



ACCESS TO QUALITY AFFORDABLE MEDICINES

Frequently Asked Questions on the Proposed Sale of Shares by Meditab Holdings Limited and Cipla (EU) Limited to Africa Capitalworks SSA 3 (the “Transaction”).

Question	Response
Who is Africa Capitalworks SSA 3?	Africa Capitalworks SSA 3 (“ ACW SSA 3 ”) is wholly owned by Africa Capitalworks Holdings (“ ACWH ”) and was formed to hold and manage ACWH’s interest in Cipla Quality Chemical Industries (‘the Company’ or ‘CiplaQCIL’). ACWH is a Mauritian investment company that provides permanent equity capital and complementary skills to mid-market companies across Sub-Saharan Africa. Three of ACWH’s largest shareholders are British Investment International (formerly CDC), African Development Bank and Government Employees Pension Fund.
How will the proposed transaction affect the Company?	The proposed transaction entails the trading of shares between the sellers and purchaser. The Company has been operating for over 15 years with management resident in Uganda. There will be no change to the management of the daily affairs of the Company. The Company will continue to manufacture and sell products from the Cipla Group, as well as supply the Cipla Group. These matters are included in the various agreements to be entered into between the Company and the Cipla Group as a condition to the transaction.
How will the proposed transaction affect existing shareholders?	The Company will continue to be listed on the USE. The Company expects to have additional opportunities for growth as a result of the change in control, which, if realised, will benefit all shareholders.
When will the proposed transaction close?	The transaction is dependent on fulfilment of certain conditions, including approval for the block trade from the USE and exemption from making a full takeover offer from the CMA. These conditions have been outlined in the Notice of Intention and also include signing of Technology Licensing Agreement, Transitional Services Agreement and Manufacturing and Supply Agreements between the Company and the Cipla Group.
Will ACW SSA 3 make a takeover offer to buy the rest of the shares?	In the interest of maintaining the Company’s listing on the USE, ACW SSA 3 will not be making a takeover offer. ACW SSA 3 has applied for an exemption from compliance with Regulation 5 of the Takeover Regulations 2012.

<p>How will the replacement of an industry shareholder with a financial/strategic investor impact shareholders?</p>	<p>Since the Company's formation in 2006, the Cipla Group has grown significantly and its strategy has evolved, such that its manufacturing efforts are particularly focused on much larger markets, such as India and the USA. At the same time, the largest funders of medicines on the continent have an increasingly strong emphasis on local manufacturing. With its WHO prequalification, which has recently been confirmed for another three years, and cGMP-compliant standing, an independent CiplaQCIL will be even better positioned to secure business from customers who recognise and value of local manufacturing and the benefits associated with it, such as shorter and more reliable delivery.</p> <p>As part of the transition, the Company will secure the products and technology required to maintain its existing business and develop new business. To this end, the Company and Cipla will be entering into three agreements, covering technology, transitional services and manufacture and supply.</p> <p>The Company expects to have additional opportunities for growth as a result of the change in control, which, if realised, will benefit all shareholders.</p>
<p>What is the relationship between ACW SSA 3 and Capitalworks SSA 1?</p>	<p>Capitalworks SSA 1 is a separate legal entity, with a distinct shareholder base and board to those of ACW SSA 3. Capitalworks SSA 1 acquired its stake in the Company in 2010.</p>
<p>What is the relationship between Emmanuel Katongole, Frederick Kitaka Mutebi and George Baguma ("QCIL Ugandan Founders") and ACW SSA 3?</p>	<p>Mssrs Katongole, Mutebi and Baguma are co-founders of the Company and collectively owned 8.4% of the Company prior to the transaction. They will continue to hold these shares in their own names after the transaction.</p> <p>As part of the transaction and to increase the Ugandan shareholding, the founders will each acquire an additional 1.50%. These shares will be held through ACW SSA 3 on behalf of Mssrs Katongole, Mutebi and Baguma as part of the control block in the Company.</p>
<p>How will the transaction impact the Management and the Board?</p>	<p>Management of the Company will remain unchanged. The Directors appointed by Cipla are expected to resign with effect from the close of the transaction. ACW SSA 3 will work with the rest of the Board and Management to reconstitute the Board in a manner directed at supporting the Company's growth ambitions.</p>
<p>Will the Company change its name post transaction?</p>	<p>The Company's original name is Quality Chemical Industries Limited. Cipla was added to the name after the Cipla Group</p>

	acquired control of the Company in 2013. With the Cipla Group's exit, the Company will revert to its original name.
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