THIS CIRCULAR AND THE ACCOMPANYING FORM OF APPLICATION ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this circular and/or as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant, or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are in the United Kingdom or, if not, another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this circular to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. If you have sold or otherwise transferred only part of your holding of Ordinary Shares you should retain this circular and should immediately contact your stockbroker, bank or other agent through whom the sale or transfer was effected. This circular should be read as a whole. Your attention is drawn in particular to the letter from the Chairman of the Company which is set out in Part I of this circular and which recommends you to vote in favour of the Resolutions to be proposed at the General Meeting of the Company to be held at the Royal Institute of British Architects, 66 Portland Place, London W1B 1AD on Tuesday, 23 January 2018 at 10.00 a.m.

Advanced Oncotherapy Plc
(Incorporated in England and Wales with registered number 05564418)

Notice of General Meeting

Proposed Authority to Allot Shares and Disapply Pre-emption Rights

Notice of a General Meeting of Advanced Oncotherapy Plc, to be held at the Royal Institute of British Architects, 66 Portland Place, London W1B 1AD on Tuesday, 23 January 2018 at 10.00 a.m. is set out at the end of this document.

Whether or not they intend to attend the General Meeting, Shareholders are requested to complete and return the accompanying Form of Proxy as soon as possible and, in any event, so as to be received by the Company’s registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not later than 10.00 a.m. on Sunday, 21 January 2018.

Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting at the General Meeting should they choose to do so.

All references to time are to the time in London, England.
EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<table>
<thead>
<tr>
<th>Event</th>
<th>Date/Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Posting of this circular to Shareholders</td>
<td>Wednesday, 27 December 2017</td>
</tr>
<tr>
<td>Latest time for receipt of Forms of Proxy for the General Meeting</td>
<td>10.00 a.m. on Sunday, 21 January 2018</td>
</tr>
<tr>
<td>General Meeting</td>
<td>10.00 a.m. on Tuesday, 23 January 2018</td>
</tr>
</tbody>
</table>
DEFINITIONS

The following definitions apply throughout this document, the Notice of General Meeting and the Form of Proxy unless the context otherwise requires:

“Admission” admission to AIM of the New Shares becoming effective as provided for in Rule 6 of the AIM Rules

“AIM” the market of that name operated by the London Stock Exchange plc

“AVO” or “the Company” Advanced Oncotherapy plc, a company registered in England and Wales with registered number 05564418, whose registered office is at 17 Dashwood House, 69 Old Broad Street, London EC2M 1QS, United Kingdom

“Board” the Board of Directors, from time to time, of the Company

“Bracknor” Bracknor Worldwide Investments Limited, a limited liability company incorporated under the laws of the Cayman Islands

“Business Day” any day (other than a Saturday or Sunday) upon which commercial banks are open for business in London, England

“Control” with respect to any person, the direct or indirect power to (i) direct or cause the direction of the management and policies of such person; (ii) elect a majority of the directors, partners or other persons exercising similar authority in respect of such person; or (iii) direct or cause the direction of a voting interest of more than 20% of the outstanding voting rights of such person

“Conversion” repayment of the Loan by way of issue of the Conversion Shares to the Lenders at the Subscription Price

“Conversion Shares” the 13,697,697 Ordinary Shares to be issued to the Lenders pursuant to the Conversion

“Directors” the directors of the Company from time to time

“Distribution Agreement” the exclusive distribution agreement dated 6 December 2017 between the Company and Yantai Cipu pursuant to which Yantai Cipu has been appointed, conditional upon Admission, as the exclusive distributor of the Company in the Territories to import, market and distribute any proton therapy products manufactured by AVO and its affiliates, including LIGHT systems and all related products, components, parts and related materials and any new models or updates of the same made available by AVO from time to time

“Force Majeure Event” any of the following circumstances, not within a party’s reasonable control, that prevents or hinders performance by such party of its obligations under the Subscription Agreement:
(1) acts of God, including, without limitation, flood, storm, drought, earthquake or other natural disaster;

