. CERTIFICATED SHAREHOLDERS AND ISSUER INITIATED DEMATERIALIZED ACCOUNTS**

To the extent that certificated scheme participants are entitled to receive the scheme consideration, they will, at AdBEE's election and without prejudice to the settlement procedures set out in the scheme and in particular paragraph 5 of part 2 thereof, have such consideration credited to an issuer initiated dematerialised account maintained by the transfer secretaries or another entity in South Africa appointed by AdBEE ("Relevant Person"). Going forward, such scheme participant may instruct the Relevant Person regarding the voting of its interest in AdBEE Securities. Such a scheme participant is entitled to dividends but is not entitled to trade its beneficial interests in its AdBEE Securities unless and until it has opened an account with a CSDP or broker. Unless and until it has opened an account with a CSDP or broker, it does not have to pay custody charges. For further information, please contact the transfer secretaries.

**16. GOVERNING LAW AND JURISDICTION**

The scheme is governed by the laws of South Africa (excluding the conflicts of laws rules of that jurisdiction to the extent such rules indicate the application of the laws of any other country) and is subject to applicable South African laws and regulations, including the Companies Act, the Takeover Regulations and the Listings Requirements. Each of AdBEE and Adcock consents (and each Adcock shareholder shall be deemed to have irrevocably submitted) to the non-exclusive jurisdiction of the Court in relation to the scheme.

For and on behalf of the Board

**ADCOCK INGRAM HOLDINGS LIMITED**

Johannesburg  
28 May 2015

For and on behalf of the Board

**FRIEDSHELF 1652 PROPRIETARY LIMITED, in the course of being renamed Ad-izinyosi (RF) PROPRIETARY LIMITED**

Johannesburg  
28 May 2015

For and on behalf of the Board

**FRIEDSHELF 1651 PROPRIETARY LIMITED, in the course of being renamed AdBEE (RF) LIMITED**

Johannesburg  
28 May 2015

## **PART 3 – OTHER RELEVANT INFORMATION AND ARRANGEMENTS AS REQUIRED BY THE JSE AND/OR THE TRP**

### **1. RATIONALE FOR THE SCHEME**

Adcock has always been fully supportive and committed to the concept of BEE, which is a South African national and business imperative. The initiative contemplated by the scheme positions the group for improved participation in private and public sector opportunities, thereby providing an enhanced platform for growth.

The national imperative for social and economic transformation is essential to create jobs, stimulate growth in the economy, expand market access to all South Africans, and in the long term promote South African competitiveness. Adcock is championing the development and emergence of an influential BEE grouping with significant influence in the mainstream economy, in a major entity listed on the JSE.

In order for BEE to be sustainable, the objectives of BEE companies must be aligned with those of the company and its stakeholders. Accordingly, Adcock has facilitated BEE participation at the holding company level thereby avoiding any potential conflicts of interest at an operational level.

The form of participation envisaged will not result in any encumbrance on the part of Adcock.

Ad-izinyosi and Adcock management are committed to adding meaningful value to the activities of Adcock.

This initiative will raise Adcock's BEE ownership profile.

### **2. ADBEE**

2.1 AdBEE has been established as a special purpose vehicle solely for the purpose of the scheme.

2.2 The only ordinary shareholder of AdBEE is Friedshelf 1653 Proprietary Limited. One ordinary share in AdBEE has been issued to Friedshelf 1653 Proprietary Limited. In view of the structure of AdBEE referred to in paragraph 2.4 below and since it will have no assets, other than the Ad-izinyosi indebtedness which it will have to use to settle the AdBEE securities, there is no possibility of the issued share in AdBEE ever being worth more than the par value thereof. In addition one redeemable preference share has been issued to Ad-izinyosi for the purposes of the section 15(2) of the Companies Act restriction referred to in paragraph 2.4 below. That redeemable preference share is entitled only to a dividend of R1.00 in each year and will be redeemed at R1.00. Ad-izinyosi shall not be entitled to transfer the preference share. Save where (i) any resolution is proposed for a repurchase of shares or distribution of any nature to ordinary shareholders, other than as contemplated in the scheme; (ii) any preference dividend or any part thereof, whether declared or not, remains in arrear and/or (iii) any redemption payment remains in arrear, the preference share is not entitled to any vote unless a resolution is proposed for a distribution of any nature to its ordinary shareholders or the preference dividend or an redemption payment remains in arrear.

2.3 The board of AdBEE comprises three directors, namely Mr Raphiri who is a director of Adcock, Mr Makwana who is a director of Adcock and Dr Lesoli who is a director of Adcock. Adcock will be entitled by written notice to AdBEE to remove Mr Raphiri and any replacement director appointed by Adcock and to replace any such director who is so removed or who ceases for any other reason to be a director of AdBEE. The trustee will appoint any replacements for the other director if either ceases to be a director but will not be entitled to remove any such director, which may only be done by resolution passed by the securities holders in accordance with paragraph 4.8 below.

2.4 AdBEE is subject to a restrictive condition pursuant to section 15(2) of the Companies Act that it shall not undertake any transactions of any nature whatsoever, other than:

2.4.1 the participation in the scheme, including the assumption, by way of a delegation from Ad-izinyosi of the Ad-izinyosi obligation, in consideration of the Ad-izinyosi indebtedness;

2.4.2 the enforcement of the Ad-izinyosi indebtedness;

2.4.3 the settlement of the AdBEE securities;

2.4.4 the creation, issue and listing of the AdBEE securities on the JSE;

2.4.5 the enforcement of any guarantee for costs; and

2.4.6 compliance with its statutory and common law obligations.

2.5 The restrictive condition shall be capable of amendment only by the passing and registration of a special resolution after obtaining the requisite approval, if any, of the JSE.

### 3. **THE TRUSTEE**

- 3.1 The initial trustee is Edward Nathan Sonnenbergs Inc.
- 3.2 The trustee shall not be responsible for any loss to any securities holder in any circumstances whatever. It is merely fulfilling an administrative role and its duties are such as to render it incapable of a breach of trust. It shall have all the powers necessary for it to fulfil that role.
- 3.3 The trustee may resign at any time by written notice to AdBEE and Adcock. Adcock shall be entitled to appoint the new trustee.
- 3.4 Fees shall be payable to the trustee.

### 4. **MEETINGS OF THE SECURITIES HOLDERS**

#### 4.1 **Convening of meetings**

- 4.1.1 The trustee or AdBEE may at any time convene a meeting of the securities holders (“a meeting” or “the meeting”).
- 4.1.2 The trustee shall convene a meeting upon the requisition in writing of the securities holders holding at least 1/10th (one-tenth) by market value of the AdBEE securities and upon being indemnified, to its satisfaction, against all costs and expenses thereby occasioned and being given notice, in the manner prescribed, of the nature of the business for which the meeting is to be held.
- 4.1.3 If the trustee does not proceed to cause a meeting to be held within 30 business days of the deposit of a requisition notice, the requisitionists, or a majority of them, or such of their number as together hold not less than 1/10th (one-tenth) by market value of the AdBEE securities, may themselves convene the meeting, but the meeting so convened shall be held within 60 business days from the date of such deposit and shall be convened as nearly as possible in the same manner as that in which meetings may be convened by the trustee. Notice of the meeting shall be required to be given to AdBEE and the trustee in the manner prescribed.
- 4.1.4 Whenever AdBEE desires to convene a meeting, it shall give notice in writing to the securities holders and the trustee, in the manner prescribed, of the place, day and hour thereof, the nature of the business to be transacted thereat and the wording of each resolution to be proposed.
- 4.1.5 Whenever the trustee desires to convene a meeting it shall give notice in writing to the securities holders and AdBEE, in the manner prescribed, of the place, day and hour thereof, the nature of the business to be transacted thereat and the wording of each resolution to be proposed.
- 4.1.6 All meetings of securities holders shall be held at the registered office of Adcock or should this be impractical a venue as selected by the trustee.

#### 4.2 **Requisition**

- 4.2.1 A requisition notice referred to in paragraph 4.1.2 above shall state the nature of the business for which the meeting is to be held and shall be deposited at the registered office of Adcock marked for the attention of the directors of AdBEE.
- 4.2.2 The directors of AdBEE shall notify the trustee of the deposit of a requisition notice forthwith.
- 4.2.3 A requisition notice may consist of several documents in like form, each signed by one or more requisitionists.

#### 4.3 **Notice of meeting**

- 4.3.1 Unless the securities holders holding at least 75% by market value of the AdBEE securities agree in writing to a shorter period, at least 21 days' written notice specifying the place, day and time of the meeting and the nature of the business for which the meeting is to be held shall be given by the trustee or AdBEE, as the case may be, to each securities holder and to AdBEE or trustee, as the case may be, in the manner prescribed.
- 4.3.2 The accidental omission to give such notice to any securities holder or the non-receipt of any such notice shall not invalidate the proceedings at a meeting.

#### 4.4 **Quorum**

- 4.4.1 A quorum at a meeting shall consist of securities holders present in person or by proxy and holding in the aggregate not less than the market value of the AdBEE securities as may be required by the regulations of the JSE but subject to a minimum of 25% by market value.
- 4.4.2 No business shall be transacted at a meeting of securities holders unless a quorum is present at the time when the meeting proceeds to business and is present throughout the meeting.
- 4.4.3 If, within 30 minutes from the time appointed for the meeting, a quorum is not present, the meeting shall, if it was convened on the requisition of securities holders, be dissolved. In every other case the meeting shall stand adjourned to the same day in the following week at the same time and place, or if that day is a public holiday, the next succeeding business day. If at such adjourned meeting a quorum is not present, the securities holders present in person or by proxy shall constitute a quorum for the purpose of considering any resolution.

#### 4.5 **Chairperson**

The securities holder holding the largest amount of AdBEE securities by market value who is present in person shall preside as chairperson at a meeting.

#### 4.6 **Adjournment**

- 4.6.1 The chairperson may, with the consent of, and shall on the direction of, the meeting, adjourn the meeting from time to time and from place to place. Notice shall be given of the date to which the meeting has been adjourned by the secretary of the company, by publication in a national newspaper.
- 4.6.2 No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

#### 4.7 **Right to attend meetings**

Every director, the secretary, the trustee and the external law adviser of AdBEE and every other person authorised in writing by AdBEE, may attend and speak at a meeting of securities holders.

#### 4.8 **Approval of resolutions**

- 4.8.1 At a meeting, a resolution put to the vote shall be decided by a poll based on the market value of the AdBEE securities. A 75% majority by market value of the AdBEE securities held by the securities holders present and voting shall be required to be voted in favour of any resolution. The result of such poll shall be deemed to be the resolution of the meeting.
- 4.8.2 A resolution duly passed at a meeting duly convened and held, shall be binding upon the securities holders and AdBEE.

#### 4.9 **Proxies and powers of attorney**

- 4.9.1 A proxy shall be authorised in writing under any usual common form of proxy under the hand of the appointer or of his authorised agent and, if the appointer is a company, other body corporate or association, signed by its authorised officer or agent.
- 4.9.2 A person appointed to act as proxy need not be a securities holder.
- 4.9.3 The proxy form shall be deposited at the registered office of Adcock not less than two business days before the time appointed for holding the meeting or adjourned meeting at which the person named in such proxy proposes to vote, and in default, the proxy shall be invalid unless the chairperson of the meeting determines in his discretion to treat it as valid at any time prior to the proposal of the first resolution. A securities holder shall be entitled, if any meeting is adjourned, to withdraw any proxy lodged in respect of the meeting and to lodge a new proxy in respect of the adjourned meeting in accordance with the foregoing.
- 4.9.4 No proxy form shall be valid after the expiration of 12 months from the date named in it as the date of its execution.
- 4.9.5 A proxy form shall be valid for any adjournment of a meeting, unless the contrary is stated thereon.
- 4.9.6 A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or incapacity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of AdBEE securities in respect of which the proxy was given, provided that no intimation in writing of such death, incapacity or



revocation shall have been received by AdBEE at the office of its transfer secretaries more than, and that the transfer has been given effect to by AdBEE less than 30 minutes before the commencement of the meeting or adjourned meeting at which the proxy is to be used.

- 4.9.7 If any securities holder is to be represented at a meeting by a person holding a power of attorney, which expressly empowers the holder thereof to vote on behalf of the securities holder in respect of any AdBEE securities held by the securities holder, such power of attorney shall be deposited at the registered office of Adcock not less than two business days before the time appointed for holding the meeting or adjourned meeting at which the person named in such power of attorney proposes to vote, failing which the chairperson shall not be obliged to recognise the holder of the power of attorney as being empowered to vote.

#### **4.10 Minutes**

- 4.10.1 The secretary of Adcock shall cause minutes of all resolutions and proceedings of meetings to be duly entered in books to be maintained by Adcock for that purpose.
- 4.10.2 Any such minutes as aforesaid, if purporting to be signed by the chairperson of the meeting at which such resolutions were passed in accordance with paragraph 4.8 above or proceedings held or by the chairperson of the next succeeding meeting, shall be receivable in evidence without any further proof, and until the contrary is proved, a meeting of securities holders in respect of the proceedings of which minutes have been so made shall be deemed to have been duly held and convened and all resolutions passed thereat in accordance with paragraph 4.8 above, or proceedings held, to have been duly passed and held.

### **5. JOINT HOLDERS AND RECEIPT**

Any amount in respect of any AdBEE securities which have not been dematerialised, payable in cash may be paid by cheque sent through the post to the registered address of the holder or in the case of joint holders to the registered address of that one of the joint holders who is first named on the register or to such person and to such address as the holder or joint holder may in writing direct and AdBEE shall not be responsible for any loss in transmission. The postal authorities shall be deemed to be the agent of the securities holder for the purpose of all such payments. Further, such cheque shall be made payable to the order of the person to whom it is sent and payment of the cheque shall be a good discharge.

### **6. ENFORCEMENT**

- 6.1 The trustee need not enforce the settlement of the AdBEE securities.
- 6.2 The securities holders may by resolution passed in accordance with paragraph 4.8 above at a meeting requisitioned:
- 6.2.1 direct enforcement, in which event the trustee shall, subject to its estimated costs being paid in advance, enforce the settlement of the AdBEE securities on behalf of the securities holders; or
- 6.2.2 give other directions to AdBEE as regards the enforcement of the settlement of the Ad-izinyosi indebtedness and AdBEE shall obey those directions to the extent to which they are not incapable of being carried out,

provided that before carrying out the directions AdBEE may require that provision be made to furnish it with the necessary funds to enable it to meet the expense of giving effect to the directions.

- 6.3 The trustee shall not be required to take any steps to ascertain whether the AdBEE securities have been duly paid and the trustee shall be entitled to assume that they have been paid on due date.
- 6.4 A securities holder shall be entitled to enforce its rights under its AdBEE securities.

### **7. REGISTER OF ADBEE SECURITIES**

- 7.1 AdBEE shall cause a register to be kept of the names, addresses and descriptions of and the AdBEE securities held by the securities holders.
- 7.2 The register shall be closed during such period or periods (not exceeding 60 days in any year) as the register of Adcock is closed.

### **8. TRANSFER OF ADBEE SECURITIES**

- 8.1 The registration of transfers may be suspended during any period during which the register of securities holders is closed.

8.2 Every instrument of transfer shall be left at the registered office of Adcock at which it is presented for registration, accompanied by the certificate of the AdBEE securities to be transferred and/or such other evidence as AdBEE may require, to prove the title of the transferor or his rights to transfer the AdBEE securities. All authorities to sign transfer deeds granted by securities holders for the purpose of transferring AdBEE securities, which may be lodged, produced or exhibited with or to Adcock shall, as between AdBEE and the grantor of such authorities be taken and deemed to continue and remain in full force and effect, and AdBEE may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at each of Adcock's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notice, AdBEE shall be entitled to give effect to any instruments signed under the authority to sign and certified by any director of AdBEE as being in order before the giving and lodging of such notice.

## 9. NOTICES

All notices may be given by AdBEE or the trustee to any securities holder either personally or by sending the notices through the post in a pre-paid letter addressed to such securities holder (or the first named holder in case of joint holders) at his registered address or to such other person or address as he may direct and any notice, if served by post shall be deemed to have been served when the letter containing the same was put into the Post Office, and in proving such service it will be sufficient to prove that such letter was properly addressed and put into the Post Office. A copy of each notice given to the securities holders shall at the same time be sent to the JSE in the appropriate quantity.

## 10. FURTHER POWERS OF THE SECURITIES HOLDERS

The securities holders shall, in addition to the powers given elsewhere in this document and without derogating from the powers conferred on the trustee, have the following powers if exercised by the passing of a resolution in accordance with paragraph 4.8 above at a meeting of securities holders:

- 10.1 to bind the securities holders to any compromise or arrangement to be made between AdBEE and the securities holders or any of them;
- 10.2 to agree to any variation or modification of any of the rights of the securities holders, in each case subject to the consent or concurrence of AdBEE.

## 11. AD-IZINYOSI

### 11.1 Directors of Ad-izinyosi

The full names, ages, nationalities (if not South African), addresses, occupations and profiles of the directors are set out below.

**Dr Anna Theresa Mokgokong** (58) (Appointed on or about 22 April 2015)

**Nationality:**

South African

**Business address:**

318 Derrick Avenue  
Waterkloof Ridge  
0181

**Qualifications:**

BSc, MB ChB and DCom

**Occupation:**

Co-founder and Executive Chairperson of Community Investment Holdings (Proprietary) Limited

**Brief profile:**

Dr Anna Mokgokong is the co-founder and Executive Chairperson of Community Investment Holdings (Proprietary) Limited. She is also a Non-Executive Director of AfroCentric Investment Corporation Limited and a Non-Independent Non-Executive Director of Adcock.

**Basadifeela Letsoalo** (52) (Appointed on or about 27 May 2015)

**Nationality:**

South African

**Business address:**

Adcock Ingram Holdings Limited  
1 New Road  
Midrand  
Johannesburg  
1682

**Qualifications:**

M Psych, CLDP and MLPC

**Occupation:**

Group Human Capital Executive of Adcock

**Brief profile:**

Basadi Letsoalo is the Group Human Capital Executive and a member of the Human Resource, Remuneration and Nominations Committee, and Social, Ethics and Transformation Committee. She is also a Council Member for the University of Kwa-Zulu Natal.

**Adv Willy Huma** (54) (Appointed on or about 22 April 2015)

**Nationality:**

South African

**Business address:**

446 Lawley Street  
Waterkloof  
Pretoria

**Qualifications:**

BProc, LLB, LLM & Higher Diploma in Corporate Governance

**Occupation:**

Chief Executive Officer of Yarona Management Consulting Proprietary Limited

**Brief profile:**

Adv Willy Huma is a fellow of the Institute of Directors of South Africa and a Director of Companies. He currently chairs a few Audit and Risk Committees in the Public Sector.