(2) terrorist attack or civil war; and

(3) any change in Chinese law or any action lawfully taken by the Chinese government or a relevant public authority in China which makes it impossible to obtain Government Approval before the Long Stop Date

“General Meeting”

the general meeting of the Company to be held at the Royal Institute of British Architects, 66 Portland Place, London W1B 1AD on Tuesday, 23 January at 10.00 a.m. convened by the notice set out in Part III of this circular

“Government Approval”

approvals or filing-for-record certificates being obtained from the following authorities: (i) the Department of Commerce, (ii) the Development and Reform Commission and (iii) the State Administration of Foreign Exchange of China for the transfer of the Subscription Monies

“Initial Licence Fee”

the £16,500,000 (sixteen million, five hundred thousand pounds) licence fee payable by Yantai Cipu to the Company in accordance with the Distribution Agreement

“Lenders”

a consortium comprising AB Segulah, AFMS Radgivning Och Invest AB, Peter Gyllenhammar AB, Mijesi AB and Emendum AB who advanced the Loan to the Company

“LIGHT”

an acronym for the Company’s Linac Image Guided Hadron Technology

“Link Asset Services”

a trading name of Link Registrars Limited (formerly Capita Registrars Limited)

“Loan”

the sum of £4,109,309 (four million, one hundred and nine thousand, three hundred and nine pounds) owed by the Company to the Lenders pursuant to the terms of a loan agreement dated 19 July 2017, comprising the principal sum of £3.9 million together with all accrued interest thereon up to and including 31 December 2017

“London Stock Exchange”

London Stock Exchange plc

"Long Stop Date"

15 February 2018, subject to delay only by reason of a Force Majeure Event

“New Shares”

the 69,566,479 (sixty nine million, five hundred and sixty six thousand, four hundred and seventy nine) Ordinary Shares to be issued pursuant to the Transactions, comprising the Conversion Shares, the Placing Shares and the Subscription Shares

“Nominated Adviser”

Stockdale Securities Limited or such other person that is appointed as the Company’s nominated adviser from time to time as required by the AIM Rules
“Ordinary Shares” ordinary shares of £0.25 each in the capital of the Company
“Placing” the conditional placing of the Placing Shares with investors at the Subscription Price
“Placing Shares” the 10,868,782 (ten million, eight hundred and sixty eight thousand, seven hundred and eighty two) Ordinary Shares to be issued pursuant to the Placing
“Relationship Agreement” the relationship agreement entered into between Stockdale, the Company and Yantai Cipu on 6 December 2017, which shall come into effect upon Admission
“Resolution 1” the Resolution numbered 1 to be proposed at the General Meeting as set out in the notice of General Meeting in Part III of this circular
“Resolutions” the resolutions numbered 1 to 3 to be proposed at the General Meeting as set out in the notice of General Meeting in Part III of this circular
“Shareholder” a holder of Ordinary Shares
“sterling”, “pounds”, “£”, “pence” the lawful currency of the United Kingdom
or “p”
“Stockdale” Stockdale Securities Limited, being the Nominated Adviser of the Company at the date of this circular
“Subscription” the subscription by Yantai Cipu for the Subscription Shares at the Subscription Price on the terms and conditions of the Subscription Agreement
“Subscription Agreement” the subscription agreement made between the Company and Yantai Cipu dated 6 December 2017 relating to the conditional subscription by Yantai Cipu for the Subscription Shares
“Subscription Monies” the £13,500,000 (thirteen million five hundred thousand pounds) payable by Yantai Cipu for the Subscription Shares at the Subscription Price
“Subscription Price” £0.30 per Subscription Share
“Subscription Shares” the 45,000,000 (forty five million) new Ordinary Shares proposed to be issued by the Company to Yantai Cipu at the Subscription Price
“Territories” the People’s Republic of China, Hong Kong, Macau, Taiwan and South Korea
“Transactions” together the Subscription, the Conversion and the Placing
“Warrants” warrants to subscribe for up to 5,500,000 Ordinary Shares to be issued to Yantai Cipu pursuant to the terms of the Distribution Agreement

“Yantai Cipu” Yantai Cipu Medical Technology Co. Ltd, a company registered in the People’s Republic of China with registered number 913706023346283752, whose registered office is at 1 Fengshan Road, Zhifu District, Yantai, Shandong
PART I
LETTER FROM THE CHAIRMAN

Advanced Oncotherapy plc
(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05564418)

Directors
Dr Michael Sinclair, Executive Chairman
Michael Bradfield, Non-executive Director
Hans von Celsing, Non-executive Director
Prof. Stephen Myers, Non-executive Director, Executive Chairman of ADAM
Prof. Chris Nutting, Non-executive Director
Sanjeev Pandya, EVP, Global Business Development
Dr Nicholas Plowman, Non-executive Director
Nicolas Sérandour, Chief Executive Officer
Dr Euan Thomson, Non-executive Director
Dr Enrico Vanni, Non-executive Director

22 December 2017

Dear Shareholder,

Proposed Authority to Allot Shares and Disapply Pre-emption Rights

Notice of General Meeting

1. Background

The Company announced on 7 December 2017 that it had entered into an exclusive distribution agreement pursuant to which Yantai Cipu was appointed as AVO’s exclusive distributor to import, market and distribute proton therapy products manufactured by AVO and its affiliates, including the Company’s LIGHT systems (the “Products”), on an exclusive basis across China, Macau, Taiwan, Hong-Kong and South Korea.

Pursuant to the terms of the Distribution Agreement, Yantai Cipu has agreed to pay to the Company an initial licence fee of £16,500,000 on Admission.

Yantai Cipu has also agreed to invest £13,500,000 in the Company by subscribing for 45 million Ordinary Shares in AVO at a price of £0.30 per share. The Subscription is subject to several conditions, including Resolution 1 being approved by Shareholders at the General Meeting and the receipt of Government Approval for the transfer of the Subscription Monies from China. Further details of the terms of the Subscription Agreement are set out in section 1 of Part II of this circular.

As the Company announced on 7 December 2017, it has raised a further £3,260,635 by a conditional placing of 10,868,782 new Ordinary Shares at the Subscription Price, such Placing being conditional upon the passing of Resolution 1 and completion of the Subscription. Executive Directors Dr. Michael Sinclair, Prof. Stephen Myers, Nicolas Sérandour, and Non-Executive Directors Dr. Enrico Vanni and Dr. Nicholas Plowman have agreed to participate in the Placing by subscribing, in aggregate, for 4,279,050 Ordinary Shares at the Subscription Price, representing £1,283,715 of the total amount raised.

Finally, conditional upon completion of the Placing and the Subscription, the Lenders have agreed to accept 13,697,697 new Ordinary Shares in full settlement of the Loan. Interest accruing on the principal amount of the Loan between 1 January 2018 and Admission will be settled by the Company in cash.
The purpose of this circular is to explain the background to the Transactions and why the Board believes them to be in the best interests of the Shareholders as a whole and recommends that you vote in favour of the Resolutions.

Following completion of the Transactions, the total number of Ordinary Shares in issue will be 150,501,673 (assuming no conversion by third parties of existing rights to acquire Ordinary Shares) and Yantai Cipu will hold 29.90% of the enlarged issued share capital of the Company.

Pursuant to the terms of the Distribution Agreement, the Company has also agreed to issue to Yantai Cipu 500,000 Warrants to subscribe for Ordinary Shares in respect of each binding purchase agreement for the sale of a LIGHT system in the Territories, up to a maximum of eleven purchase agreements. The Warrants will be exercisable for five years after the date of issue at an exercise price equal to 130% of the one-month average share price prevailing on the date of final payment for each relevant LIGHT system.