**Dr Molefi Molefi** (58) (Appointed on or about 22 April 2015)

**Nationality:**

South African

**Business address:**

Regent Hill Office Park  
Cnr Turley and Leslie Road  
Lonehill  
Johannesburg

**Qualifications:**

BSc MBBcH

**Occupation:**

Healthcare Practitioner

**Brief profile:**

Dr Molefi Molefi is the founder of Mookodi Technologies, and has been operating a general medical practice for several years in Soweto. He has been extensively involved in doctor network activities as well as in various community builder initiatives through the Lori Foundation, a healthcare beneficent entity which he founded in 2001.

## 11.2 Shareholders in Ad-izinyosi

The proposed Ad-izinyosi members are broad-based and representative of a countrywide spectrum of empowerment parties who, collectively, contribute a wide range of skills. The core shareholders have long-standing relationships with Adcock, ranging from two to seven years. Information concerning the main shareholders is set out below:

### 11.2.1 CIH

CIH was established in 1995 by Dr Anna Mokgokong and Joe Madungandaba. It is the largest fully compliant BEE company operating in South Africa's pharmaceutical sector. The company is 100% black-owned, with operations in South Africa and sub-Saharan Africa, has a proven track record and holds significant interests in the Healthcare, Technology & telecommunication, logistics, mining, and power and energy sectors.

#### 11.2.1.1 Directors of CIH

- Merika Johannes Madugandaba; and
- Dr Anna Theresa Mokgokong.

#### 11.2.1.2 Shareholders of CIH

- CIH is a wholly owned subsidiary of Community Investment Holdings No 2 Proprietary Limited, which in turn is a wholly owned subsidiary of Community Investment Holdings Proprietary Limited.

### 11.2.2 Blue Falcon

Blue Falcon comprises Kagiso Strategic Investments III Proprietary Limited (registration number 2007/023000/07) ("**Kagiso**"), Kurisani Youth Development Trust (Masters number IT 8979/04) ("**Kurisani Trust**") and Mookodi Pharma Trust (Masters number IT 314/2010) ("**Mookodi Trust**");

- Kagiso is a South African based black owned and managed investment holding company with investment platforms in key growth areas, particularly in media and information and communications technology, healthcare and financial services, in South Africa and across Africa. Kagiso's key shareholders include two charitable institutions, namely Kagiso Trust and Tiso Foundation, and two South African investment companies, namely Tiso Investment Holdings and Remgro. KTH is directly invested in Blue Falcon, but is entitled to nominate one of its affiliates or other empowerment entity approved of by Adcock with no lesser empowerment credentials than Kagiso to acquire its shares;
- Kurisani Trust, the investment arm of loveLife, is a broad based empowerment trust which benefits loveLife and specifically the previously disadvantaged youth passing through its programmes. loveLife is South Africa's national HIV/AIDS prevention campaign for young people and provides services and outreach programmes to protect and develop young people across South Africa; and
- Mookodi Trust has been established as an investment vehicle whose beneficiaries are more than 100 black medical doctors and other medical professionals. The trustees of Mookodi Trust are Fundiswa Roji and Dr Molefi Molefi.

#### 11.2.2.1 Directors of Blue Falcon

- William Cosby (Kagiso Strategic Investments);
- Tshepo Setshedi (Kagiso Strategic Investments);
- Dr Molefi Molefi (Mookodi Technologies Proprietary Limited); and
- Paul Jessiman (Kurisani Youth Development Trust).

#### 11.2.2.2 Shareholders of Blue Falcon

- Kagiso Strategic Investments III Proprietary Limited;
- Mookodi Pharma Trust; and
- Kurisani Youth Development Trust.

### 11.2.3 Bophelo Trust

The Bophelo Trust is a broad-based employee share ownership scheme whose beneficiaries comprise qualifying Adcock employees.

#### 11.2.3.1 Trustees of Bophelo Trust

- Basadifeela Letsoalo;
- Moses Dons;
- Bheki Nxumalo;
- Stephen Tshabalala; and
- Ntando Simelane.

#### 11.2.3.2 Beneficiaries of Bophelo Trust

- Adcock employees who are black people, but excluding any such employees who are not employed in South Africa.

#### 11.2.4 **BDH Group**

The BDH Group was established in 1992. It is a black owned investment holdings company which has investments in a variety of industries, including information and communications technology, management consulting, and retail operations.

##### 11.2.4.1 Directors of BDH Group

- Willy Huma

##### 11.2.4.2 Shareholders of BDH Group

- 100% held by BDH Trust (Masters number IT6488/01). The BDH Trust is a registered trust whose sole objective is to provide funding and support for the educational needs of children from rural communities of South Africa. The current trustees are Advocate Willy Huma and Ms ST Ntshole, an educator by profession.

The shareholders hold shares in Ad-izinyosi in approximately the following proportions\*:

CIH	26.66%
Blue Falcon	26.66%
Bophelo Trust	20.00%
BDH Group	26.66%

*\*To the extent that Ad-izinyosi acquires more than 15% of the Adcock ordinary shares as a result of the scheme, Adcock shall be entitled to introduce further BEE shareholders into Ad-izinyosi, up to the point at which Ad-izinyosi acquires 19%.*

### 11.3 **Restrictions on Ad-izinyosi**

11.3.1 As a protection for Adcock until the closing date and AdBEE until all its claims against Ad-izinyosi have been paid in full, a restriction has been placed on Ad-izinyosi in its memorandum of incorporation in terms of section 15(2) of the Companies Act that it shall not be voluntarily wound up nor shall it undertake any transactions of any nature whatsoever (including any distributions whether in specie or otherwise to its shareholders and including the formation of any subsidiaries until Ad-izinyosi's entire indebtedness to AdBEE has been settled in full), other than:

- 11.3.1.1 investment in Adcock by way of an acquisition pursuant to the scheme and in any other manner;
- 11.3.1.2 the conclusion of the relationship agreement with, *inter alia*, Adcock, and the implementation thereof as concerns Ad-izinyosi;
- 11.3.1.3 the renunciation of any specified distribution and rights offers renounced by Ad-izinyosi, to the securities holders;
- 11.3.1.4 investment in Adcock shares;
- 11.3.1.5 any mechanism to lock in value for Ad-izinyosi subject always to the terms of the pledge and including the repayment of the whole or any part of the Ad-izinyosi indebtedness;
- 11.3.1.6 the delegation of its obligations under the scheme to AdBEE and the assumption of obligations in turn to AdBEE, in the form of the Ad-izinyosi indebtedness;
- 11.3.1.7 the furnishing of security to AdBEE in respect of the Ad-izinyosi indebtedness by way of the pledge;
- 11.3.1.8 after the end of the transaction period, the employment of any person;

11.3.1.9 the transfer of any of the scheme shares pursuant to the scheme. Ad-izinyosi shall not be entitled, save as expressly contemplated in the scheme, to dispose of the scheme shares prior to the closing date. Accordingly Ad-izinyosi shall only be entitled:

11.3.1.9.1 while the pledge in paragraph 12 below is of any effect, to pledge its reversionary interest in the scheme shares and shall not be entitled to deliver any scheme shares if any such reversionary interest becomes executable by the financier/s prior to the closing date;

11.3.1.9.2 to pledge the scheme shares after the pledge in paragraph 12 below has ceased to be of any effect, on the basis that Ad-izinyosi shall not deliver the scheme shares so pledged to the financier/s prior to the closing date;

11.3.1.10 compliance with its statutory and common law obligations.

This special condition described above shall be capable of amendment only by way of the passing and registration of a special resolution which shall be of no force or effect unless the prior written approvals of:

11.3.1.11 Adcock is obtained if the amendment is intended to be made prior to closing date;

11.3.1.12 AdBEE is obtained for so long as it shall have any claims against Ad-izinyosi;

11.3.1.13 the JSE for so long as AdBEE shall have any claims against Ad-izinyosi.

11.3.2 In order to enable Adcock and AdBEE to have the benefits of the protections under section 15(2) of the Companies Act, Ad-izinyosi has issued to Adcock one A redeemable preference share and to AdBEE one B redeemable preference share with no par value. The only difference between the two preference shares is that the B preference share will be redeemed when all AdBEE's claims against Ad-izinyosi have been paid in full and the A preference share will be redeemed on the closing date as defined in Ad-izinyosi's memorandum of incorporation. Neither Adcock nor AdBEE may transfer its respective preference share. The preference shares are not entitled to any votes unless a resolution is proposed for a distribution of any nature to Ad-izinyosi's ordinary shareholders other than as contemplated in the scheme, or a distribution of a preference dividend, or a redemption payment remains in arrear, or the protections under section 15(2) of the Companies Act are sought to be amended without the requisite approvals.

#### **11.4 Registration of scheme shares by Ad-izinyosi**

Ad-izinyosi shall be obliged at all times during the transaction period to hold the scheme shares in certificated form. It shall not be entitled to register the scheme shares in the name of any nominee, nor to dematerialise the scheme shares, save as expressly contemplated by the terms of the scheme.

#### **11.5 The delegation of the Ad-izinyosi obligation to the scheme participants to AdBEE**

11.5.1 Subject to the restrictive conditions referred to in paragraph 2.4 above, AdBEE assumes the Ad-izinyosi obligation to the scheme participants pursuant to the scheme, namely to pay the scheme consideration.

11.5.2 Ad-izinyosi shall secure the Ad-izinyosi indebtedness by pledging to AdBEE the scheme shares as set out below.

11.5.3 The scheme participants agree to the delegation by Ad-izinyosi of the Ad-izinyosi obligations pursuant to the scheme to AdBEE.

### **12. TERMS OF THE PLEDGE**

12.1 As security for the Ad-izinyosi indebtedness, Ad-izinyosi hereby pledges to AdBEE the scheme shares by delivering same to the trustee which shall hold them in pledge.

12.2 If at any time during the pledge, Ad-izinyosi is wound up, liquidated or deregistered or effectively loses its BEE status (and in the latter case fails to restore its BEE status within the ensuing 90 day period following the loss thereof) and/or if Ad-izinyosi breaches any of the provisions of the relationship agreement and fails to remedy such breach within 21 days (or such longer period as determined in accordance with the provisions of the relationship agreement) of receipt of notice calling upon it to remedy the breach, AdBEE shall be entitled, and Ad-izinyosi authorises AdBEE irrevocably and in *rem suam* in its sole and absolute discretion without reference to Ad-izinyosi and without first obtaining an order of court:

- 12.2.1 to attend any general meeting of shareholders or members of Adcock as Ad-izinyosi's proxy or representative, to exercise any voting rights attaching to the scheme shares or any of them in such manner as it may in its sole and absolute discretion deem fit, and to represent Ad-izinyosi in all respects at any such meeting; and/or
  - 12.2.2 to register all or any of the scheme shares into the name of the securities holders or the trustee as nominee for the securities holders, as it may in its sole and absolute discretion deem fit; and/or
  - 12.2.3 to convey valid title in the scheme shares to the holders of the relevant AdBEE securities holders; and/or
  - 12.2.4 to institute such legal proceedings or other action as AdBEE in its sole and absolute discretion may deem fit on behalf and in the name of Ad-izinyosi in respect of the scheme shares, and to proceed to the final end and determination thereof; and/or
  - 12.2.5 to take all such further or other steps as AdBEE may, acting reasonably, consider necessary to deal with the scheme shares.
- 12.3 If at any time during the pledge, AdBEE becomes entitled to exercise its rights under paragraph 12.2 above, Ad-izinyosi authorises and appoints AdBEE irrevocably and *in rem suam* as Ad-izinyosi's attorney and agent in Ad-izinyosi's name, place and stead to sign and execute:
- 12.3.1 any proxy in favour of AdBEE or its nominee to enable AdBEE to exercise any voting rights attaching to the scheme shares or any of them; and
  - 12.3.2 such documents as may be necessary:
    - 12.3.2.1 in order to render the scheme shares or any of them negotiable;
    - 12.3.2.2 to receive payment of the purchase price of the scheme shares;
    - 12.3.2.3 to enable AdBEE to exercise any of the rights granted to it herein.
- 12.4 If, at any time during the pledge, AdBEE becomes entitled to exercise its rights under paragraph 12.2 above, Ad-izinyosi *vis-à-vis* AdBEE waives any rights which it may have as a member of Adcock and undertakes that it will not itself, nor will any third person on its behalf (other than AdBEE or its nominee), attend any general meeting of Adcock or exercise any voting rights attaching to the scheme shares.
- 12.5 A certificate signed by a director (whose appointment it shall not be necessary to prove) of AdBEE reflecting the amount of:
- 12.5.1 the Ad-izinyosi indebtedness to AdBEE and the fact that it is due and payable; and
  - 12.5.2 any costs or expenses incurred by AdBEE in the exercise of its rights herein, shall be presumed to be correct, unless the contrary be proved.
- 12.6 AdBEE shall not be:
- 12.6.1 obliged to take any steps which it is authorised or entitled to take or exercise any rights granted to it herein;
  - 12.6.2 liable to Ad-izinyosi for any loss or damage which Ad-izinyosi may suffer or sustain as a consequence, directly or indirectly, of:
    - 12.6.2.1 AdBEE exercising any of its rights under the pledge;
    - 12.6.2.2 any omission by AdBEE including its failure to protect Ad-izinyosi's interests in the scheme shares in any way.
- 12.7 The provisions of this pledge shall be and continue to be of full force and effect and binding on Ad-izinyosi, notwithstanding any latitude, indulgence or extension of time, which may be given or shown by AdBEE to Ad-izinyosi and no estoppel, shall apply.
- 12.8 The pledge shall be cancelled automatically when Ad-izinyosi has settled all its obligations to AdBEE under the Ad-izinyosi indebtedness, whereupon AdBEE shall procure that the trustee returns the share certificates to Ad-izinyosi.
- 12.9 Ad-izinyosi undertakes to pay on demand all costs and expenses, taxes, levies and duties of whatsoever nature reasonably incurred by AdBEE (including without limitation, attorney and own client costs), in exercising any of its rights together with the costs of and incidental to the scheme.

### 13. THE RELATIONSHIP AGREEMENT

Annexure D contains the salient features of the relationship agreement.

### 14. TAXATION

The following summary describes possible tax consequences arising for the various scheme participants as a result of the implementation of the scheme but it is not a complete description of all the possible tax consequences which may arise as a result of the scheme. This summary is based on the laws as of and as applied in practice on the last practicable date and is subject to changes to those laws and practices subsequent to the date of this circular. In the case of scheme participants who are non-residents of South Africa for income tax purposes, it should be read in conjunction with the provisions of any applicable double tax agreement between South Africa and their country of tax residence. Scheme participants should consult their own advisers as to the tax consequences of the disposal of the scheme shares in light of their particular circumstances, including, in particular, the effect of any state, regional, local or other tax laws.

The implementation of the scheme will not in itself be regarded as a “scheme of profit making” or a change of intention. This is, however, a factual matter and will have to be considered in the light of each individual scheme participant’s circumstances. Accordingly the tax implications that may arise for the scheme participants can be summarised as follows:

#### 14.1 For scheme participants whose relevant scheme shares are capital in nature:

14.1.1 there will be an initial capital gain or loss on the date of the disposal of R52.00 minus the base cost per scheme share;

14.1.2 at the transaction end date, a further capital gain or loss based on the actual amount received from AdBEE as settlement of the AdBEE securities will have to be calculated.

#### 14.2 For scheme participants whose relevant scheme shares are trading stock:

14.2.1 there will be a sale on revenue account on the date of the disposal and the R52.00 will constitute taxable income in the hands of the scheme participants. To the extent that the expenditure incurred in respect of the acquisition of such trading stock exceeds the R52.00, received amount must be disregarded and will be allowed as a deduction at the transaction end date or in the year during which any additional amounts from the disposal are received or accrued;

14.2.2 at the transaction end date, any further amounts received from AdBEE as settlement of the AdBEE securities will have to be included in the calculation of the scheme participants taxable income; and

14.2.3 where the scheme shares have however been held for a period exceeding four years, the proceeds received in respect of the disposal of the scheme shares will likely be treated as capital. All expenses and losses previously claimed in respect of the scheme shares held as trading stock, must be recouped and included in the scheme participants’ income.

14.3 Securities transfer tax will be applicable in two tranches, i.e. an initial liability based on R52.00 per share and in principle, a further liability which will arise on the amount by which the Ad-izinyosi indebtedness divided by the number of scheme shares that exceeds R52.00 per share.

14.4 Where the scheme shares are transferred through or from a member or participant as defined in the Securities Transfer Tax Act, 2007, the member or participant, such as Central Securities Depository who effects the transaction is responsible for the payment of securities transfer tax of 0.25% of the taxable amount. The taxable amount is equal to the consideration declared by the buyer or the closing price of the scheme share where no consideration amount was declared or the amount declared is less than the lowest price of the scheme share. That member or participant may however, recover the tax paid from Ad-izinyosi.

14.5 In any other case of a change in beneficial ownership of the scheme shares, securities transfer tax is payable by Ad-izinyosi through the participant which holds the scheme shares in custody. Where this not be the case, the securities transfer tax must be paid by Adcock, that issued the scheme shares.

14.6 To the extent that the scheme is cancelled and the scheme shares (excluding the options) are cancelled from the beginning and such cancellation is in fact possible, Ad-izinyosi will not accrue a taxable capital gain and there will be no securities transfer tax applicable to the return of the scheme shares, or any part of them, by Ad-izinyosi to the scheme participants or the successors-in-title to the scheme participants, namely the securities holders.



- 14.7 In respect of the subsequent transfer of the scheme shares, securities transfer tax will be payable only once, namely on the transfer of the scheme shares from Ad-izinyosi to the securities holders as AdBEE will not, during any stage of the transaction period, be the beneficial owner of the scheme shares. The participant is liable for the payment of securities transfer tax of 0.25% of the taxable amount, which is equal to the consideration declared by the buyer or the closing price of the scheme share where no consideration amount is declared or the amount declared is less than the lowest price of the scheme share. The tax paid by the participant will be recoverable from the AdBEE security holders.
- 14.8 To the extent that a scheme participant receives or a third party purchases an AdBEE security, whether on the JSE or otherwise, and subsequently disposes of such AdBEE security, any profits or losses arising on such disposal, will have tax consequences determined in accordance with normal tax principles.
- 14.9 With regards to the call options that scheme participants will hold giving them the right to subscribe for scheme shares at R72.00 per share at the end of the four year period, the only income tax consequences arising therefrom are that:
- 14.9.1 if such call option is exercised at R72.00 then that amount will be the cost of such share and, if at any time thereafter such share is disposed of, any gain or loss arising from such disposal will have income tax and/or capital gains consequences as determined in accordance with the relevant tax principles;
- 14.9.2 if, however, such right is disposed of prior to the exercise of the call option, then the full proceeds of the disposal of the right will be taxable as either capital or revenue in accordance with normal tax principles.
- 14.10 The above is merely a high-level summary of the potential tax implications that may arise and each scheme participant and securities holder must obtain its/his advice concerning the tax effects of the scheme, the holding or disposal of the AdBEE securities and the call options.