In order to ensure the Company can carry on operations independently of Yantai Cipu and that transactions entered into between Yantai Cipu or its associates and the Company will be on arm’s length terms and on a normal commercial basis, the Company has entered into an agreement which will regulate the relationship between Yantai Cipu and the Company, if and for so long as Yantai Cipu exercises Control (the “Relationship Agreement”).

Pursuant to the terms of the Relationship Agreement, for so long as Yantai Cipu is entitled to exercise, or control the exercise of, more than 20% of the voting rights attaching to the Ordinary Shares in issue from time to time, Yantai Cipu will be entitled to appoint to the Board such number of non-executive directors as equals the same percentage of all Directors as its percentage ownership of Ordinary Shares, rounded down to the nearest whole number. Accordingly, if the Subscription becomes unconditional, Yantai Cipu shall be entitled to appoint two non-executive directors to the Board from Admission. Subject to completion of the requisite due diligence procedures for the appointment of directors to the board of an AIM company and to the approval of the Company’s Nominated Adviser (which is a requirement of any such appointment), it is expected that Mrs. Zhang RenHua and Mr. Chunlin Han will join the Board of AVO. A further announcement regarding these appointments will be made in due course.

Shareholders should be aware that the funds committed by Yantai Cipu are not currently in the United Kingdom and the receipt of these funds is subject to approval from the Government of the People’s Republic of China for the transfer of the Subscription Monies to the United Kingdom. If such approval is not obtained by the Long Stop Date (subject to extension only as the result of a Force Majeure Event, as further described in section 1 of Part II of this circular), then the Transactions will not proceed.

A summary of the key terms of the Subscription Agreement, the Distribution Agreement and the Relationship Agreement is set out in Part II of this circular.

2. **Rationale and Use of Proceeds**

As part of its strategy to deliver an affordable proton therapy system that addresses the needs of patients, operators and payors, AVO has long recognised that the People’s Republic of China represents a significant opportunity for the Company with its potential need for a significant number of proton therapy centres. Accordingly, the Board determined that finding a cornerstone investor with relevant local experience would be an important step for the Company. The Company is therefore delighted to be partnering with Yantai Cipu as the exclusive distributor of the LIGHT system in the Territories. The Subscription is consistent with AVO’s strategy of focussing its resources on the technological development of the first LIGHT system and seeking to establish partnerships with businesses that have good market access and relevant expertise in their own geographies. Together, the Company and Yantai Cipu intend to explore opportunities to manufacture parts of the LIGHT system in the Territories and the Board believes the Company will benefit greatly from the knowledge and contacts of the Han family, who ultimately owns Yantai Cipu.
In due course, the Board is confident that there will be high demand for the Company’s products in the Territories, particularly as high-performance medical equipment has been listed as one of the areas to receive support in the People’s Republic of China’s 13th Five-Year Plan for Economic and Social Development (2016-20).

In addition to providing local knowledge and contacts, Yantai Cipu is making a significant equity investment in the Company. In association with Yantai Cipu’s Subscription, other investors have agreed to subscribe for 10,868,782 million Ordinary Shares at the Subscription Price to raise a total from the Subscription and the Placing of £16,760,635, before expenses. Conditional upon completion of the Subscription and the Placing, the Lenders have agreed to accept repayment of the Loan in return for the issue to them of the Conversion Shares, thereby reducing the Company’s debt.

It was important to the Board that the dilution of existing shareholders was limited and for this reason the agreement with Yantai Cipu was structured in such a way that the Company will benefit from an additional non-dilutive source of funding in the form of the £16,500,000 Initial Licence Fee.