## 15. ADDITIONAL INFORMATION REQUIRED BY THE TRP

The definitions and interpretations commencing on page 11 of the circular have been used in the following schedule of additional information:

### 15.1 Financial effects attributable to Adcock and the scheme participants

The tables below set out the *pro forma* financial effects of the transaction on earnings per share (“EPS”), headline EPS, net asset value (“NAV”) and net tangible asset value (“NTAV”) per share based on the unaudited interim results of Adcock for the six-month period ended 31 December 2014.

The *pro forma* financial effects are the responsibility of the board and have been prepared for illustrative purposes only to provide information about how the transaction may have impacted shareholders on the relevant reporting date and because of its nature may not give a fair reflection of the company’s financial position, changes in equity, results of operations or cashflows after implementation of the transaction or of the company’s future earnings. The financial benefits to Adcock emanating from the BEE initiative are not possible to quantify.

The table below sets out the *pro forma* financial effects of the termination of the existing Adcock BEE transaction and the implementation of the new BEE deal. This is provided for illustrative purposes only.

	<b>Published Before six months ended 31 December 2014</b>	<b><i>Pro forma</i> After six months ended 31 December 2014</b>	<b>(Decrease)/ Increase</b>
Basic earnings per share (cents)	84.10	42.90	(41.2)
Headline earnings per share (cents)	83.80	42.60	(41.2)
Distribution per share (cents)	–	–	–
Net tangible asset value per share (cents)	1,246.70	1,267.0	20.3
Number of shares in issue (’000)	168,852	171,423	2 571
Weighted average number of shares (’000)	168,795	171,366	2 571

The “*Pro forma After*” column assumes that:

- (a) The termination of the existing Adcock BEE transaction and the implementation of the new Adcock BEE transaction had been implemented with effect from 1 July 2014;

- (b) The 8 million Adcock options granted to Adcock ordinary shareholders were in issue since 1 July 2014 and will be as dilutive instruments for the calculation of DEPS and DHEPS. No adjustment reflecting the cash inflow of R576 million, once the Adcock options are exercised is included, since the Adcock options will only be capable of being exercised in about 4 years' time;
- (c) The net tangible asset value calculation is effective as at 31 December 2014;
- (d) Once-off transaction costs amounting to R11.0 million (before tax) will be incurred to terminate the existing Adcock BEE transaction and implement the new Adcock BEE transaction;
- (e) A non-tax deductible once-off adjustment of R12.8 million representing the acceleration of the IFRS 2 *Share based payment* charge relating to the termination of the existing Adcock BEE transaction;
- (f) A non-tax deductible once-off adjustment of R47.7 million representing the IFRS 2 *Share based payment* charge in relation to the 8 million Adcock options issued under the scheme which was valued at R5.96 per option;
- (g) Blue Falcon is deconsolidated; and
- (h) The buy-back of the A and B ordinary shares at nominal value and the purchase of the dividend shares by Bidvest impact shares in issue and treasury shares.

See Annexure B for comments on the above *pro formas*.

### 15.2 Historical financial information

No historical financial information is available on AdBEE or Ad-izinyosi as they are new companies.

The historical financial information relating to Adcock required in relation to this circular is information is available for inspection as well as on the website at [www.adcock.com](http://www.adcock.com).

### 15.3 Material changes

There are no known material changes in the financial or trading position of Adcock Ingram subsequent to the latest published unaudited financial results for the six-month period ended 31 December 2014.

### 15.4 Share capital of Adcock

At the date of this document the authorised and issued share capital of Adcock is as follows:

	<b>R'000</b>
<b>Authorised share capital</b>	
<i>Ordinary shares</i>	
250 000 000 ordinary shares of 10 cents each	25 000
19 458 196 A ordinary shares of 10 cents each	1 946
6 486 065 B ordinary shares of 10 cents each	649
<b>Issued share capital</b>	
<i>Ordinary shares</i>	
175 741 348 ordinary shares* of 10 cents each	17 574
19 458 196 A ordinary shares of 10 cents each	1 946
6 486 065 B ordinary shares of 10 cents each	649
– share premium	949 881
<b>Total issued share capital</b>	<b>970 050</b>

*\*Only the ordinary shares are listed on the JSE. All ordinary shares rank pari passu in all respects.*

### 15.5 Interests of Ad-izinyosi and Ad-izinyosi directors in Adcock shares

As at the last practicable date and save as set out below and in part 1 of this circular, neither AdBEE, any AdBEE group company or any party acting in concert with them nor any of their directors held any, direct or indirect, beneficial interests in Adcock, nor did they have any dealings in Adcock shares during the period beginning six months before the offer period and ending on the last practicable date.

### Interests of Directors of Ad-izinyosi in Adcock shares

Name	Direct	Indirect
Anna Theresa Mokgokong	none	none
Basadifeela Josephine Letsoalo	none	3 500 units through Bophelo Trust
Willy Elias Huma	none	none
Molefi Molefi	none	156 units in Mookodi Trust, which holds 10.46% of Blue Falcon

#### 15.6 JSE listing

Subject to the fulfilment of the suspensive conditions to the scheme set out in paragraph 11 of the scheme, application will be made to the JSE for approval for the listing of the AdBEE securities and the call options from the commencement of business on Monday, 27 July 2015.

#### 15.7 Consents

The corporate law advisers, merchant bank, lead sponsor to Adcock, sponsor to Adcock and the reporting accountants have consented in writing to act in the capacities stated in this circular and to their names being stated in this circular and, where appropriate, consented to the form and context in which their reports are included and have not withdrawn their consents prior to the publication of this circular.

#### 15.8 Cost of the scheme

15.8.1 The costs of the scheme, including the costs applicable to this circular, shall be borne by Adcock.

15.8.2 Other than as set out below, Adcock has not incurred any preliminary expenses in the three years preceding the date of this circular with regards to the scheme. The expenses are set out below:

	R'000
Financial adviser and transaction sponsor fees	4 000
Independent expert fees	200
Legal adviser fees	4 000
Accounting and other consultants fees	1 000
Printing and publishing fees	1 000
Contingency	800
<b>TOTAL</b>	<b>11 000</b>

All amounts are stated exclusive of VAT.

#### 15.9 Litigation statement

At the last practicable date there are no legal or arbitration proceedings, including any such proceedings which are pending or threatened, of which the directors of Ad-izinyosi or Adcock are aware and which may have, or have had in the 12-month period preceding the date of issue of this circular, a material effect on the financial position of Ad-izinyosi or Adcock, respectively.

#### 15.10 Irrevocable undertakings

Bidvest has irrevocably undertaken to vote the Adcock ordinary shares under their control at the time of the meetings in favour of the resolutions required to effect the scheme.

The Adcock A ordinary shareholder and the Adcock B ordinary shareholder have undertaken, pursuant to the A repurchase agreement and the B repurchase agreement respectively, not to vote their A ordinary shares and B ordinary shares respectively, at the general meeting and the scheme meeting.

To the best of Adcock's knowledge and belief, the details of trading in Adcock's ordinary shares during the period between the six months prior to the offer period and the last practicable date by the Adcock shareholder who has provided an irrevocable undertaking is set out in Annexure H.

#### 15.11 **Interests and dealings in Adcock ordinary shares and Ad-izinyosi shares by providers of irrevocable undertakings**

The details of trading in Adcock ordinary shares during the period beginning six months prior to the Offer Period and ending on the last practicable date by the Adcock shareholder who has provided an irrevocable undertaking to AdBEE is set out in Annexure H.

Save as set out above, no person who have provided irrevocable undertakings to Adcock has had any dealings in Ad-izinyosi shares during the period beginning six months prior to the offer period and ending on the last practicable date.

#### **Voting Pool Agreement**

Reference is made to the SENS announcement released by Bidvest on 11 March 2015 detailing that, subsequent to the Bidvest offer document, Bidvest and the PIC have engaged in discussions with a view to entering into a pool agreement for joint control of Adcock in respect of 82 000 000 Adcock ordinary shares (with Bidvest and the PIC each contributing 41 000 000 Adcock ordinary shares), representing approximately 47.82% of Adcock's issued ordinary share capital excluding treasury shares. If these discussions result in the conclusion of the pool agreement it will be conditional upon receiving, *inter alia*, the requisite regulatory approvals, including that of the competition authorities. As part of the pool agreement, within the pool participants (i.e. Bidvest and the PIC) it is the contemplation of the parties that Bidvest will be responsible for the management of Adcock, subject to satisfactory performance. The PIC is not a concert party with Bidvest for the purpose of the Bidvest offer document.

#### 15.12 **Interests of Adcock directors in Adcock shares**

As at the last practicable date, the directors of Adcock held the following, direct and indirect, interests in Adcock ordinary shares:

<b>Adcock director</b>	<b>Direct beneficial</b>	<b>Indirect beneficial</b>	<b>Total</b>	<b>Percentage</b>
Mr B Joffe	19 200	–	19 200	0.01%
Mr K Wakeford	–	–	–	–
Mr A Hall	–	–	–	–
Mr M Makwana	–	–	–	–
Prof M Haus	–	–	–	–
Dr T Lesoli	–	–	–	–
Mr C Raphiri	–	–	–	–
Dr R Stewart	–	–	–	–
Mr M Sacks	–	–	–	–
Mr L Ralphs	–	–	–	–
Mr R Morar	1 500	–	1 500	–
Dr A Mokgokong	–	–	–	–
<b>Total</b>	<b>20 700</b>	<b>–</b>	<b>20 700</b>	<b>0.01%</b>

Adcock holds no shares in Ad-izinyosi nor in AdBEE. Neither Ad-izinyosi nor AdBEE hold any shares in Adcock as the last practical date.

#### 15.13 **Remuneration of Adcock directors**

The Adcock directors' emoluments will not be affected by the scheme and the listing.

#### 15.14 **Report of the independent expert**

The independent expert's report prepared in accordance with section 114(3) of the Companies Act and Regulation 90 of the Companies Regulations is provided in annexure A to this circular and has not been withdrawn prior to the publication of this circular. Copies of section 115 and section 164 of the Companies Act are provided in Annexure F and Annexure G to this circular, respectively. Having considered the terms and conditions of the scheme and based on the conditions set out in its report, the independent expert has concluded that the terms and conditions of the scheme are fair and reasonable to Adcock ordinary shareholders (other than the holder of treasury shares).

#### 15.15 **Opinions and recommendations**

15.15.1 The independent board has appointed the independent expert to provide an independent expert's report which is referred to in paragraph 15.14 above.

15.15.2 The independent board has appointed Ernst & Young to prepare the reporting accountant's report required by paragraph 8.45 of the Listings Requirements. The reporting accountant's reports are contained in Annexure C to this circular.

- 15.15.3 The Adcock independent board supports the scheme and unanimously recommends that Adcock ordinary shareholders (other than the holder of treasury shares), vote in favour of the scheme.
- 15.15.4 The Adcock board has further considered the terms and conditions of the scheme and the opinion of the independent expert and the arrangements in respect of the holders of the Adcock A ordinary shares, and Adcock B ordinary shares. Further, there are factors which are difficult to quantify, or are unquantifiable, which the independent board has taken into consideration, which factors includes the information set out in the placing document.
- 15.15.5 The Adcock independent board, taking into account the above considerations, is unanimously of the opinion that the terms and conditions of the scheme and related arrangements are fair and reasonable to the Adcock ordinary shareholders (other than the holder of the treasury shares), Adcock A ordinary shareholders, and Adcock B ordinary shareholders.
- 15.15.6 The directors of the Adcock board will vote their own shares in favour of the scheme resolution to be proposed at the scheme meeting.
- 15.15.7 The Ad-izinyosi board supports the scheme and unanimously recommends that Adcock ordinary shareholders (other than the holder of treasury shares), vote in favour of the scheme.

**15.16 Independent board responsibility statement**

The Adcock independent board accepts responsibility for the information contained in this circular which relates to Adcock and confirms that, to the best of its knowledge and belief, such information which relates to Adcock is true and this circular does not omit anything likely to affect the importance of such information.

**15.17 AdBEE board responsibility statement**

The AdBEE board accepts responsibility for the information contained in this circular which relates to AdBEE and confirms that, to the best of its knowledge and belief, such information which relates to AdBEE is true and this circular does not omit anything likely to affect the importance of such information.

**15.18 Ad-izinyosi board responsibility statement**

The Ad-izinyosi board accepts responsibility for the information contained in this circular which relates to Ad-izinyosi and confirms that, to the best of its knowledge and belief, such information which relates to Ad-izinyosi is true and this circular does not omit anything likely to affect the importance of such information.

**15.19 Adcock board responsibility statement**

The Adcock board accepts responsibility for the information contained in this circular which relates to Adcock and confirms that, to the best of its knowledge and belief, such information which relates to Adcock is true and this circular does not omit anything likely to affect the importance of such information.

None of the members of the Adcock board have dealt in Adcock shares over the last six months.

**15.20 Documents available for inspection**

The following documents, or copies thereof, will be available for inspection during normal business hours at the registered office of Adcock from the date of issue of this circular until the date on which application is made to the court for the sanctioning of the scheme:

- a signed copy of this document;
- the A repurchase agreement;
- the B repurchase agreement;
- the memorandum of incorporation of Adcock;
- the memorandum of incorporation of AdBEE;
- the memorandum of incorporation of Ad-izinyosi;
- the relationship agreement;
- the signed independent fair and reasonable opinion;
- the audited annual financial results of Adcock for the three financial years ended 30 June 2014, 30 September 2013 and 30 September 2012;

- the signed letters of consent of the investment bank and transaction adviser, corporate law advisers, attorneys, independent reporting accountants, independent adviser, independent experts and sponsors consenting to the publication of their names in the form and context in which they appear in this circular referred to in paragraph 15.7 above;
- letter of approval from the TRP; and
- a signed copy of the placing document to AdBEE securities holders prepared in terms of the Listings Requirements for the issue of the AdBEE securities.

**16. NOTICE OF THE GENERAL MEETING AND THE SCHEME MEETING AND FORMS OF PROXY**

16.1 A notice in respect of the general meeting and a notice in respect of the scheme meeting are attached to this circular.

16.2 Forms of proxy for use by certificated ordinary scheme members and own name dematerialised scheme members who are unable to attend the relevant meeting(s) and wish to be represented thereat have also been attached to this circular. The instructions for the completion and lodging of the applicable forms of proxy are recorded on such forms.

**SIGNED ON BEHALF OF THE  
ADCOCK BOARD**

28 May 2015

**SIGNED ON BEHALF OF THE  
Ad-izinyosi BOARD**

28 May 2015

**SIGNED ON BEHALF OF THE  
ADBEE BOARD**

28 May 2015

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## INDEPENDENT EXPERT'S REPORT

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11 May 2015

The Directors  
Adcock Ingram Holdings Limited  
1 New Road  
Midrand  
1685

Dear Sirs,

**INDEPENDENT FAIR AND REASONABLE REPORT IN RESPECT OF THE SCHEME OF ARRANGEMENT PROPOSED BY THE ADCOCK INGRAM HOLDINGS LIMITED BOARD OF DIRECTORS BETWEEN ADCOCK INGRAM HOLDINGS LIMITED, ITS SHAREHOLDERS AND Ad-izinyosi (RF) PROPRIETARY LIMITED**

### 1. INTRODUCTION

In an announcement on SENS dated 23 February 2015 (“**the Adcock BEE SENS Announcement**”), Adcock Ingram Holdings Limited (“**Adcock**” or “**the Company**”) announced, *inter alia*, that Adcock shareholders will facilitate the introduction of a new BEE shareholder, Ad-izinyosi (RF) Proprietary Limited (“**Ad-izinyosi**”), who will acquire between 25 718 428 and 51 436 856 Adcock ordinary shares, being approximately a 15% to 30% shareholding in Adcock (“**New Adcock BEE Transaction**”). The shareholders of Ad-izinyosi will include Blue Falcon 69 Trading Proprietary Limited, the Mpho ea Bophelo Trust, BDH Group Proprietary Limited and CIH Projects Proprietary Limited (“**New BEE Participants**”).

Subsequent to the Adcock BEE SENS Announcement, the Company anticipates the released of a further announcement on SENS dated on or about 11 May 2015, whereby the Adcock board of directors will propose a scheme of arrangement between Adcock, Ad-izinyosi and Adcock ordinary shareholders (“**Scheme Participants**” or “**Adcock Ordinary Shareholders**”) in terms of section 114 of the Companies Act, No 71 of 2008, as amended (“**Companies Act**”) (“**the Scheme**”). The main terms of the proposed Scheme are as follows:

- (a) Ad-izinyosi will acquire between 15% and 30% of the issued ordinary share capital of Adcock (excluding treasury shares) *ex* all distributions *pro rata* from Adcock Ordinary Shareholders (“**Scheme Shares**”). The Scheme Participants will receive one security in AdBEE (RF) Limited (“**AdBEE**”) (“**AdBEE Security**”) for every Adcock share disposed of in terms of the Scheme.
- (b) Every AdBEE Security received shall entitle Scheme Participants to a *pro rata* portion of the Ad-izinyosi indebtedness, which equates to an aggregate minimum price of R52.00 and an aggregate maximum price (“**Maximum Price**”) of R72.00 per Adcock share acquired by Ad-izinyosi as part of the Scheme (“**Purchase Option**”).
- (c) The Scheme consideration is to be discharged on the first business day following the fourth anniversary of the business date immediately following the record date of the Scheme (“**Specified Date**”).
- (d) If the 30 day volume weighted average market price per Adcock share exceeds the Maximum Price on the Specified Date, Ad-izinyosi will be required to settle the Maximum Price to AdBEE security holders.
- (e) As an indivisible part of the Scheme, Scheme Participants will receive between 15.55 and 31.11 Adcock share options for every 100 Adcock shares disposed of in terms of the Scheme, which will enable the option holders to subscribe for additional shares in Adcock at a strike price of R72.00 per Adcock share (“**Call Option**”). The Call Option may be exercised within the 30 day period prior to the transaction end date.

Shareholders are referred to the Scheme circular (“**Circular**”) to be sent to Adcock Ordinary Shareholders to be dated on or about 27 May 2015 for full particulars of the proposed Scheme;

The Scheme constitutes an “affected transaction” as defined in section 117(c) of the Companies Act and will be regulated by the Companies Act, the Companies Regulations, 2011 (“**the Companies Regulations**”) and the Takeover Regulation Panel (“**TRP**”).

Section 114(2) of the Companies Act requires that the independent board of directors of the Company (“**the Board**”) must retain an independent expert to compile a report to the Board concerning the Scheme. The Companies Regulations further require that an independent expert express an opinion on the fairness and reasonableness of the scheme consideration and compile a report in accordance with Section 114(3), read with Regulation 90 of the Companies Regulations.

## 2. **SCOPE**

PSG Capital Proprietary Limited (“**PSG Capital**”) has been appointed by the Board as the independent expert to advise, in accordance with the Companies Act and the Companies Regulations on whether the terms and conditions of the Scheme are fair and reasonable as far as Adcock Ordinary Shareholders are concerned.