The participations by Yantai Cipu and other investors (including certain Directors) in the Subscription and the Placing, and their resulting holdings in the enlarged share capital of the Company on Admission, will be as follows:

<table>
<thead>
<tr>
<th>Investment</th>
<th>Number of Ordinary Shares for which subscribing at the Subscription Price</th>
<th>Number of Ordinary Shares held on Admission</th>
<th>Percentage of enlarged share capital held after completion of the Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yantai Cipu</td>
<td>£ 13,500,000</td>
<td>45,000,000</td>
<td>45,000,000</td>
</tr>
<tr>
<td>Dr Michael Sinclair, Executive Chairman</td>
<td>£ 500,000</td>
<td>1,666,667</td>
<td>6,594,896</td>
</tr>
<tr>
<td>Mr Nicolas Serandour, CEO</td>
<td>£ 500,000</td>
<td>1,666,667</td>
<td>1,760,467</td>
</tr>
<tr>
<td>Prof Stephen Myers, Executive Chairman of ADAM</td>
<td>£ 100,000</td>
<td>333,333</td>
<td>783,902</td>
</tr>
<tr>
<td>Dr. Enrico Vanni, NED</td>
<td>£ 137,500</td>
<td>458,333</td>
<td>1,682,279</td>
</tr>
<tr>
<td>Dr. Nicholas Plowman, NED</td>
<td>£ 46,215</td>
<td>154,050</td>
<td>3,624,182</td>
</tr>
<tr>
<td>Other investors</td>
<td>£ 1,976,920</td>
<td>6,589,732</td>
<td>7,215,107</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>£ 16,760,635</strong></td>
<td><strong>55,868,782</strong></td>
<td><strong>66,660,833</strong></td>
</tr>
</tbody>
</table>

Following Conversion of the Loan, the Lenders will hold, in aggregate, 19,129,291 Ordinary Shares, representing 12.7% of the enlarged share capital of the Company on Admission, and 15,600,000 warrants to subscribe for Ordinary Shares.

A total of 150,501,673 Ordinary Shares will be issued pursuant to the Transactions. In addition, pursuant to the terms of the Distribution Agreement, Yantai Cipu will be potentially entitled to receive Warrants to subscribe for up to 5,500,000 Ordinary Shares on the terms summarised in section 3 of Part II of this circular.

The Directors believe that the Transactions provide the funding foundations necessary to allow the Company to focus on making its proton therapy technology available to patients around the world.
These funds will allow the Company to progress towards production and installation of its first LIGHT system in Harley Street, London, and will also be allocated for general working capital purposes.

3. General Meeting and Resolutions

The Board is seeking shareholder authority for the issue of equity securities in relation to the Transactions and additional authority for general use.

At the end of this document is a notice convening the General Meeting to be held at the Royal Institute of British Architects, 66 Portland Place, London W1B 1AD on Tuesday, 23 January 2018 at 10.00 a.m. at which the Resolutions will be proposed.

Resolution 1 provides authority to the Board, pursuant to sections 551 and 570 of the Companies Act 2006, to allot the Subscription Shares, the Placing Shares, the Conversion Shares and the Warrants. In the event that Resolution 1 is not passed, the Transactions will not proceed.

Resolutions 2 and 3 provide additional authority to the Board, pursuant to sections 551 and 570 of the Companies Act 2006, to allot Ordinary Shares and grant rights to subscribe for such shares.

Resolution 2 will permit the issue of Ordinary Shares pro rata to existing Shareholders and the issue of Ordinary Shares otherwise than to existing Shareholders for non-cash consideration. The number of Ordinary Shares that may be issued pursuant to the authority in Resolution 2(b) will be limited to such number of Ordinary Shares as has an aggregate nominal value of £7,525,083.50, which equates to approximately 20% of the Company’s enlarged issued share capital on Admission. This authority will expire at the conclusion of the Annual General Meeting of the Company to be held in 2018, unless previously renewed, varied or revoked by the Company in general meeting.