## 3. **RESPONSIBILITY**

Compliance with the Companies Act is the responsibility of the Board. PSG Capital’s responsibility is to report on the terms and conditions of the Scheme as they relate to the Adcock Ordinary Shareholders.

We confirm that our fair and reasonable opinion has been provided to the Board for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Adcock Ordinary Shareholders, which opinion the Board will distribute to Adcock Ordinary Shareholders. We understand that the results of our work will be used by the Board to satisfy the requirements of the Companies Act and the Companies Regulations.

## 4. **DEFINITION OF THE TERMS “FAIR” AND “REASONABLE”**

A transaction will generally be considered fair to a company’s shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value surrendered by shareholders.

The assessment of fairness is primarily based on quantitative considerations. The Scheme may be considered fair if the value received by Adcock Ordinary Shareholders, including the Scheme consideration, is greater than or equal to the fair value attributable to the respective Adcock shares disposed of by Adcock Ordinary Shareholders.

In terms of the Companies Regulations, a transaction will be considered reasonable if the offer consideration received by shareholders in terms of the corporate action is higher than the market price of the company’s securities at the time that the corporate action was announced. In addition, other qualitative considerations were taken into account when considering the reasonableness of the corporate action.

We have applied the aforementioned principles in preparing our opinion on the Scheme. This fair and reasonable opinion does not purport to cater for an individual shareholder’s position but rather the general body of shareholders subject to the Scheme. A shareholder’s decision regarding the fairness and reasonableness of the terms of the Scheme may be influenced by their particular circumstances.

## 5. **SOURCES OF INFORMATION**

In the course of our valuation analysis, we relied upon financial and other information, including prospective financial information, obtained from Adcock directors and management (“**Adcock Management**”), their advisers and from various public, financial and industry sources. Our conclusion is dependent on such information being complete and accurate in all material respects.

The principal sources of information used in preparing our opinion include:

- the current interest rate swop curve as published by Rand Merchant Bank;
- financial data from McGregor BFA, including historical JSE share trading data and dividend analysis for Adcock;
- a draft of the Circular;
- a draft copy of the New Adcock BEE Transaction agreements entered into between Adcock and the New BEE Participants (“**New Adcock BEE Agreements**”);



- the audited annual financial statements of Adcock and its joint ventures consisting of Adcock Ingram Limited (India) and National Renal Care Proprietary Limited (“**the Adcock Group**”) for the years ended 30 September 2011 to 30 September 2013 and the nine month period ended 30 June 2014;
- unaudited interim results of Adcock for the 6 months period ended 31 December 2014;
- Adcock management accounts for the 8 month period ended 28 February 2015 and budgeted results for the 12 month period up to 30 June 2015;
- other financial and non-financial information and assumptions made by Adcock Management and discussions held with Adcock Management regarding the Company’s operations;
- discussions with Adcock Management regarding the financial information relating to prevailing market, economic, legal and other conditions which may affect the underlying value attributable to Adcock and the Scheme;
- comparative publicly available financial information on suitable peer-listed companies;
- publicly available information relating to Adcock that we deemed to be relevant; and
- publicly available information relating to the industry in which Adcock operates that we deemed relevant, including company announcements, analysts’ reports and media articles.

## 6. **ASSUMPTIONS**

We have arrived at our opinion based on the following assumptions:

- that reliance can be placed on the historical audited financial information and financial forecasts of the Adcock Group used in the analysis;
- that the input parameters applied in the valuation of the Purchase Option and the Call Option, which are mainly based on observed market data are reasonable;
- the current economic, regulatory and market conditions, and business model of the Company will not change materially;
- the Adcock Group is not involved in any material legal proceedings;
- the Adcock Group has no outstanding disputes with any regulatory body, including the South African Revenue Service;
- there are no undisclosed contingencies that could affect the value of the Adcock Group;
- save for any tax liability on the disposal of the Scheme Shares, the structure of the Scheme will not give rise to any undisclosed tax liabilities to the Adcock Group or its shareholders; and
- reliance can be placed on the representations made by Adcock Management and their advisers during the course of forming this opinion.

## 7. **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- conducting analytical analysis on historical and forecast information, such as trend and key ratio analyses; and
- determining the extent to which representations from Adcock Management and other industry experts were confirmed by documentary evidence as well as our understanding of Adcock and the economic environment in which it operates.

## 8. **PROCEDURES**

In arriving at our opinion, we relied upon financial and other information, obtained from Adcock Management together with industry-related and other information in the public domain. Our conclusion is dependent on such information being accurate in all material respects.

In arriving at our opinion we have, *inter alia*, undertaken the following procedures in evaluating the fair and reasonableness of the Scheme:

- reviewed and analysed the Company’s audited historical financial results for the financial years ended 30 September 2011 to 30 September 2013 and the nine month period ended 30 June 2014;
- reviewed and analysed the Company’s unaudited interim financial results for the 6 month period ended 31 December 2014;
- reviewed and analysed the Adcock management accounts for the 8 month period ended 28 February 2015;

- reviewed and analysed Adcock Management's financial budget for the financial year ended 30 June 2015;
- reviewed the terms and conditions of the New Adcock BEE Agreements and the Scheme;
- assessed the potential value derived by Adcock by implementing the New Adcock BEE Transaction which incorporated, *inter alia*:
  - a review of the business environment in which Adcock operates and the need for black economic empowerment for Adcock to operate effectively in South Africa;
  - an analysis of Adcock's BEE scorecard before and subsequent to the New Adcock BEE Transaction, taken into account the cancellation of the existing Adcock BEE transaction;
  - a review of Adcock's existing client base;
  - discussions held with Adcock Management regarding the existing business and new business potential made possible through the New BEE Participants for Adcock;
- calculated and reviewed the net value foregone by Adcock Ordinary Shareholders in terms of the Scheme. In this regard we have calculated the value foregone in relation to the Purchase Option less the value ascribed to the Call Option (collectively referred to as the "**Option Valuations**");
- as part of the Option Valuations, considered appropriate valuation discounts/premiums to be applied to a valuation of Adcock and performed a valuation of the Company;
- compared the net value foregone by Adcock Ordinary Shareholders against the potential value derived by the Company by implementing the New Adcock BEE Transaction;
- reviewed the reasonableness of the information made available by and from discussions held with Adcock Management, *inter alia*:
  - the events leading up to the Scheme;
  - such other matters as we considered necessary;
  - the forecast financial information of Adcock;
  - the assumptions used in preparing the forecast financial information; and
  - the current market conditions relating to Adcock;
- where relevant, corroborated representations made by Adcock Management to source documents;
- reviewed certain publicly available information relating to Adcock that we have deemed relevant;
- obtained letters of representation from management asserting that we have been provided with all relevant information and that no material information was omitted and that all such information provided to us is accurate in all respects; and
- considered other relevant facts and information relevant to concluding this opinion.

## 9. VALUATION APPROACH

As part of the Option Valuations, we performed an independent valuation of Adcock.

For purposes of our valuation of the Company in order to arrive at a range of appropriate fair value estimates, our valuation methodology included:

- the income approach, consisting of a discounted cash flow ("**DCF**") valuation as our primary approach to value Adcock; and
- the market approach as an alternative valuation approach to support the results of our DCF valuation.

Key external and internal valuation drivers were considered in our valuation. Key external value drivers considered were inflation rates, single exit price regulations, future GDP growth rates, future CPI rates and exchange rates. Key internal value drivers considered were revenue growth, earnings margins, factory recoveries, price/volume and sales mix sensitivity analysis were conducted where practical, utilising existing and forecast key value drivers.

The indicative market value per Adcock share, based on a controlling interest, was calculated at between R51.50 and R58.64, with a likely core value, calculated as the midpoint of the range amounting to R55.07.

The derived value attributable to the Company as calculated, after the application of a minority discount, was compared to the prevailing market price of Adcock and applied in the Option Valuations performed.

For the purposes of the Option Valuations, in order to arrive at a range of appropriate fair value estimates we applied a Black Scholes Merton valuation model to value the Purchase Option and the Call Option;

Key external and internal valuation drivers were considered in our Option Valuations. Key external value drivers considered were interest rate yields. Key internal value drivers considered were Adcock's dividend yield, share price data and volatility. A sensitivity analysis was conducted where practical, utilising existing and forecast key value drivers.

#### 10. **REASONABILITY**

In arriving at our opinion with respect to the reasonability of the Scheme, we considered, *inter alia*, the following:

- historic trading prices, trading liquidity, dividend yield and volatility of Adcock ordinary shares; and
- the effect of the New Adcock BEE Transaction on Adcock going forward.

#### 11. **OPINION**

Our opinion is based on the current economic, market, regulatory and other conditions and the information made available to us by Adcock Management up to 8 May 2015. Accordingly, subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm, as stated herein.

Based on our analysis, subject to the foregoing and after taking into account all financial and non-financial considerations, we are of the opinion that the terms and conditions in respect of the Scheme are fair and reasonable to Adcock Ordinary Shareholders.

This opinion does not purport to cater for each individual shareholder's circumstances and/or risk profile, but rather that of a general body of Adcock Ordinary Shareholders taken as a whole. Each shareholder's decision will be influenced by such shareholder's particular circumstances and, accordingly, a shareholder should consult with an independent advisor if the shareholder is in any doubt as to the merits or otherwise of the Scheme.

#### 12. **LIMITING CONDITIONS**

This opinion is provided to the Board in connection with and for the purpose of the Scheme for the sole purpose of assisting the Board in forming and expressing an opinion for the benefit of Adcock Ordinary Shareholders. This opinion is prepared solely for the Board and therefore should not be regarded as suitable for use by any other party or give rise to third party rights.

The forecasts relate to future events and are based on assumptions, which may not remain valid for the whole of the relevant period. Consequently this information cannot be relied upon to the same extent as that derived from audited financial statements for completed accounting periods. We express no opinion as to how closely actual results will correspond to those forecast by Adcock Management.

We relied upon the accuracy of the information used by us in deriving our opinion, albeit that, where practicable, we have corroborated the reasonableness of such information and assumptions through, amongst other things, reference to historic precedent and our knowledge and understanding. Whilst our work has involved an analysis of the annual financial statements, forecasts and other information provided to us, our engagement does not constitute nor does it include an audit conducted in accordance with applicable auditing standards. Accordingly, we assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided to us in respect of the Scheme.

The opinion expressed is necessarily based upon information available to us, the financial, regulatory, securities market and other conditions and circumstances existing and disclosed to us as at the date hereof. We have furthermore assumed that all conditions precedent, including any material regulatory and other approvals required in connection with the Scheme have been or will be properly fulfilled. Subsequent developments may affect our opinion, however we are under no obligation to update, revise or re-affirm such, unless the Board requests us to do so in writing in terms of a further mandate.

#### 13. **SECTIONS 115 AND 164 OF THE COMPANIES ACT**

Section 115 of the Companies Act has been included as an Annexure F to the Circular and Section 164 of the Companies Act has been included as annexure G to the Circular.

#### 14. **INTEREST OF DIRECTORS OF ADCOCK**

The effective shareholding of the Adcock directors in Adcock Ordinary Shares is set out in paragraph 15.12 of Part 3 of the Circular.

15. **INDEPENDENCE AND ADDITIONAL REGULATORY DISCLOSURES**

We confirm that PSG Capital holds no shareholding in Adcock, directly or indirectly. We have no interest, direct or indirect, beneficial or non-beneficial, and to the best of our knowledge we are not related to a person who has or has had such interest in Adcock within the immediately preceding two years or in the outcome of the Scheme.

The directors, partners, officers and employees of PSG Capital allocated to this assignment have the necessary qualifications, experience and competencies to (i) understand the Scheme; (ii) evaluate the consequences of the Scheme; and (iii) assess the effect of the Scheme on the value of the Company's shares and on the rights and interests of Adcock Ordinary Shareholders and are able to express opinions, exercise judgement and make decisions impartially in carrying out this assignment.

Furthermore, we confirm that our professional fee for the opinion is R200 000 (excluding VAT), payable in cash, and is not contingent on the outcome of the Scheme.

In the event that any Adcock Ordinary Shareholder accepts the Scheme, the Adcock Ordinary Shareholder shall receive the AdBEE Security for its *pro rata* interest held in Adcock.

16. **CONSENT**

We hereby consent to the inclusion of this opinion and references thereto, in whole or in part, in the form and context in which they appear to be included in any required regulatory announcement or documentation regarding the Adcock.

Yours faithfully

**Riaan Van Heerden**  
**PSG CAPITAL**

**John-Paul Dicks**  
**PSG CAPITAL**

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**PRO FORMA FINANCIAL INFORMATION OF ADCOCK**

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The following tables set out the *pro forma* financial effects of the termination of the existing Adcock BEE transaction and the new AdBEE transaction on earnings per share (“EPS”), headline EPS, net asset value (“NAV”) and net tangible asset value (“NTAV”) per share based on the unaudited interim results of Adcock for the period ended 31 December 2014.

The *pro forma* financial effects are the responsibility of the board and have been prepared for illustrative purposes only to provide information about how the existing Adcock BEE transaction and the new AdBEE transaction may have impacted shareholders on the relevant reporting date and because of its nature may not give a fair reflection of the company’s financial position, changes in equity, results of operations or cashflows after implementation of the existing Adcock BEE transaction and the new AdBEE transaction or of the company’s future earnings.

**PRO FORMA FINANCIAL EFFECTS AFTER CANCELLATION OF OLD SCHEME AND IMPLEMENTATION OF NEW SCHEME**

**Consolidated statements of comprehensive income**

	Unaudited six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014 After cancellation of old scheme and implementation of new scheme	Unaudited <i>Pro forma</i> six months ended 31 December 2014 After cancellation of old scheme	Unaudited <i>Pro forma</i> six months ended 31 December 2014 After cancellation of old scheme and implementation of new scheme				
R'000	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8
<b>REVENUE</b>	<b>2 717 083</b>				<b>2 717 083</b>			<b>2 717 083</b>
<b>TURNOVER</b>	<b>2 699 331</b>				<b>2 699 331</b>			<b>2 699 331</b>
Cost of sales	(1 706 304)				(1 706 304)			(1 706 304)
<b>Gross profit</b>	<b>993 027</b>				<b>993 027</b>			<b>993 027</b>
Selling, distribution and marketing expenses	(518 979)				(518 979)			(518 979)
Drug management and regulatory expenses	(60 759)				(60 759)			(60 759)
Fixed and administrative expenses	(196 042)				(196 042)			(196 042)
<b>Trading profit</b>	<b>217 247</b>				<b>217 247</b>			<b>217 247</b>
Non-trading expenses	(16 977)	(4 500)	(12 845)		(34 322)	(6 500)	(47 680)	(88 502)
<b>Operating profit</b>	<b>200 270</b>	<b>(4 500)</b>	<b>(12 845)</b>		<b>182 925</b>	<b>(6 500)</b>	<b>(47 680)</b>	<b>128 745</b>
Finance income	13 795				13 795			13 795
Finance costs	(57 392)				(57 392)			(57 392)
Dividend income	3 957				3 957			3 957
Equity-accounted earnings	32 511				32 511			32 511
<b>Profit for the period</b>	<b>193 141</b>	<b>(4 500)</b>	<b>(12 845)</b>		<b>175 796</b>	<b>(6 500)</b>	<b>(47 680)</b>	<b>121 616</b>
Taxation	(48 189)	1 260	-		(46 929)	1 820	-	(45 109)
<b>Profit for the period</b>	<b>144 952</b>	<b>(3 240)</b>	<b>(12 845)</b>		<b>128 867</b>	<b>(4 680)</b>	<b>(47 680)</b>	<b>76 507</b>

	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014 After cancellation of old scheme and implementation of new scheme	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8
<b>R'000</b>										
<b>Other comprehensive income which will subsequently be recycled to profit or loss</b>	<b>40 562</b>	<b>40 562</b>								<b>40 562</b>
Exchange differences on translation of foreign operations	40 516	40 516								40 516
Movement in cash flow hedge accounting reserve, net of tax	46	46								46
<b>Total comprehensive income for the period, net of tax</b>	<b>185 514</b>	<b>169 429</b>		<b>(3 240)</b>	<b>(12 845)</b>			<b>(4 680)</b>	<b>(47 680)</b>	<b>117 069</b>
<b>Profit attributable to:</b>										
Owners of the parent	141 892	125 807		(3 240)	(12 845)			(4 680)	(47 680)	73 447
Non-controlling interests	3 060	3 060						-	-	3 060
	<b>144 952</b>	<b>128 867</b>		<b>(3 240)</b>	<b>(12 845)</b>			<b>(4 680)</b>	<b>(47 680)</b>	<b>76 507</b>
<b>Total comprehensive income attributable to:</b>										
Owners of the parent	181 142	165 057		(3 240)	(12 845)			(4 680)	(47 680)	112 697
Non-controlling interests	4 372	4 372		-	-			-	-	4 372
	<b>185 514</b>	<b>169 429</b>		<b>(3 240)</b>	<b>(12 845)</b>			<b>(4 680)</b>	<b>(47 680)</b>	<b>117 069</b>
Basic earnings per ordinary share (cents)	84.1	73.4								42.9
Diluted basic earnings per ordinary share (cents)	84.0	73.4								40.9
Headline earnings per ordinary share (cents)	83.8	73.1								42.6
Diluted earnings per ordinary share (cents)	83.8	73.1								40.7

	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014 After cancellation of old scheme and implementation of new scheme	Note 5	Note 6	Note 7	Note 8
R'000	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6
<b>HEADLINE EARNINGS</b>						
<b>Headline earnings is determined as follows:</b>						
Earnings attributable to owners of Adcock Ingram	141 892	(3 240)	(12 845)		125 807	(4 680)
Adjusted for:						73 447
(Profit)/Loss on disposal/scrapping of property, plant and equipment after tax	(475)				(475)	(475)
<b>Headline earnings</b>	<b>141 417</b>	<b>(3 240)</b>	<b>(12 845)</b>		<b>125 332</b>	<b>(4 680)</b>
						<b>72 972</b>
<b>SHARE CAPITAL</b>						
Number of shares in issue	201 652				175 708	175 708
Number of A and B shares held by the BEE participants	(25 944)				-	-
Number of ordinary shares held by the BEE participants	(2 571)				-	-
Number of ordinary shares held by the Group company	(4 285)				(4 285)	(4 285)
<b>Net shares in issue</b>	<b>168 852</b>				<b>171 423</b>	<b>171 423</b>
Headline earnings and basic earnings per share are based on:						
Weighted average number of shares	168 795				171 366	171 366
Diluted weighted average number of shares	168 844				171 415	179 415