Resolution 3 disapplies pre-emption rights in relation to the issue of Ordinary Shares under the authority granted by Resolution 2(b) such that such shares can be offered other than pro rata to existing Shareholders. The number of Ordinary Shares that may be issued pursuant to this authority will be limited to such number of Ordinary Shares as has an aggregate nominal value of £5,643,812.50, which equates to approximately 15% of the Company’s enlarged issued share capital on Admission. The authority granted under Resolution 3 will also expire at the conclusion of the Annual General Meeting of the Company to be held in 2018, unless previously renewed, varied or revoked by the Company in general meeting.

The authorities sought at the General Meeting will replace the general authorities granted by resolutions 2 and 3 passed at the general meeting of the Company held on 31 March 2017. They will not, however, replace the authority granted in resolution 1 passed at that meeting, which approved the Bracknor facility announced by the Company on 22 February 2017. As previously announced, however, the Company does not intend to draw down further funds under the Bracknor facility. The new authorities are being sought specifically to allow the Company to complete the Transactions and to enable the Board to take advantage of future business opportunities as they arise.

Application for Admission will only be made following the passing of Resolution 1 at the General Meeting and receipt of Government Approval for the transfer of the Subscription Monies.

4. Action to be taken by Shareholders

A Form of Proxy for use by Shareholders in connection with the General Meeting is enclosed. Shareholders are requested to complete and return the Form of Proxy in accordance with the instructions printed on to the Company’s Registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible, but in any event no later than 10.00 a.m. on Sunday, 21 January 2018.
CREST members may appoint proxies by using the CREST electronic proxy appointment service and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Link Asset Services (under CREST ID: RA10) by no later than 10.00 a.m. on Sunday, 21 January 2018. The time of receipt will be taken to be the time from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

Completion and return of a Form of Proxy or transmitting a CREST Proxy Instruction will not prevent a Shareholder from attending the General Meeting and voting in person should he or she wish to do so.

5. Recommendation

Your Directors believe completion of the Transactions and approval of the Resolutions to be proposed at the General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends that you vote in favour of the Resolutions as the Directors who hold shares in the Company intend to do in respect of their own beneficial shareholdings amounting, in aggregate, to 17,523,348 existing Ordinary Shares, representing approximately 21.70% of the issued share capital of the Company at the date of this circular.

Yours faithfully

Dr Michael Sinclair
Executive Chairman
PART II

THE SUBSCRIPTION

The following is a summary of the key terms of the Subscription.

1. The Subscription Agreement

   Subscription

   • Under the terms of the Subscription Agreement, Yantai Cipu has agreed to subscribe a total of £13,500,000 for 45,000,000 Ordinary Shares at the Subscription Price, upon the terms and subject to the conditions set out below.

   Conditions

   • The Subscription is conditional upon (i) Resolution 1 being approved at the General Meeting; (ii) Government Approval being obtained; (iii) there having been no suspension or limitation of trading in Ordinary Shares on AIM that would, in the good faith judgment of Yantai Cipu, make the Subscription impractical or inadvisable or which would materially prejudice the trading of the Subscription Shares in the secondary market; (iv) the Subscription Monies being transferred to an account in London within 3 Business Days of the later of (a) receipt of Government Approval and (b) approval of the Resolution; and (v) Admission occurring by 8.00 a.m. on the Long Stop Date (save as set out below).

   Force Majeure Event

   • If Government Approval has not been obtained by the Long Stop Date as the result of a Force Majeure Event, the time for performance of the unfulfilled condition shall be extended until such time as the Force Majeure Event has been resolved, provided that if a Force Majeure Event delays fulfilment of either of the stated conditions for a continuous period of more than three (3) months, the Company may terminate the Subscription Agreement by giving ten (10) Business Days’ written notice to Yantai Cipu.

   Subscription Monies

   • Upon Admission, the Subscription Monies shall be released to the Company in cleared funds for same day value. If Admission does not occur by the Long Stop Date (unless extended as set out above), the Subscription Monies shall be returned to Yantai Cipu and the Subscription Agreement shall terminate.

   Warranties

   • The Subscription Agreement contains certain warranties from the Company in favour of Yantai Cipu relating to the Company and its business (the “Warranties”). Any claim for breach of a Warranty must be notified in writing before 31 March 2018 and AVO’s liability for such claims is capped at the amount of the Subscription Monies.

   Termination

   • If, prior to Admission, (i) there is a breach of the Warranties which, in the reasonable opinion of Yantai Cipu acting in good faith, has a material adverse impact upon the financial position or the business of the Company or (ii) trading of the Ordinary Shares on AIM has been suspended for a continuous period of more than two weeks and such suspension, in the good faith judgment of Yantai Cipu, has a material adverse impact on the Subscription, Yantai Cipu can terminate the Subscription Agreement. Prior to any such termination, Yantai Cipu must first consult with the
Company in good faith and take into account any reasonable representations or recommendations made by the Company.

**Control**

- If the Subscription completes, Yantai Cipu shall hold 29.90 per cent. of the enlarged issued ordinary share capital of the Company on Admission. Under the terms of the Subscription Agreement Yantai Cipu undertakes to the Company that it will not acquire any interest in Ordinary Shares at any time during the three (3) years following Admission that would cause it (together with persons “acting in concert” with it, as such term is defined in the City Code on Takeovers and Mergers) to exercise, or to control the exercise of, more than 29.95 per cent. of the voting rights attaching to the Ordinary Shares in issue from time to time.

**Sale of shares by Yantai**

- Yantai Cipu has further agreed not to sell or dispose of any interest in Ordinary Shares to any competitor of, or hostile bidder for, the Company which would result in such person, together with persons acting in concert with them, being interested in Ordinary Shares carrying in aggregate 5 (five) per cent. or more of the voting rights attaching to the Ordinary Shares in issue from time to time.

2. The Relationship Agreement

**Restrictions**

- As a condition of the Subscription, Yantai Cipu has entered into a Relationship Agreement with the Company and the Nominated Advisor to ensure that the Company, if and for so long as Yantai Cipu exercises Control, is able to carry on its business independently of Yantai Cipu and that the transactions entered into between the Company and Yantai Cipu (or its associates) will be on arm’s length terms and on a normal commercial basis. The restrictions set out in the Relationship Agreement shall be binding on Yantai Cipu from Admission until such time as Yantai Cipu and its associates cease to hold an interest in 10 per cent. or more of the voting rights attaching to the Ordinary Shares in issue or if the Ordinary Shares cease to be traded on a public securities exchange.

**Board representation**

- From the date of Admission, and for so long as Yantai Cipu is entitled to exercise, or to control the exercise of, more than 20 per cent. of the voting rights attaching to the Ordinary Shares in issue from time to time, Yantai Cipu shall have the right to appoint to the Board such number of non-executive directors as equals the same percentage of all Directors of the Company as is equal to Yantai Cipu’s percentage ownership of the issued ordinary share capital of the Company, from time to time, rounded down to the nearest whole number (the “Yantai Cipu Directors”) and to remove and replace any such director or any replacement thereof.

- The appointment of any Yantai Cipu Director shall be subject to (i) the Board approving the appointment of the proposed appointee, having due regard to any corporate governance or other responsibilities which may impact on such appointment; and (ii) if the Ordinary Shares are at that time admitted to trading on AIM, the Nominated Adviser confirming the suitability of the proposed appointee.

**Observer**

- For so long as Yantai Cipu is entitled to exercise, or to control the exercise of, more than 10 per cent. of the voting rights attaching to the Ordinary Shares in issue from time to time, Yantai Cipu shall have the right to nominate an observer (the “Yantai Cipu Observer”) to attend meetings of the Board in a non-voting capacity only (and to remove and replace the Yantai Cipu Observer or
any replacement thereof). The appointment of a Yantai Cipu Observer shall be subject to the Board approving the proposed nominee in writing, such approval not to be unreasonably withheld or delayed. The first Yantai Cipu Observer is expected to be Mr Yuelong Huang.