**Consolidated statements of financial position**

	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014
R'000	Note 1	Note 2	Note 3	Note 4	Note 5	Note 8
<b>ASSETS</b>						
Property, plant and equipment	1 540 308				1 540 308	1 540 308
Intangible assets	827 632				827 632	827 632
Deferred tax	4 891				4 891	4 891
Other financial assets	138 349				138 349	138 349
Investment in joint ventures	239 835				239 835	239 835
<b>Non-current assets</b>	<b>2 751 015</b>				<b>2 751 015</b>	<b>2 751 015</b>
Inventories	1 032 932				1 032 932	1 032 932
Trade and other receivables	1 383 248			(4)	1 383 244	1 383 244
Cash and cash equivalents	459 429			(11 615)	447 814	447 814
Taxation receivable	79 678			119	79 797	79 797
<b>Current assets</b>	<b>2 955 287</b>			<b>(11 500)</b>	<b>2 943 787</b>	<b>2 943 787</b>
<b>Total assets</b>	<b>5 706 302</b>			<b>(11 500)</b>	<b>5 694 802</b>	<b>5 694 802</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Capital and reserves</b>						
Issued share capital	16 884			256	17 140	17 140
Share premium	512 107			104 773	616 880	616 880
Non-distributable reserves	477 162		12 845		490 007	537 687
Retained income	1 926 549	(3 240)	(12 845)	(30 319)	1 880 145	1 827 785
Total shareholders' funds	2 932 702	(3 240)	-	74 710	3 004 172	2 999 492
Non-controlling interests	122 850			(79 884)	42 966	42 966
<b>Total equity</b>	<b>3 055 552</b>	<b>(3 240)</b>	<b>-</b>	<b>(5 174)</b>	<b>3 047 138</b>	<b>3 042 458</b>

	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014	Unaudited <i>Pro forma</i> six months ended 31 December 2014
R'000	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6
Long-term borrowings	1 015 332				1 015 332	1 015 332
Post-retirement medical liability	22 194				22 194	22 194
Deferred tax	51 788				51 788	51 788
<b>Non-current liabilities</b>	<b>1 089 314</b>				<b>1 089 314</b>	<b>1 089 314</b>
Trade and other payables	1 266 310	3 240		(6 326)	1 263 224	4 680
Bank overdraft	228 719				228 719	228 719
Short-term borrowings	10 693				10 693	10 693
Cash-settled options	16 362				16 362	16 362
Provisions	39 352				39 352	39 352
<b>Current liabilities</b>	<b>1 561 436</b>	<b>3 240</b>		<b>(6 326)</b>	<b>1 558 350</b>	<b>4 680</b>
<b>Total equity and liabilities</b>	<b>5 706 302</b>	<b>-</b>		<b>(11 500)</b>	<b>5 694 802</b>	<b>5 694 802</b>
Issued number of shares	168 852				171 423	171 423
Net asset value per share (cents)	1 736.8				1 752.5	1 749.8
Tangible net asset value per share (cents)	1 246.7				1 269.7	1 267.0

**Notes**

- Financial information extracted from the unaudited consolidated statement of comprehensive income for the 6 months ended 31 December 2014 and the consolidated statement of financial position as at that date. It is assumed that the cancellation of the current BEE scheme and the implementation of the new BEE scheme were implemented with effect from 1 July 2014 for the calculation of the statement of comprehensive income adjustments. It is assumed that these transactions were implemented with effect from 31 December 2014 for the calculation of the statement of financial position adjustments. It is assumed that the share buy-back was effected on 1 July 2014.
- Once-off costs amounting to R4.5 million before tax will be incurred to cancel the current BEE transaction.
- A non-tax deductible once-off adjustment of R12.8 million representing the acceleration of the IFRS 2 Share based payment charge relating to the termination of the existing Adcock BEE transaction
- Deconsolidation of Blue Falcon Trading 69 Proprietary Limited, an Existing Adcock BEE Transaction's participant, which was previously consolidated as it was regarded as a structured entity.
- The buy-back of the "A" and "B" ordinary shares at nominal value and dividend shares impacting shares in issue and treasury shares. This represents the impact after cancellation of the current BEE scheme.
- Once-off costs amounting to R6.5 million before tax will be incurred to implement the new BEE transaction.
- A non-tax deductible once-off adjustment of R47.7 million representing the IFRS 2 Share based payment charge in relation to the 8 million Adcock call options issued (assumed on 1 July 2014) under the scheme which was valued at R5.96 per option, effective at the inception of the scheme.
- This represents the impact after cancellation of the current BEE scheme and the implementation of the new BEE scheme. The 8 million Adcock call options granted to shareholders are regarded as dilutive instruments for the calculation of DEFS and DHEFS.

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## REPORTING ACCOUNTANTS REPORT ON *PRO FORMA* FINANCIAL INFORMATION OF ADCOCK INGRAM

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Independent reporting accountant's assurance report on the compilation of pro forma financial information of Adcock Ingram Holdings Limited ("Adcock") included in a circular

We have completed our assurance engagement to report on the compilation of pro forma financial information of Adcock Ingram Holdings Limited ("Adcock") by the directors. The pro forma financial information, as set out in Annexure B of the circular, consists of the unaudited pro forma statement of comprehensive income, the unaudited pro forma statement of financial position, the related notes and the unaudited pro forma financial effects of the scheme on the Adcock Ingram Holdings Limited shareholders. The pro forma financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in Annexure B, as if the corporate action or event had taken place at 31 December 2014 and for the period then ended. As part of this process, information about Adcock's financial position and financial performance has been extracted by the directors from the Adcock's financial statements for the periods ended 31 December 2014 and 30 June 2014 on which review and audit report were issued.

#### Directors' Responsibility for the Pro Forma Financial Information

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in Annexure B.

#### Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a circular. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial



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information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

As the purpose of pro forma financial information included in a circular is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 21 May 2015 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

The related pro forma adjustments give appropriate effect to those criteria as reflected in the Annexure B; and

The pro forma financial information reflects the proper application of those adjustments as reflected in Annexure B to the adjusted financial information.

The pro forma financial information reflects the proper application of those adjustments on the Adcock Ingram shareholder. Our procedures selected depend on our judgment, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in Annexure B.

*Ernst & Young Inc.*

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Ernst & Young Inc.  
Director: Warren Kenneth Kinnear  
Reporting Accountant Specialist  
Registered Auditor  
Chartered Accountant (SA)  
Date: 21 May 2015

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## THE RELATIONSHIP AGREEMENT

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1. AdBEE and Ad-izinyosi are new companies and, as such, the common material contracts are the scheme and the pledge. In addition, Adcock is party to the relationship agreement.
2. The purpose of the relationship agreement is to enable Adcock to promote its empowerment aspirations and objectives. In this agreement the parties undertake in favour of each other to explore in good faith ways in which they can develop their common interests for the benefit of the group and thereby enhance the value of the Adcock shares. Some of the material terms of the relationship agreement are the following:
  - 2.1 for so long as it holds any scheme shares, Ad-izinyosi is entitled to and shall in good faith nominate for appointment to the board of directors of Adcock a director whose identity is reasonably acceptable to Adcock (having regard to the requirements and guidelines of the nomination and remuneration committee of Adcock at the relevant time). Ad-izinyosi is also entitled to participate through its directors holding office as such on the board of Adcock, to the extent invited by and acceptable to Adcock and in accordance with good corporate governance as prescribed in the King Code III on Governance, on sub-committees of Adcock's board of directors;
  - 2.2 save for directors' fees payable in the ordinary and normal course, neither Ad-izinyosi nor any of the Ad-izinyosi shareholders are entitled to receive remuneration or compensation for their services to the group;
  - 2.3 all voting rights attaching to scheme shares shall vest in and be exercisable by Ad-izinyosi in such manner as Ad-izinyosi in the exercise of its discretion deems fit. The shareholders of Ad-izinyosi have however agreed to a voting pool arrangement in relation to resolutions of the shareholders of Adcock which, if approved, may result in a change of control of Adcock. In such a change of control event, Ad-izinyosi will exercise its voting rights over its scheme shares in a manner in which Ad-izinyosi's ordinary shareholders by special resolution agree, after having, in good faith, taken into consideration the recommendation by Adcock's board of directors to all Adcock shareholders on the manner in which to vote on such transaction;
  - 2.4 the relationship agreement has been signed by Ad-izinyosi's core shareholders and their associate shareholders. To the extent that Ad-izinyosi acquires in excess of 15%, Adcock shall be entitled to introduce a further BEE shareholder, up to the point at which Ad-izinyosi acquires 19%. They will subscribe for their shareholding in Ad-izinyosi. If applicable, the aforesaid additional shareholders nominated by Adcock shall be entitled to subscribe for new shares in Ad-izinyosi prior to the final date, provided they also agree to be bound by the terms of, *inter alia*, the relationship agreement. Save as aforesaid, between the final date and the closing date, no shares in Ad-izinyosi's share capital may be issued to any third party without the approval of Adcock on the one hand and Ad-izinyosi shareholders holding not less than 75% of Ad-izinyosi's issued share capital on the other hand. The subscription price for these shares shall be the fair value of these shares as determined by an independent valuer, unless the core shareholders and Adcock agree in writing that the subscription price will be a different price, in which event the subscription price will be such agreed price;
  - 2.5 Ad-izinyosi is responsible for the payment of all costs which it incurs in complying with its statutory, common law and contractual obligations under the scheme, save for the costs of AdBEE, which will be borne by Adcock directly;
  - 2.6 Blue Falcon and Bophelo Trust have agreed to subscribe for shares in Ad-izinyosi an aggregate amount of approximately R20 million to be used by Ad-izinyosi to fund the payment of portion of the transaction costs for which Ad-izinyosi is liable and Adcock has agreed to guarantee the return of the aforesaid subscription amount to the core shareholders if there are insufficient funds available on a winding-up of Ad-izinyosi to do so;
  - 2.7 Adcock is responsible for the payment of its own transaction costs and the costs of AdBEE;

- 2.8 if the scheme fails (for example, because of non-fulfilment of any suspensive conditions), then unless otherwise agreed, Ad-izinyosi shall be wound up and Adcock agrees to pay all costs in respect of the scheme which would otherwise have been Ad-izinyosi's responsibility. If, however, the transaction is ipso facto cancelled ab initio in its entirety as a result of the fulfilment of any of the resolutive conditions, Ad-izinyosi shall cease to have any obligation to contribute towards the costs of the transaction, beyond those already contributed, which shall be guaranteed by Adcock as aforesaid;
- 2.9 until the closing date Ad-izinyosi is not entitled under any circumstances to dispose of any of its scheme shares to any third party other than AdBEE in accordance with the terms of the scheme. Thereafter Adcock enjoys pre-emptive rights over such scheme shares in the event of Ad-izinyosi wishing to dispose of any of them;
- 2.10 if, prior to the transaction end date, Ad-izinyosi is wound up, liquidated or deregistered or effectively loses its BEE status (and in the latter case fails to restore its BEE status within the ensuing 90 day period following the loss thereof), then and in such event the transaction shall automatically be cancelled ab initio and Ad-izinyosi will forfeit its right to the scheme shares. The same consequences will ensue if Ad-izinyosi materially breaches any of the material provisions of the relationship agreement and fails to remedy such breach within 21 days of receipt of notice calling upon it to remedy the breach. If, after the transaction end date but before the closing date, Ad-izinyosi should lose its BEE status as aforesaid or materially breaches the relationship agreement and fails to remedy such breach as aforesaid, then Adcock is entitled, at its election, to repurchase all Adcock shares then held by Ad-izinyosi at their fair value, alternatively, to cause Ad-izinyosi to dispose of all such shares by private treaty or on the JSE for a purchase price which is not less than their fair value;
- 2.11 Ad-izinyosi undertakes strictly to adhere to and abide by all of the restrictions imposed on it by its memorandum of incorporation in terms of section 15(2) of the Act;
- 2.12 Ad-izinyosi undertakes that no shares in its share capital may be disposed of to any third party nor may any third party subscribe for new shares in Ad-izinyosi unless, simultaneously with the transaction concerned, the third party involved agrees in writing signed by it to be bound by the provisions of the relationship agreement;
- 2.13 all parties to the relationship agreement have given comprehensive confidentiality undertakings in favour of the group;
- 2.14 restraint of trade undertakings have been given by Ad-izinyosi, its shareholders, key executives of Ad-izinyosi's shareholders and persons who hold 10% or more of the shareholding of any Ad-izinyosi shareholder (and by those persons who hold less than 10% of an Ad-izinyosi shareholder but whom Ad-izinyosi and Adcock agree should be bound by the restraint) not to compete with any of the businesses or activities carried on from time to time by the members of the group (and as described in the group's audited financial statements from time to time) in any territory in which the group carries on business. The restraint endures until the expiry of a period of one year following the date upon which Ad-izinyosi ceases to hold any shares in Adcock and in respect of each restrainee other than Ad-izinyosi, until the expiry of a period of one year following the date upon which it ceases to be an Ad-izinyosi shareholder or a shareholder of an Ad-izinyosi shareholder or a key executive of an Ad-izinyosi shareholder, as the case may be. No restraints shall preclude a restrainee from holding a direct or indirect beneficial shareholding in any company listed on a recognised stock exchange, where the direct holding or cumulative indirect holdings of the restrainee do not exceed 5% of any class of that listed company's issued share capital and the interests of the shareholders are solely those of shareholder. In circumstances where Kagiso disposes of its shares as contemplated in paragraph 11.2.2 of part 3 of this circular, its restraint shall terminate with immediate effect in respect of Kagiso and its associate shareholders;
- 2.15 numerous trigger events are described in the relationship agreement, upon the happening of which, prior to the closing date, the Ad-izinyosi shareholders' affected thereby are obliged to offer for sale their shares in Ad-izinyosi. One such trigger event is if an Ad-izinyosi shareholder or any shareholder in an Ad-izinyosi shareholder breaches any of the provisions of the relationship agreement and fails to remedy the breach concerned within 21 days of receipt of notice calling upon it to remedy such breach.

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## FOREIGN SHAREHOLDERS AND EXCHANGE CONTROL REGULATIONS

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The following is a summary of the Exchange Control Regulations as they apply to scheme participants:

Scheme participants who are not resident in, or who have a registered address outside, South Africa must satisfy themselves as to the full observance of the laws of the relevant jurisdiction concerning the receipt of the scheme consideration, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any transfer or other taxes due in such territory. If in doubt, scheme participants should consult their professional advisers without delay.

### 1. RESIDENTS OF THE COMMON MONETARY AREA

In the case of:

- 1.1 Certificated scheme participants whose registered addresses in the register are within the common monetary area and whose documents of title are not restrictively endorsed in terms of the Exchange Control Regulations, the share consideration and/or cheques in respect of the cash consideration will be posted or transferred by way of EFT to such scheme participants, in accordance with paragraph 3.1.6 of part 2 of the circular.
- 1.2 Dematerialised scheme participants whose registered addresses in the Register are within the common monetary area and have not been restrictively designated in terms of the Exchange Control Regulations, the scheme consideration will be credited directly to the accounts nominated for the relevant scheme participants by their duly appointed CSDP or broker in terms of the custody agreement with their CSDP or broker.

### 2. EMIGRANTS FROM THE COMMON MONETARY AREA

In the case of scheme participants who are emigrants from the common monetary area and whose scheme shares form part of their blocked assets, the scheme consideration will:

- 2.1 in the case of certificated scheme participants whose documents of title are restrictively endorsed in terms of the Exchange Control Regulations, be forwarded to the authorised dealer in foreign exchange in South Africa controlling such scheme participants' blocked assets in terms of the Exchange Control Regulations. The attached form of surrender and transfer (*blue*) makes provision for details of the authorised dealer concerned to be given; or
- 2.2 in the case of dematerialised scheme participants, the scheme consideration will be transferred to their CSDP or broker, which shall arrange for the same to be credited directly to the blocked rand bank account of the scheme participants concerned with their authorised dealer in foreign exchange in South Africa.

### 3. ALL OTHER NON-RESIDENTS OF THE COMMON MONETARY AREA

The scheme consideration accruing to non-resident scheme participants whose registered addresses are outside the common monetary area and who are not emigrants from the common monetary area will:

- 3.1 in the case of certificated scheme participants, whose documents of title have been restrictively endorsed in terms of the Exchange Control Regulations, be posted to their registered address, unless written instructions to the contrary are received and an alternative address is provided. The attached form of surrender and transfer (*blue*) makes provision for a substitute address or bank details; or
- 3.2 in the case of dematerialised scheme participants, be paid to their duly appointed CSDP or broker and credited to such scheme participants in terms of the provisions of the custody agreement with their CSDP or broker.

### 4. INFORMATION NOT PROVIDED

If the information regarding authorised dealers is not given or written instructions to the contrary are provided but no address is given, as required in terms of paragraphs 1.1 and 2.1 above, the relevant scheme consideration will be held in trust by Adcock (or any third party nominated by it for this purpose) for the benefit of the scheme participants concerned, pending receipt of the necessary information or instructions, for a maximum period of three years, after which such consideration shall be made over to the Guardians Fund. For the avoidance of doubt, no additional interest will accrue pursuant to this paragraph for the benefit of the scheme participants on the consideration so held.

## INWARD LISTINGS BY FOREIGN ENTITIES ON SOUTH AFRICAN EXCHANGES

### INTRODUCTION

South African institutional investors may invest in approved inward listed instruments based on foreign reference assets or issued by foreign entities, listed on the JSE and the Bond Exchange of South Africa, respectively, using the permissible foreign portfolio investment allowances. Institutional investors are allowed to invest in inward listed shares without affecting their permissible foreign portfolio investment allowance.

Institutional investors may invest an additional 5% of their total retail assets in approved African inward listed instruments.

South African corporates, trusts, partnerships and private individuals may invest in approved inward listed instruments without restriction. Authorised dealers may invest in approved inward listed instruments subject to the macro-prudential limit as defined in Section B.2(B)(iv) of the Rulings. Authorised dealers are allowed to invest in inward listed shares without affecting their macro-prudential limit.

“Inward listed shares” mean the following products listed on the JSE Limited.

Product	Details
Ordinary shares/equities including A, B and N shares	Shares which are listed on the JSE and settled in rand.
Preference shares/ Debentures	If the company is already listed on the JSE and the debenture is compulsory convertible.
Linked Units/Participatory Interest/ Real Estate Investment Trusts (REITS) and Loan Stock Companies	If the company is already listed on the JSE primary or secondary.
Exchange Traded Funds (ETFs)	An instrument which tracks a basket of shares, as long as they track an index or shares that is made up of companies already listed on the JSE. This must be valid for all the shares in the index.
Share Instalments	As long as they represent an underlying share or basket of shares already listed on the JSE.
Derivatives – Equities Indices	A Future or Option which is listed against an index that represents companies already listed on the JSE.
Derivatives – Single Stock Futures and Options	A Future or Option which is listed against a single security of a company which is already listed on the JSE.
Derivatives – Dividend Futures and Options	A Future or Option on a dividend of a company which is already listed on the JSE. Listed and traded on JSE in rand.
Krugerrand Coins	Listed and traded on JSE in rand.
Current Commodity Derivatives (i.e. White Maize)	Listed and traded on JSE in rand.

### GENERAL

(i) It is envisaged that inward listings will attract foreign direct investment to the domestic economy, increase market capitalisation and liquidity in the local capital market, support the New Partnership for Africa’s Development initiative and support the enhancement of foreign investment diversification through domestic channels.

(ii) Criteria for an “African” Company

A company will be regarded as “African” if it is:

- (a) domiciled in Africa or its activities are geographically located in Africa; or
- (b) domiciled outside Africa, but the majority of its activities are geographically located in Africa.

“African-based” activities would generally be determined by employment of assets and/or capital in countries which are part of the African Union.



(iii) Financial Surveillance Department Approval

Any entity wishing to list inward listed instruments on the JSE or the Bond Exchange of South Africa, respectively, requires prior approval of the Financial Surveillance Department. Any authorised dealer wishing to facilitate transactions of the nature outlined above, requires prior approval of the Financial Surveillance Department and will have to comply with the specific reporting requirements of the Financial Surveillance Department.

**MEASURES APPLICABLE TO INWARD LISTED DEBT INSTRUMENTS, DERIVATIVE INSTRUMENTS AND EQUITY ISSUES ON THE JSE LIMITED**

(i) Types of Instruments

- (a) Debt instruments, equity, as well as derivative instruments based on foreign reference assets, may be listed.
- (b) The listing of and trading in derivative instruments are subject to the following conditions:
  - (aa) for every buyer there should be a seller;
  - (bb) the loss for one party is paid as the profit of the counterparty;
  - (cc) participants may not hedge their exposures by physically trading in the underlying reference asset, unless that particular asset is also inward listed on the JSE Limited or the Bond Exchange of South Africa; and
  - (dd) all settlements should take place locally in rand.

(ii) Acquisition Issue

Foreign companies are allowed, upon application, to use their shares as acquisition currency.

South African institutional investors, authorised dealers, corporates, trusts, partnerships and private individuals may accept the shares without restriction.

(iii) Denomination of Debt Instruments, Equity Issues and Derivative Instruments,

All instruments and equity issues may only be denominated in rand.

**SPECIAL DISPENSATION TO LOCAL BROKERS TO FACILITATE THE TRADING OF INWARD LISTED SHARES**

Local brokers are allowed to purchase inward listed shares offshore and to transfer such shares to the South African section of the register, as a book-building exercise and to enhance liquidity on the JSE.

This dispensation is confined to inward listed shares and brokers may warehouse such shares for a maximum period of 30 days only.

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**COPY OF SECTION 115 OF THE COMPANIES ACT**

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“Section 115: Required approval for transactions contemplated in Part A

- (1) Despite section 65, and any provision of a company’s memorandum of incorporation, or any resolution adopted by its board or holders of its securities, to the contrary, a company may not dispose of, or give effect to an agreement or series of agreements to dispose of, all or the greater part of its assets or undertaking, implement an amalgamation or a merger, or implement a scheme of arrangement, unless:
  - (a) the disposal, amalgamation or merger, or scheme of arrangement:
    - (i) has been approved in terms of this section; or
    - (ii) is pursuant to or contemplated in an approved business rescue plan for that company, in terms of Chapter 6; and
  - (b) to the extent that Parts B and C of this Chapter and the Takeover Regulations apply to a company that proposes to:
    - (i) dispose of all or the greater part of its assets or undertaking;
    - (ii) amalgamate or merge with another company; or
  - (iii) implement a scheme of arrangement, the TRP has issued a compliance certificate in respect of the transaction, in terms of section 119(4)(b), or exempted the transaction in terms of section 119(6).
- (2) A proposed transaction contemplated in subsection (1) must be approved:
  - (a) by a special resolution adopted by persons entitled to exercise voting rights on such a matter, at a meeting called for that purpose and at which sufficient persons are present to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter, or any higher percentage as may be required by the company’s memorandum of incorporation, as contemplated in section 64(2); and
  - (b) by a special resolution, also adopted in the manner required by paragraph (a), by the shareholders of the company’s holding company if any, if:
    - (i) the holding company is a company or an external company;
    - (ii) the proposed transaction concerns a disposal of all or the greater part of the assets or undertaking of the subsidiary; and
    - (iii) having regard to the consolidated financial statements of the holding company, the disposal by the subsidiary constitutes a disposal of all or the greater part of the assets or undertaking of the holding company; and
  - (c) by the court, to the extent required in the circumstances and manner contemplated in subsections (3) to (6).
- (3) Despite a resolution having been adopted as contemplated in subsections (2)(a) and (b), a company may not proceed to implement that resolution without the approval of a court if:
  - (a) the resolution was opposed by at least 15% of the voting rights that were exercised on that resolution and, within five business days after the vote, any person who voted against the resolution requires the company to seek court approval; or
  - (b) the court, on an application within 10 business days after the vote by any person who voted against the resolution, grants that person leave, in terms of subsection (6), to apply to a court for a review of the transaction in accordance with subsection (7).
- (4) For the purposes of subsections (2) and (3), any voting rights controlled by an acquiring party, a person related to an acquiring party, or a person acting in concert with either of them, must not be included in calculating the percentage of voting rights:
  - (a) required to be present, or actually present, in determining whether the applicable quorum requirements are satisfied; or
  - (b) required to be voted in support of a resolution, or actually voted in support of the resolution. (4A) In subsection (4), ‘act in concert’ has the meaning set out in section 117(1)(b).
- (5) If a resolution requires approval by a court as contemplated in terms of subsection (3)(a), the company

must either:

- (a) within 10 business days after the vote, apply to the court for approval, and bear the costs of that application; or
  - (b) treat the resolution as a nullity.
- (6) On an application contemplated in subsection (3)(b), the court may grant leave only if it is satisfied that the applicant:
- (a) is acting in good faith;
  - (b) appears prepared and able to sustain the proceedings; and
  - (c) has alleged facts which, if proved, would support an order in terms of subsection (7).
- (7) On reviewing a resolution that is the subject of an application in terms of subsection (5)(a), or after granting leave in terms of subsection (6), the court may set aside the resolution only if:
- (a) the resolution is manifestly unfair to any class of holders of the company's securities; or
  - (b) the vote was materially tainted by conflict of interest, inadequate disclosure, failure to comply with the Companies Act, the memorandum of incorporation or any applicable rules of the company, or other significant and material procedural irregularity.
- (8) The holder of any voting rights in a company is entitled to seek relief in terms of section 164 if that person:
- (a) notified the company in advance of the intention to oppose a special resolution contemplated in this section; and
  - (b) was present at the meeting and voted against that special resolution.
- (9) If a transaction contemplated in this Part has been approved, any person to whom assets are, or an undertaking is, to be transferred, may apply to a court for an order to effect:
- (a) the transfer of the whole or any part of the undertaking, assets and liabilities of a company contemplated in that transaction;
  - (b) the allotment and appropriation of any shares or similar interests to be allotted or appropriated as a consequence of the transaction;
  - (c) the transfer of shares from one person to another;
  - (d) the dissolution, without winding-up, of a company, as contemplated in the transaction;
  - (e) incidental, consequential and supplemental matters that are necessary for the effectiveness and completion of the transaction; or
  - (f) any other relief that may be necessary or appropriate to give effect to, and properly implement, the amalgamation or merger.”

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**COPY OF SECTION 164 OF THE COMPANIES ACT**

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“Section 164: Dissenting shareholders appraisal rights

- (1) This section does not apply in any circumstances relating to a transaction, agreement or offer pursuant to a business rescue plan that was approved by shareholders of a company, in terms of section 152.
- (2) If a company has given notice to shareholders of a meeting to consider adopting a resolution to-
  - (a) amend its memorandum of incorporation by altering the preferences, rights, limitations or other terms of any class of its shares in any manner materially adverse to the rights or interests of holders of that class of shares, as contemplated in section 37(8); or
  - (b) enter into a transaction contemplated in section 112, 113 or 114, that notice must include a statement informing shareholders of their rights under this section.
- (3) At any time before a resolution referred to in subsection (2) is to be voted on, a dissenting shareholder may give the company a written notice objecting to the resolution.
- (4) Within 10 business days after a company has adopted a resolution contemplated in this section, the company must send a notice that the resolution has been adopted to each shareholder who:
  - (a) gave the company a written notice of objection in terms of subsection (3); and
  - (b) has neither:
    - (i) withdrawn that notice; nor
    - (ii) voted in support of the resolution.
- (5) A shareholder may demand that the company pay the shareholder the fair value for all of the shares of the company held by that person if:
  - (a) the shareholder:
    - (i) sent the company a notice of objection, subject to subsection (6); and
    - (ii) in the case of an amendment to the company’s memorandum of incorporation, holds shares of a class that is materially and adversely affected by the amendment;
  - (b) the company has adopted the resolution contemplated in subsection (2); and
  - (c) the shareholder:
    - (i) voted against that resolution; and
    - (ii) has complied with all of the procedural requirements of this section.
- (6) The requirement of subsection (5)(a)(i) does not apply if the company failed to give notice of the meeting, or failed to include in that notice a statement of the shareholders rights under this section.
- (7) A shareholder who satisfies the requirements of subsection (5) may make a demand contemplated in that subsection by delivering a written notice to the company within:
  - (a) 20 business days after receiving a notice under subsection (4); or
  - (b) if the shareholder does not receive a notice under subsection (4), within 20 business days after learning that the resolution has been adopted.
- (8) A demand delivered in terms of subsections (5) to (7) must also be delivered to the TRP, and must state:
  - (a) the shareholder’s name and address;
  - (b) the number and class of shares in respect of which the shareholder seeks payment; and
  - (c) a demand for payment of the fair value of those shares.
- (9) A shareholder who has sent a demand in terms of subsections (5) to (8) has no further rights in respect of those shares, other than to be paid their fair value, unless:
  - (a) the shareholder withdraws that demand before the company makes an offer under subsection (11), or allows an offer made by the company to lapse, as contemplated in subsection (12)(b);
  - (b) the company fails to make an offer in accordance with subsection (11) and the shareholder withdraws the demand; or

- (c) the company, by a subsequent special resolution, revokes the adopted resolution that gave rise to the shareholder's rights under this section.
- (10) If any of the events contemplated in subsection (9) occur, all of the shareholder's rights in respect of the shares are reinstated without interruption.
- (11) Within five business days after the later of:
- (a) the day on which the action approved by the resolution is effective;
  - (b) the last day for the receipt of demands in terms of subsection (7)(a); or
  - (c) the day the company received a demand as contemplated in subsection (7)(b), if applicable, the company must send to each shareholder who has sent such a demand a written offer to pay an amount considered by the company's directors to be the fair value of the relevant shares, subject to subsection (16), accompanied by a statement showing how that value was determined.
- (12) Every offer made under subsection (11):
- (a) in respect of shares of the same class or series must be on the same terms; and
  - (b) lapses if it has not been accepted within 30 business days after it was made.
- (13) If a shareholder accepts an offer made under subsection (12):
- (a) the shareholder must either in the case of:
    - (i) shares evidenced by certificates, tender the relevant share certificates to the company or the company's transfer agent; or
    - (ii) uncertificated shares, take the steps required in terms of section 53 to direct the transfer of those shares to the company or the company's transfer agent; and
  - (b) the company must pay that shareholder the agreed amount within 10 business days after the shareholder accepted the offer and:
    - (i) tendered the share certificates; or
    - (ii) directed the transfer to the company of uncertificated shares.
- (14) A shareholder who has made a demand in terms of subsections (5) to (8) may apply to a court to determine a fair value in respect of the shares that were the subject of that demand, and an order requiring the company to pay the shareholder the fair value so determined, if the company has:
- (a) failed to make an offer under subsection (11); or
  - (b) made an offer that the shareholder considers to be inadequate, and that offer has not lapsed.
- (15) On an application to the court under subsection (14):
- (a) all dissenting shareholders who have not accepted an offer from the company as at the date of the application must be joined as parties and are bound by the decision of the court;
  - (b) the company must notify each affected dissenting shareholder of the date, place and consequences of the application and of their right to participate in the court proceedings; and
  - (c) the court:
    - (i) may determine whether any other person is a dissenting shareholder who should be joined as a party;
    - (ii) must determine a fair value in respect of the shares of all dissenting shareholders, subject to subsection (16);
    - (iii) in its discretion may:
      - (aa) appoint one or more appraisers to assist it in determining the fair value in respect of the shares; or
      - (bb) allow a reasonable rate of interest on the amount payable to each dissenting shareholder from the date the action approved by the resolution is effective, until the date of payment;
    - (iv) may make an appropriate order of costs, having regard to any offer made by the company, and the final determination of the fair value by the court; and
    - (v) must make an order requiring:
      - (aa) the dissenting shareholders to either withdraw their respective demands or to comply with subsection (13)(a); and

(bb) the company to pay the fair value in respect of their shares to each dissenting shareholder who complies with subsection (13)(a), subject to any conditions the court considers necessary to ensure that the company fulfils its obligations under this section.

- (15A) At any time until the court has made an order contemplated in subsection (15)(c)(v), a dissenting shareholder may accept the offer made by the company in terms of subsection (11), in which case:
- (a) that shareholder must comply with the requirements of subsection 13(a); and
  - (b) the company must comply with the requirements of subsection 13(b).
- (16) The fair value in respect of any shares must be determined as at the date on which, and time immediately before, the company adopted the resolution that gave rise to a shareholder's rights under this section.
- (17) If there are reasonable grounds to believe that compliance by a company with subsection (13)(b), or with a court order in terms of subsection (15)(c)(v)(bb), would result in the company being unable to pay its debts as they fall due and payable for the ensuing 12 months:
- (a) the company may apply to a court for an order varying the company's obligations in terms of the relevant subsection; and
  - (b) the court may make an order that:
    - (i) is just and equitable, having regard to the financial circumstances of the company; and
    - (ii) ensures that the person to whom the company owes money in terms of this section is paid at the earliest possible date compatible with the company satisfying its other financial obligations as they fall due and payable.
- (18) If the resolution that gave rise to a shareholder's rights under this section authorised the company to amalgamate or merge with one or more other companies, such that the company whose shares are the subject of a demand in terms of this section has ceased to exist, the obligations of that company under this section are obligations of the successor to that company resulting from the amalgamation or merger.
- (19) For greater certainty, the making of a demand, tendering of shares and payment by a company to a shareholder in terms of this section do not constitute a distribution by the company, or an acquisition of its shares by the company within the meaning of section 48, and therefore are not subject to:
- (a) the provisions of that section; or
  - (b) the application by the company of the solvency and liquidity test set out in section 4.
- (20) Except to the extent:
- (a) expressly provided in this section; or
  - (b) that the TRP rules otherwise in a particular case, a payment by a company to a shareholder in terms of this section does not obligate any person to make a comparable offer under section 125 to any other person."

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**DETAILS OF TRADING BY THE PROVIDER OF AN IRREVOCABLE  
UNDERTAKING**

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The table below shows a set of trades by Bidvest in Adcock shares over the six-month period preceding the last practicable date

<b>Purchase/Sale</b>	<b>Trade date</b>	<b>Settlement date</b>	<b>Shares traded</b>	<b>Price per share</b>
Purchase	23/02/2015	02/03/2015	82,494	52.00
Purchase	04/03/2015	11/03/2015	5,138	52.00
Purchase	11/03/2015	18/03/2015	716,279	52.00
Purchase	23/03/2015	30/03/2015	550,000	52.00
Purchase	27/03/2015	07/04/2015	276,358	52.00
Purchase	31/03/2015	09/04/2015	323,642	52.00
Purchase	31/03/2015	31/03/2015	8,777	52.00
Purchase	31/03/2015	31/03/2015	49,019	52.00
Purchase	10/04/2015	17/04/2015	64,937	52.00
Purchase	16/04/2015	23/04/2015	39,691	52.00
Purchase	02/04/2015	07/04/2015	33,981	52.00
Purchase	17/04/2015	20/04/2015	701,650	52.00
Purchase	17/04/2015	24/04/2015	146,865	52.00
Purchase	28/04/2015	28/04/2015	2,589,893	52.00
Purchase	30/04/2015	04/05/2015	2,474,318	52.00
Purchase	11/05/2015	11/05/2015	478,843	52.00
Purchase	18/05/2015	18/05/2015	5,229,044	52.00
		<b>Offer</b>	<b>11,565,525</b>	
		<b>Open market</b>	<b>2,205,404</b>	
			<b>13,770,929</b>	

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**TABLE OF ENTITLEMENTS**


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This table of entitlements is based on Ad-izinyosi acquiring between 15% and 30% of the issued share capital of Adcock, which amounted to between 25 718 428 and 51 436 856 Adcock shares (excluding shares held as treasury stock) at the last practicable date prior to finalising this circular amounting to 15% to 30% of the issued share capital of Adcock. As the issued share capital of Adcock may change between the last practicable date and the record date of the scheme this table of entitlements may change. Scheme participants will be provided with an updated table of entitlements based on the issued share capital of Adcock on the record date of the scheme, together with the surrender circular to be issued to scheme participants upon the scheme being implemented. It is not expected that the table of entitlements will change significantly from that disclosed here.

Where the number of scheme shares tendered is a fraction <0.5 the number will be rounded down the nearest whole number. Where the number is equal to or greater than 0.5 the number will be rounded up to the nearest whole number.

Adcock shares in issue	171 456 185
% of shares tendered in the scheme	15%
Number of shares tendered in the scheme	25 718 428
Number of call options	8 000 000
Number of options received per share tendered	0.3111
Number of AdBEE shares required	25 718 428

<b>AIP shares before</b>	<b>Scheme shares tendered</b>	<b>AdBEE securities received</b>	<b>Call options received</b>	<b>AIP shares after</b>
50	8	8	2	42
100	15	15	5	85
500	75	75	23	425
1 000	150	150	47	850
5 000	750	750	233	4 250
10 000	1 500	1 500	467	8 500
50 000	7 500	7 500	2 333	42 500
100 000	15 000	15 000	4 666	85 000

Adcock shares in issue	171 456 185
% of shares tendered in the scheme	30%
Number of shares tendered in the scheme	51 436 856
Number of call options	8 000 000
Number of options received per share tendered	0.1555
Number of AdBEE shares required	51 436 856

<b>AIP shares before</b>	<b>Scheme shares tendered</b>	<b>AdBEE securities received</b>	<b>Call options received</b>	<b>AIP shares after</b>
50	15	15	2	35
100	30	30	5	70
500	150	150	23	350
1 000	300	300	47	700
5 000	1 500	1 500	233	3 500
10 000	3 000	3 000	467	7 000
50 000	15 000	15 000	2 333	35 000
100 000	30 000	30 000	4 666	70 000



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## SALIENT TERMS OF CALL OPTIONS

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*The definitions and interpretations commencing on page 11 of this circular apply to this Annexure J (unless the context indicates a contrary intention).*

### 1. CALL OPTION MECHANISM

- 1.1 In addition as an indivisible part of the scheme but not as part of the scheme consideration, scheme participants will receive an aggregate of 8 million call options entitling the holders thereof to subscribe for Adcock shares. Scheme participants will receive 1 option for between every 0.3111 and 0.1555 Adcock shares depending on whether between 15% and 30% scheme shares are tendered. The call options may be exercised at any time within the 30 day period prior to the transaction end date. In order to exercise the call options, payment of the strike price multiplied by the number of Adcock shares in respect of which the call options are being exercised, must accompany the exercise of the call options. **Once the call option has been exercised, it will no longer be possible to trade the call option. The Adcock shares which will be issued as a result of the exercise of the call options will be issued and listed on the JSE in accordance with the normal JSE and Strate settlement timetable, further details of which are set out in Annexure J.**
- 1.2 The options will be traded, at the commencement of trade under the JSE code ADEO ISIN ZAE000204921, on the JSE on Monday, 27 July 2015 in the Pharmaceutical sector.
- 1.3 Adcock will make an announcement in the press and on SENS at least 30 days prior to the final date of exercise of the call options, which final date of exercise is expected to be on or about Friday, 26 July 2019, detailing the exercise and settlement procedures of the call options.

### 2. CALL OPTION PRICING

- 2.1 If exercised, the price payable is the number of Adcock shares in respect of which the call options are being exercised multiplied by the strike price, being R72.00 per Adcock share, adjusted as the auditors determine (acting as experts and not as arbitrators, their decision being final and binding subject to the dispute resolution process on the holders of the call options and Adcock) if during the transaction period the issued share capital and/or share premium of Adcock is increased or reduced by way of a share split or share consolidation from that prevailing on the operative date (other than by reason of the exercise of the call options).

### 3. SETTLEMENT

- 3.1 For certificated scheme participants, the scheme consideration and the call options will, where the documents of title have been surrendered on or prior to the record date of the scheme, be posted, by registered post, to the certificated scheme participant at the risk of the certificated scheme participant concerned, by the transfer secretaries on the operative date, or within five business days of the subsequent receipt after the record date of the scheme, of the election, transfer and surrender form together with the relevant documents of title.
- 3.2 If the scheme consideration and the call options are not sent to a certificated scheme participant entitled thereto because the relevant documents of title have not been surrendered or if the scheme consideration and the call options are returned undelivered to the transfer secretaries, the scheme consideration and the letter of allocation will be held by Adcock or the transfer secretaries, on behalf of and for the benefit of such certificated scheme participant, until claimed. No interest or other payment will accrue or be paid to a certificated scheme participant on any scheme consideration, specified distributions and the call options so held.
- 3.3 The issue of the letter of allocation to which any certificated scheme participant becomes entitled in terms of the scheme will be effected in full in accordance with the terms of the scheme without regard to any lien, right of set-off, counterclaim or any other analogous right to which Ad-izinyosi, AdBEE or Adcock may be entitled.

#### 4. ACCOUNTING TREATMENT

The accounting treatment of the call options has been incorporated into the *pro forma* financial information of Adcock in Annexure C.

#### 5. INDICATIVE TIMETABLE

The table below provides an indicative illustration of the timing relating to the call options should the transaction end date be equal to the specified date, being the 1st business day following the 4th anniversary of the operative date.

	<b>Date</b>
Trading of call options on the JSE between (last day to trade)	Monday, 20 July 2015 to Friday, 19 July 2019
Exercise of call options by 12:00 between	Wednesday, 26 June 2019 to Friday, 26 July 2019
Suspension of trading of call options from commencement of trade	Monday, 22 July 2019
Listing of maximum number of Adcock shares in respect of those call options exercised (or to be exercised) on or about	Monday, 22 July 2019
Record date	Friday, 26 July 2019
Adcock shares issued to scheme participants on	Monday, 29 July 2019
Adjustment to listing of Adcock ordinary shares, if required, on or about	Tuesday, 30 July 2019



**adcock ingram**

**Adcock Ingram Holdings Limited**

(Incorporated in the Republic of South Africa)

Registration number 2007/016236/06

Share code: AP ISN: ZAE000123436

("Adcock Ingram" or the "Company")

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**NOTICE CONVENING THE GENERAL MEETING**

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All terms defined in the circular to Adcock shareholders dated 28 May 2015 to which this notice of general meeting is attached shall bear the same meanings herein unless the term is defined herein.

Notice is hereby given that the general meeting of the Company will, subject to any cancellation or postponement of the meeting by Adcock, be held in the auditorium at Adcock's offices, 1 New Road, Midrand, Gauteng, South Africa commencing at 10:00 on Friday, 10 July 2015 to consider and, if deemed fit, to approve, with or without modification, the following resolutions.

Ordinary shareholders are reminded that:

- ordinary shareholders entitled to attend and vote (and/or abstain from voting) at the general meeting, are entitled to appoint a proxy (or concurrent proxies) to attend, participate in and vote at the general meeting in the place of a shareholders and are referred to the attached forms of proxy;
- a proxy need not also be an ordinary shareholder; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a company meeting must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

**Ordinary Resolution Number 1**

**"Resolved that**, subject to the adoption by shareholders of the scheme resolution proposed at the scheme meeting to be held immediately after this general meeting, the shareholders approve the release of the dividend acquired Adcock ordinary shares held by Blue Falcon and Bophelo Trust and accordingly approve of the repurchase, at a nominal value, of each of the A ordinary shares and the B ordinary shares in their entirety in terms of the A repurchase agreement and the B repurchase agreement and the concomitant cancellation of the existing Adcock BEE scheme as a result."

**Explanation and effect**

The above resolution is proposed in terms of a requirement imposed by the Adcock board that the ordinary shareholders of Adcock approve the release of the dividend acquired Adcock ordinary shares held by Blue Falcon and Bophelo Trust and the repurchase of the A ordinary shares and the B ordinary shares respectively and the concomitant cancellation of the existing Adcock BEE scheme.

In terms of section 48 of the Companies Act, only the approval of the relevant class of A ordinary shares and B ordinary shares respectively is required. These A and B shareholders have approved this repurchase in terms of the A repurchase agreement and the B repurchase agreement and accordingly this resolution is an ordinary resolution of the holders of ordinary shares as required by the Adcock board and is not passed in terms of section 48 of the Companies Act.

**Ordinary Resolution Number 2**

**"Resolved that** any director of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the ordinary resolution."

The percentage of voting rights that will be required for this ordinary resolution to be adopted is more than 50% of the voting rights exercised on the resolution.

Quorum requirements: The general meeting may not begin until sufficient persons are present at such meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the general meeting. A matter to be decided at the general meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. In addition, a quorum shall consist of at least three persons entitled to exercise voting rights at the general meeting, personally present or represented by proxy (and if the shareholder is a body corporate, it must be represented).

The Adcock board have determined that the voting record date for the purposes of the general meeting (being the date on which an ordinary scheme member must be registered in the Company's register in order to participate in and vote at the general meeting) shall be 17:00 on 3 July 2015. The last day to trade Adcock ordinary shares in order to vote at the general meeting will be 26 June 2015.

An ordinary scheme member, holding certificated shares and an ordinary scheme member which holds dematerialised shares in his/her own name and who is registered as such on the voting record date is entitled to attend, participate in and vote at the general meeting and may appoint a proxy or proxies to attend, participate in and speak and vote at the general meeting in his/her stead. A proxy need not be a member of the Company. The completion and lodging of a form of proxy will not preclude an ordinary scheme member from attending, participating in, speaking and voting at the general meeting to the exclusion of the proxy/ies so appointed.

The form of proxy in respect of the general meeting (*green*) should be completed and returned to the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:00 on 8 July 2015, or 48 hours immediately preceding any adjourned meeting, or handed to the chairperson of the general meeting at any time prior to the exercise of voting rights at the general meeting or adjourned general meeting in accordance with the instructions contained therein.

On a poll every ordinary shareholder present in person or represented by proxy shall have one vote for every Adcock share held by such ordinary shareholder. On a show of hands, every ordinary shareholder present in person or represented by proxy at the general meeting shall have only one vote, irrespective of how many Adcock ordinary shareholders he/she represents.

Ordinary shareholders who hold dematerialised shares, other than holders of dematerialised shares in their own name, must inform their CSDP or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the necessary letters of representation to attend the general meeting or to provide their CSDP or broker with their voting instructions should they not wish to attend the general meeting in person, failing which the CSDP or broker will be obliged to act in terms of the mandate between such ordinary shareholders and their CSDP or broker.

### **Electronic participation**

Ordinary shareholders are advised in terms of section 63(3) of the Companies Act, that while the general meeting will be held in person, ordinary shareholders (and/or their proxies) may participate in the general meeting by electronic communication, as contemplated in sub-section 63(2) of the Companies Act, and ordinary shareholders and/or their proxies will be able, at their own expense, to participate in the general meeting by means of a teleconference facility.

Arrangements so to participate in the general meeting should be made through the office of the Company Secretary.

*By order of the Adcock Board*

28 May 2015



# adcock ingram

## Adcock Ingram Holdings Limited

(Incorporated in the Republic of South Africa)

Registration number 2007/016236/06

Share code: AP ISN: ZAE000123436

("Adcock Ingram" or the "Company")

### FORM OF PROXY IN RESPECT OF THE GENERAL MEETING FOR ORDINARY SHAREHOLDERS

**(for use by Certificated Ordinary shareholders and Own-Name Dematerialised Ordinary shareholders only)**

All terms defined in the circular to Adcock shareholders dated 28 May 2015 to which this form of proxy is attached and not defined therein shall bear the same meanings herein.

For use only by certificated ordinary shareholders at the general meeting of ordinary shareholders to be held in the auditorium at Adcock's offices, 1 New Road, Midrand, Gauteng, South Africa at 10:00 on Friday, 10 July 2015.

Dematerialised shareholders holding shares other than with "own name" registration, must inform their CSDP or broker of their intention to attend the general meeting and request their CSDP or broker to issue them with the necessary letter of representation and/or form of proxy to attend the general meeting in person and vote (or abstain from voting) or provide their CSDP or broker with their instructions should they not wish to attend the general meeting in person. Letters of representation must be lodged with the transfer secretaries by the commencement of the general meeting (including any adjourned or postponed meeting). These shareholders must **not** use this form of proxy.

I/We (full name/s in BLOCK LETTERS)

of (address in BLOCK LETTERS)

Telephone number (Work) (Area code)

Mobile number

being the holder/s of Adcock ordinary shares entitled to vote, do hereby appoint (see note):

1. \_\_\_\_\_ or failing him/her,
2. \_\_\_\_\_ or failing him/her,
3. the chairperson of the general meeting.

as my/our proxy to represent and act for me/us at the general meeting (including any adjourned or postponed meeting) for purposes of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at each adjournment or postponement thereof; and to vote for and/or against such resolutions and/or abstain from voting in respect of the Adcock ordinary shares registered in my/our name in accordance with the following instructions, and otherwise in accordance with the Companies Act, the MOI and the terms of the attached notes:

	Number of shares		
	For	Against	Abstain
	Adcock ordinary shares	Adcock ordinary shares	Adcock ordinary shares
<b>Ordinary Resolution Number 1</b> Release the dividend acquired ordinary shares held by Blue Falcon and Bophelo Trust and approve the repurchase of the A and B shares and cancellation of the existing BEE scheme			
<b>Ordinary Resolution Number 2</b> Authority granted to directors			

**Please indicate in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain from voting as he/she deems fit.**

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2015

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Each Adcock shareholder is entitled to appoint one or more proxies (who need not be an Adcock shareholder but must be natural persons) to attend, speak at and vote (or abstain from voting) in place of that shareholder at the meeting.

**Please see the notes on the reverse side hereof.**

**Notes to the form of proxy:**

1. This form of proxy must only be used by certificated shareholders or shareholders who hold dematerialised shares in their "own name".
2. Shareholders who hold dematerialised shares, other than in their "own name" and who wish to attend the general meeting in person, may do so by requesting the registered holder, being their CSDP, broker or nominee, to issue them with a letter of representation and/or form of proxy.
3. Shareholders who hold dematerialised shares, other than in their "own name" and who do not wish to attend the general meeting in person but wish to vote (or abstain from voting) thereat, must provide the registered holder, being the CSDP, broker or nominee, with their instructions. The instructions must reach the registered holder in sufficient time to allow the registered holder to act accordingly on your behalf.
4. Shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
5. A shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairperson of the general meeting", but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the foregoing will, subject to 10 below, be declared not to have been validly effected. A proxy need not be an Adcock shareholder. The person whose name stands first on this form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairperson of the general meeting.
6. Please note that the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified. Accordingly, meeting participants (including shareholders and proxies) must provide satisfactory identification.
7. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box(es). An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she deems fit in respect of all the shareholder's votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the shareholder or by his/her proxy.
8. The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of any proposed amendment to the above resolutions. If the foregoing sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form of proxy is attached.
9. A vote given in terms of an instrument of proxy shall be valid in relation to the meeting, notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the Company Secretary before the commencement of the general meeting.
10. The chairperson of the general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
11. The completion and lodging of this form of proxy will not preclude the relevant voting rights holder from attending the meeting and speaking and voting (or abstaining from voting) in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
12. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy, unless previously recorded by Adcock or unless this requirement is waived by the chairperson of the general meeting.
13. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by Adcock.
14. Where there are joint holders of shares:
  - any one holder may sign this form of proxy.
  - the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
15. To be effective, completed forms of proxy should be:
  - (i) lodged with or mailed to Computershare Investor Services Proprietary Limited

<b>Hand deliveries to:</b>	<b>Postal deliveries to:</b>
Ground Floor, 70 Marshall Street	PO Box 61051
Johannesburg, 2001	Marshalltown, 2107

to be received by 10:00 on 8 July 2015 (or not less than 48 hours before any adjourned or postponed meeting); or
  - (ii) lodged with or mailed to Adcock, 1 New Road, Midrand, Gauteng (marked for the attention of the Company Secretary), to be received after the time last specified in (i) above but up to at least 10 minutes before the commencement of the general meeting (including any adjourned or postponed meeting); or
  - (iii) handed to the chairperson of the general meeting prior to the exercise of voting rights at that general meeting (including any adjourned or postponed meeting), provided that, should the relevant shareholder return such form of proxy in terms of (ii) above, the relevant shareholder will also be required to furnish a copy of such form of proxy to the chairperson of the general meeting before the appointed proxy exercises any of the relevant shareholder's rights at the general meeting (including any adjourned or postponed meeting).
16. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.
17. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.

**SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN TERMS  
OF SECTION 58 OF THE COMPANIES ACT**

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For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at, a shareholders’ meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:
  - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
  - 3.2 a proxy may delegate the proxy’s authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
  - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
  - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date:
  - 5.1 stated in the revocation instrument, if any; or
  - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to:
  - 6.1 the shareholder; or
  - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provides otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised and must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act;
  - 8.2 the company must not require that the proxy appointment be made irrevocable; and
  - 8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act (see paragraph 5 above).



**adcock ingram**

**Adcock Ingram Holdings Limited**

(Incorporated in the Republic of South Africa)

Registration number 2007/016236/06

Share code: AP ISN: ZAE000123436

("Adcock Ingram" or the "Company")

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**NOTICE CONVENING THE SCHEME MEETING**

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All terms defined in the circular to Adcock shareholders dated 28 May 2015 to which this notice of scheme meeting is attached shall bear the same meanings herein unless the term is defined herein.

Notice is hereby given that the scheme meeting of the Company will, subject to any cancellation or postponement of the meeting by Adcock, be held in the auditorium at Adcock's offices, 1 New Road, Midrand, Gauteng, South Africa commencing at 10:30 or ten minutes after the conclusion or adjournment of the general meeting, whichever is the later, on Friday, 10 July 2015 to consider and, if deemed fit, to approve the scheme with or without modification.

Ordinary scheme members are reminded that:

- ordinary scheme members entitled to attend and vote at the scheme meeting, are entitled to appoint a proxy (or concurrent proxies) to attend, participate in and vote (or abstain from voting) at the scheme meeting in the place of a scheme Member (as the case may be) and are referred to the attached proxy forms;
- a proxy need not also be a scheme member; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a company meeting must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified.

**Special Resolution Number 1: approval of the scheme in terms of sections 114 and 115 of the Companies Act**

**"Resolved** that the scheme of arrangement in terms of section 114 of the Companies Act (as more fully set out in part 2 of the circular and as same may be amended as contemplated in the circular) proposed by the Adcock board between Ad-izinyosi and the holders of Adcock ordinary shares (other than the holder of the treasury shares) in terms of which, *inter alia*, if such scheme of arrangement is implemented, Ad-izinyosi will acquire, on the terms and subject to the conditions set out in the circular (as same may be amended as contemplated in the circular), all the scheme shares and each scheme participant will receive the scheme consideration, be and is hereby approved as a special resolution in terms of section 115(2)(a) of the Companies Act, 2008, as amended. In so far as any aspect of the scheme constitutes the provision of financial assistance by the Company, including without limitation, Adcock agreeing to guarantee the return of the subscription amount to the core shareholders as set out in paragraph 2.6 of Annexure D, such financial assistance be and is hereby approved."

**Explanation and effect**

The reason for and the effect of special resolution number 1 is to obtain shareholder approval, in terms of section 114 read with section 115 of the Companies Act, for the scheme proposed by the Adcock board between Ad-izinyosi and the holders of Adcock ordinary shares (other than the holder of the treasury shares) and to approve any financial assistance that may be given in terms of the scheme.

The percentage of voting rights that will be required for this special resolution to be adopted is at least 75% of the voting rights exercised on the special resolution.

**Ordinary Resolution Number 1**

**"Resolved** that any director of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as may be necessary for or incidental to the implementation of the special resolution."



The percentage of voting rights that will be required for this resolution to be adopted is more than 50% of the voting rights exercised on the resolution.

Quorum requirements. The scheme meeting may not begin until sufficient persons are present at such meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the scheme meeting. A matter to be decided at the scheme meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% of all of the voting rights that are entitled to be exercised on that matter at the time the matter is called on the agenda. In addition, a quorum shall consist of at least three persons entitled to exercise voting rights at the scheme meeting, personally present or represented by proxy (and if the shareholder is a body corporate, it must be represented).

The Adcock board have determined that the voting record date for the purposes of the scheme meeting (being the date on which a scheme member must be registered in the Company's register in order to participate in and vote at the scheme meeting) shall be 17:00 on 3 July 2015. The last day to trade Adcock ordinary shares in order to vote at the scheme meeting will be 26 June 2015.

Adcock ordinary shareholders who vote against the scheme resolution(s) and wish to exercise their rights in terms of section 115(3) of the Companies Act, to require the approval of a court for the scheme, should refer to Annexure F of the circular to which this notice is attached which includes an extract of section 115 of the Companies Act.

Adcock ordinary shareholders are hereby advised of their appraisal rights in terms of section 164 of the Companies Act. Their attention is drawn to the provisions of that section which are set out in Annexure G Annexure G to the circular, and to paragraph 14.8 of the circular commencing on page 40 of the circular.

A scheme member who holds certificated shares, or who holds dematerialised shares in his/her own name, and who is registered as such on the voting record date is entitled to attend, participate in and vote at the scheme meeting and may appoint a proxy or proxies to attend, participate in and speak and vote at the scheme meeting in his/her stead. A proxy need not be a member of the Company. The completion and lodging of a form of proxy will not preclude a scheme member from attending, participating in, speaking and voting at the scheme meeting to the exclusion of the proxy/ies so appointed.

The form of proxy in respect of the scheme meeting (*yellow*) should be completed and returned to the transfer secretaries, Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) to be received by no later than 10:30 on 8 July 2015, or 48 hours immediately preceding any adjourned meeting, or handed to the chairperson of the scheme meeting at any time prior to the exercise of voting rights at the scheme meeting or adjourned scheme meeting in accordance with the instructions contained therein.

On a poll every ordinary scheme member present in person or represented by proxy shall have one vote for every Adcock ordinary share held by such ordinary scheme member. On a show of hands, every ordinary scheme member present in person or represented by proxy at the scheme meeting shall have only one vote, irrespective of how many Adcock ordinary shares or Adcock ordinary shareholders he/she represents.

Ordinary scheme members who hold dematerialised shares, other than holders of dematerialised shares in their own name, must inform their CSDP or broker of their intention to attend the scheme meeting and request their CSDP or broker to issue them with the necessary letters of representation to attend the scheme meeting or to provide their CSDP or broker with their voting instructions should they not wish to attend the scheme meeting in person, failing which the CSDP or broker will be obliged to act in terms of the mandate between such ordinary scheme members and their CSDP or broker.

### **Electronic participation**

Ordinary scheme members are advised in terms of section 63(3) of the Companies Act, that while the scheme meeting will be held in person, ordinary scheme members (and/or their proxies) may participate in the scheme meeting by electronic communication, as contemplated in subsection 63(2) of the Companies Act, and ordinary scheme members and/or their proxies will be able, at their own expense, to participate in the scheme meeting by means of a teleconference facility.

Arrangements so to participate in the scheme meeting should be made through the office of the Company Secretary.

*By order of the Adcock Board*

28 May 2015





# adcock ingram

## Adcock Ingram Holdings Limited

(Incorporated in the Republic of South Africa)

Registration number 2007/016236/06

Share code: AP ISN: ZAE000123436

("Adcock Ingram" or the "Company")

### FORM OF PROXY IN RESPECT OF THE SCHEME MEETING FOR ORDINARY SCHEME MEMBERS

(for use by ordinary scheme members and own name dematerialised ordinary scheme members only)

All terms defined in the circular to Adcock shareholders dated 28 May 2015 to which this form of proxy is attached that are not defined therein shall bear the same meanings herein.

For use only by ordinary scheme members that hold ordinary shares in certificated form (certificated shareholders) or shareholders who have dematerialised their Adcock ordinary shares (dematerialised shareholders) and are registered with "own name" registration, at the scheme meeting of ordinary scheme members to be held in the auditorium at Adcock's offices, 1 New Road, Midrand, Gauteng, South Africa at 10:30 or ten minutes after the conclusion or adjournment of the general meeting, whichever is the later, on Friday, 10 July 2015 to consider and, if deemed fit, to approve the scheme.

Dematerialised shareholders holding shares, other than with "own name" registration, must inform their CSDP or broker of their intention to attend the scheme meeting and request their CSDP or broker to issue them with the necessary letter of representation and/or form of proxy to attend the scheme meeting in person and vote (or abstain from voting) or provide their CSDP or broker with their instructions should they not wish to attend the scheme meeting in person. Letters of representation must be lodged with the transfer secretaries by the commencement of the scheme meeting (including any adjournment or postponed meeting). These shareholders must **not** use this form of proxy.

I/We (full name/s In BLOCK LETTERS)

of (address In BLOCK LETTERS)

Telephone number (Work) (Area code)

Mobile number

being the holders of  ordinary shares in the capital of Adcock, and entitled to vote, do hereby appoint (see note):

1. \_\_\_\_\_ or failing him/her,
2. \_\_\_\_\_ or failing him/her,
3. the chairperson of the scheme meeting,

as my/our proxy to represent and act for me/us at the scheme meeting (including any adjourned or postponed meeting) for purposes of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat and at each adjournment or postponement thereof; and to vote for and/or against such resolutions and/or abstain from voting in respect of the Adcock ordinary shares registered in my/our name in accordance with the following instructions, and otherwise in accordance with the Companies Act, the MOI and the terms of the attached notes:

	Number of Adcock ordinary shares		
	For	Against	Abstain
<b>Special Resolution Number 1</b> Approval of the scheme in terms of sections 114 and 115 of the Companies Act			
<b>Ordinary Resolution Number 2</b> Authority granted to directors			

**Please indicate in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain from voting as he/she deems fit.**

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2015

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Each Adcock shareholder is entitled to appoint one or more proxies (who need not be an Adcock shareholder but must be natural persons) to attend, speak at and vote (or abstain from voting) in place of that shareholder at the meeting.

**Please see the notes on the reverse side hereof.**

#### Notes to the form of proxy:

1. This form of proxy must only be used by certificated shareholders or shareholders who hold dematerialised shares in their "own name".
2. Shareholders who hold dematerialised shares other than in their "own name" and who wish to attend the scheme meeting in person, may do so by requesting the registered holder, being their CSDP, broker or nominee, to issue them with a letter of representation and/or form of proxy.
3. Shareholders who hold dematerialised shares, other than in their "own name" and who do not wish to attend the scheme meeting in person but wish to vote (or abstain from voting) thereat, must provide the registered holder, being the CSDP, broker or nominee, with their instructions. The instructions must reach the registered holder in sufficient time to allow the registered holder to exercise such vote on your behalf.
4. Shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
5. A shareholder entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairperson of the scheme meeting", but any such deletion or insertion must be initialled by the shareholder. Any insertion or deletion not complying with the foregoing will, subject to 10 below, be declared not to have been validly effected. A proxy need not be an Adcock shareholder. The person whose name stands first on this form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated, the proxy shall be exercised by the chairperson of the scheme meeting.
6. Please note that the person presiding at the scheme meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified. Accordingly, meeting participants (including shareholders and proxies) must provide satisfactory identification.
7. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each share held. A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box(es). An "X" in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she deems fit in respect of all the shareholder's votes. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her/its proxy, but the total of the votes cast and in respect of which abstention is recorded, may not exceed the maximum number of votes exercisable by the shareholder or by his/her proxy.
8. The proxy shall (unless this sentence is struck out and countersigned) have the authority to vote, as he/she deems fit, on any other resolution which may validly be proposed at the meeting, including in respect of any proposed amendment to the above resolutions. If the foregoing sentence is struck out, the proxy shall be deemed to be instructed to vote against any such proposed additional resolution and/or proposed amendment to an existing resolution as proposed in the notice to which this form of proxy is attached.
9. A vote given in terms of an instrument of proxy shall be valid in relation to the meeting, notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the Company Secretary before the commencement of the scheme meeting.
10. The chairperson of the scheme meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
11. The completion and lodging of this form of proxy will not preclude the relevant voting rights holder from attending the meeting and speaking and voting (or abstain from voting) in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
12. Documentary evidence establishing the authority of a person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy, unless previously recorded by Adcock or unless this requirement is waived by the chairperson of the scheme meeting.
13. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by Adcock.
14. Where there are joint holders of shares:
  - any one holder may sign this form of proxy.
  - the vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of shareholders appear in the Register) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
15. To be effective, completed forms of proxy should be:
  - (i) lodged with or mailed to Computershare Investor Services Proprietary Limited


<b>Hand deliveries to:</b> Ground Floor, 70 Marshall Street Johannesburg, 2001	<b>Postal deliveries to:</b> PO Box 61051 Marshalltown, 2107
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to be received by 10:30 on 8 July 2015 (or not less than 48 hours before any adjourned or postponed meeting); or
  - (ii) lodged with or mailed to Adcock, 1 New Road, Midrand, Gauteng (marked for the attention of the Company Secretary) to be received after the time last specified in (i) above but up to at least 10 minutes before the commencement of the ordinary general meeting (including any adjourned or postponed meeting); or
  - (ii) handed to the chairperson of the scheme meeting up to 10 minutes before that scheme meeting (including any adjourned or postponed meeting), provided that, should the relevant shareholder return such form of proxy in terms of (ii) above, the relevant shareholder will also be required to furnish a copy of such form of proxy to the chairperson of the ordinary general meeting before the appointed proxy exercises any of the relevant shareholder's rights at the scheme meeting (including any adjourned or postponed meeting).
16. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled by the signatory/ies.
17. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.

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## **SUMMARY OF APPLICABLE RIGHTS ESTABLISHED IN TERMS OF SECTION 58 OF THE COMPANIES ACT**

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For purposes of this summary, the term “shareholder” shall have the meaning ascribed thereto in section 57(1) of the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy to participate in, speak and vote at, a shareholders’ meeting on behalf of the shareholder.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
3. Except to the extent that the memorandum of incorporation of a company provides otherwise:
  - 3.1 a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;
  - 3.2 a proxy may delegate the proxy’s authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
  - 3.3 a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
4. Irrespective of the form of instrument used to appoint a proxy:
  - 4.1 the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company; and
  - 4.2 should the instrument used to appoint a proxy be revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the relevant company.
5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date:
  - 5.1 stated in the revocation instrument, if any; or
  - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company.
6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company’s memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to:
  - 6.1 the shareholder; or
  - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
7. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the memorandum of incorporation of the relevant company or the instrument appointing the proxy provides otherwise.
8. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:
  - 8.1 such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised and must bear a reasonably prominent summary of the rights established by section 58 of the Companies Act;
  - 8.2 the company must not require that the proxy appointment be made irrevocable; and
  - 8.3 the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act (see paragraph 5 above).





adcock ingram

**Adcock Ingram Holdings Limited**

(Incorporated in the Republic of South Africa)

Registration number 2007/016236/06

Share code: AP ISN: ZAE000123436

("Adcock Ingram" or the "Company")

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**FORM OF ELECTION, SURRENDER AND TRANSFER IN  
RESPECT OF THE SCHEME  
TO BE COMPLETED BY HOLDERS OF CERTIFICATED ADCOCK ORDINARY SHARES ONLY**

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**Important notes concerning this form:**

- This form is only for use in respect of the scheme of arrangement in terms of section 114 of the Companies Act, 2008, proposed by the Adcock board between Ad-izinyosi and Adcock ordinary shareholders (other than the holder of treasury shares) in terms of which, if implemented Ad-izinyosi will acquire all of the scheme shares from the scheme participants and each scheme participant will receive the scheme consideration.
- Full details of the scheme are contained in the circular to shareholders of Adcock dated 28 May 2015 (circular), to which this form is attached. Accordingly, all definitions and terms used in this form shall, unless the context otherwise requires or they are otherwise defined herein, have the meaning attributed to them in the circular.
- **A shareholder is not entitled during the period from commencement of trade on the first business day following the scheme LDT until the scheme implementation date to sell Adcock ordinary shares on the JSE unless a valid election has been submitted by him or on his behalf, in terms of paragraphs 1.3, 2.2 and 3.2 (as relevant) of the section entitled "Action Required by Adcock shareholders" commencing on page 4 of the circular, in which event he shall be entitled to sell no more than that number of Adcock ordinary shares remaining after he has exercised his election, up to a maximum of 85% of this shareholding.**

**HOLDERS OF DEMATERIALISED ADCOCK ORDINARY SHARES MUST NOT COMPLETE THIS FORM.**

**INSTRUCTIONS:**

1. You must complete this form in full and return it to the transfer secretaries, being Computershare Investor Services Proprietary Limited, either by hand to 70 Marshall Street, Johannesburg, 2001, or by post to PO Box 61763, Marshalltown, 2107, to be received by no later than 12:00 on the scheme record date.
2. A separate form is required for each scheme participant.

**PART A: To be completed by ALL scheme participants who return this form.**

Dear Sirs

I/We, the undersigned scheme participant, confirm that I/we

- (a) hold  Adcock ordinary shares; [**to be completed by the scheme participant**]
- (b) have full legal capacity to contract and, being in possession of a copy of the circular and the PLACING DOCUMENT or being aware of the contents thereof, hereby irrevocably elect to receive the share consideration:

	Minimum of 15% and a maximum of 30%
<b>Number and percentage of Adcock ordinary shares elected to sell to Ad-izinyosi</b>	_____ shares, representing ____%
If no election is made the default is 15%	15%

**PROVIDED THAT:**

- In the absence of an election by you or should you fail to complete and deliver the form to the transfer secretaries by 12:00 on the scheme record date, you will be deemed to have elected to sell 15% of your holding to Ad-izinyosi.
- A dissenting shareholder who subsequently becomes a scheme participant pursuant to paragraph 14 of the circular after 12:00 on the scheme record date is deemed to have elected to sell 15% of his holding to Ad-izinyosi.

**Scheme participants should be aware that their elections may not be given effect to in full, and are dependent on the aggregation of the elections and deemed elections made by all scheme participants.**

Signature of Adcock ordinary shareholder/ scheme participant	Stamp and address of agent lodging this form (if any)
Assisted by me (if applicable)	
(State full name and capacity)	
Date 2015	
Telephone number (Home) ( )	
Telephone number (Work) ( )	
Cellphone number	
Email address	

**NOTES TO PART A:**

1. Applications under this form are irrevocable and may not be withdrawn once submitted.
2. Scheme participants should consult their professional advisers in case of doubt as to the correct completion of this form.
3. If this form is returned to the transfer secretaries, Computershare Investor Services Proprietary Limited, it will be treated by AdBEE as a conditional offer of subscription which is made subject to the scheme becoming operative. In the event of the scheme not becoming operative for any reason whatsoever, the offer for subscription for the share consideration shall lapse.
4. Persons who have acquired Adcock ordinary shares after the date of the issue of the placing document can obtain copies of the form, the circular and the placing document from the transfer secretaries of Adcock, being Computershare Investor Services Proprietary Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).
5. If the instructions set out in this form, the placing document and circular are not fully complied with, Adcock reserves the right to accept such applications in whole or in part at its discretion.
6. No receipts will be issued for documents lodged unless specifically requested. In compliance with the requirements of the JSE, lodging agents are requested to prepare special transaction receipts, if required. Signatories may be called upon for evidence of their authority or capacity to sign this form.
7. Any alteration to this form must be signed in full and not initialled.
8. If this form is signed under a power of attorney, then such power of attorney, or a notarially certified copy hereof, must be sent with this form for noting (unless it has already been noted by Adcock or the transfer secretaries). This does not apply in the event of this form bearing a JSE broker's stamp.
9. Where the scheme participant is a company or a close corporation, unless it has already been registered with Adcock or the transfer secretaries, a certified copy of the directors' or members' resolution authorising the signing of this form must be submitted if so requested by Adcock and/or AdBEE.
10. If this form is not signed by the scheme participant, such scheme participant will be deemed to have irrevocably appointed by Adcock, as principal, with the power of substitution to implement the scheme participant's obligations under the scheme on his/her behalf.
11. Where there are any joint holders of any scheme shares, only that holder whose name stands first in the register in respect of such scheme shares need sign this form.
12. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.



**ART B: To be completed by all scheme participants in addition to Part A.**

**SECTION 1**

Dear Sirs

I/We hereby surrender the Adcock share certificate/s and/or other enclosed documents of title, representing Adcock ordinary shares with a par value of 10 cents each, registered in the name of the person mentioned below and authorise the transfer secretaries, conditional upon the scheme being implemented, to register the transfer of these Adcock ordinary shares into the name of Ad-izinyosi:

Name of Adcock shareholder	Certificate number(s)	Number of Adcock ordinary shares covered by each certificate(s) enclosed
<b>Total</b>		

**SIGNATURE CLAUSE AND DETAILS**

Signature of certificated shareholder	<b>Stamp and address of agent lodging this form (if any)</b>
Assisted by me (if applicable)	
State full name and capacity	
Date 2015	
Telephone number (Home) ( )	
Telephone number (Work) ( )	
Cellphone number	
Email address	

**SECTION 2**

To be completed in BLOCK CAPITALS by certificated scheme participants if they wish the scheme consideration to be sent to an address different from their registered address.

Surname or Name of corporate body

First names (in full)

Title (Mr, Mrs, Miss, Ms, etc)

Address to which the scheme consideration should be sent (if different from registered address)

Postal code

In order to comply with the requirements of the Financial Intelligence Act, 2001 (Act 38 of 2001), Computershare Investor Services Proprietary Limited will be unable to record any change of address mandated unless the following documentation is received from the relevant shareholder:

- original certified copy of your identity document;
- original certified copy of a document issued by the South African Revenue Services to verify your tax number, if you do not have one please submit this in writing and have the letter signed by a Commissioner of Oaths; and
- original or an original certified copy of a service bill to verify your residential address.

**SECTION 3**

**To be completed in BLOCK CAPITALS by certificated scheme participants who are emigrants from the Common Monetary Area and non-residents of the Common Monetary Area (see notes 1 and 2).**

The scheme consideration will be forwarded to the Authorised Dealer in foreign exchange in South Africa controlling the emigrant's blocked assets in terms of the Exchange Control Regulations as nominated below for its control and credited to the emigrant's blocked assets account. Accordingly, scheme participants who are emigrants must provide the following information:

Name of authorised dealer:
Account number:
Address:

Signature of authorised dealer:

If emigrants make no nomination above, the scheme consideration will be held in trust by Adcock (or any third party nominated by it for this purpose) for the benefit of the scheme participants concerned, until lawfully claimed by such scheme participants, for a maximum period of three years, after which such consideration shall be made over to the Guardians Fund. For the avoidance of doubt, no additional interest will accrue pursuant to this paragraph for the benefit of the scheme participants on the consideration held by Adcock. Non-residents must complete Section 3 if they wish the scheme consideration to be paid, to an authorised dealer in South Africa.

**NOTES TO PART B:**

1. Emigrants from the common monetary area must complete Section 3 of this Part B.
2. All other non-residents of the common monetary area must complete Section 3 of this Part B if they wish the cash consideration to be paid to an authorised dealer in South Africa.
3. If this form is returned with the relevant document(s) of title to Adcock, it will be treated as a conditional surrender which is made subject to the scheme becoming operative. In the event of the scheme not becoming operative for any reason whatsoever, the transfer secretaries will, by not later than five business days after the date upon which it becomes known that the scheme will not be operative, return the documents of title to the Adcock ordinary shareholders concerned, by registered post, at the risk of such Adcock ordinary shareholders.
4. Persons who have acquired Adcock ordinary shares after the date of the issue of the circular to which this form is attached can obtain copies of the form and the circular from the transfer secretaries, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107).
5. The scheme consideration will not be sent to certificated scheme participants unless and until documents of title in respect of the relevant scheme shares have been surrendered to the transfer secretaries.