3. The Distribution Agreement

Exclusive appointment

- Pursuant to the terms of the Distribution Agreement, conditional upon Admission, Yantai Cipu has been appointed as AVO’s exclusive distributor to import, market and distribute proton therapy products manufactured by AVO and its affiliates, including the Company’s LiGHT systems, (the “Products”) on an exclusive basis in the People’s Republic of China, Hong Kong, Macau, Taiwan and South Korea.

Term

- The Distribution Agreement has an initial term of twenty (20) years and shall be renewed automatically for a further period of five (5) years unless either party gives not less than twelve (12) months’ written notice to the other expiring before the end of the initial term.

Initial Licence Fee

- Under the terms of the Distribution Agreement, an initial licence fee of £16,500,000 is payable by Yantai Cipu to the Company on Admission, subject to receipt of Government Approval of the transfer of such funds.

Termination and Repayment of Initial Licence Fee

- Either party may terminate the Distribution Agreement immediately by notice in writing to the other party (i) if the other party commits a material breach of the agreement and (if the breach is capable of remedy) fails to remedy that breach within 30 days of being required in writing to do so; (ii) if certain insolvency events occur in relation to the other party; (iii) if the other party suspends or ceases, or threatens to suspend or cease, to carry on all or a substantial part of its business; (iv) if there is a change of control of the other party; (v) if the other party purports to assign or transfer its rights or obligations under the agreement in breach of its terms; or (vi) if the parties do not agree the terms of the purchase agreement governing the terms of sales of the Products (the “Purchase Agreement”) or the terms of the services agreement governing the terms of installation and after-sales services to be provided to purchasers of the Products (the “Services Agreement”) on or before 31 December 2019.

- Yantai Cipu may terminate the Distribution Agreement immediately by notice in writing (i) if AVO fails to substantially complete development of the Products in a form ready for marketing in the People’s Republic of China by the fifth (5th) anniversary of Admission; (ii) if AVO fails to obtain the required licences, registrations, permits and approvals for sales of the Products in the People’s Republic of China by the fifth (5th) anniversary of Admission; (iii) if Government Approval is not obtained on or before 15 February 2018; or (iv) if Admission does not occur on or before 15 February 2018.

- AVO may terminate the Distribution Agreement immediately by notice in writing (i) if it fails to obtain the applicable licences, registrations, permits and approvals required for the sale of the Products in the Territories in a timely manner as a result of Yantai Cipu’s failure to comply with its obligations under the Distribution Agreement to assist with such matters; (ii) if the governmental authority of any Territory requests that installation or testing cease; (iii) if Yantai Cipu is in breach of any of its anti-bribery compliance obligations in the Distribution Agreement; (iv) if Yantai Cipu changes its organisation or methods of business in such a way, in the reasonable opinion of AVO, as to be able less effectively to carry out its duties under the Distribution Agreement; (v) if there is
a merger or consolidation of Yantai Cipu with any other person; or (vi) if there is a change of organisation, methods of control or management of Yantai Cipu.

- Depending upon the reasons for termination, the Initial Licence Fee (in whole or in part), together with any other amounts paid by Yantai Cipu to AVO under the Distribution Agreement, may be repayable on termination of the Distribution Agreement.

The Warrants

- Pursuant to the terms of the Distribution Agreement, the Company has agreed to issue to Yantai Cipu five hundred thousand (500,000) Warrants to subscribe for Ordinary Shares in respect of each binding purchase agreement for the sale of a LIGHT system in the Territories, up to a maximum of eleven (11) purchase agreements. The Warrants will be exercisable for five years after the date of issue at an exercise price equal to 130 per cent of the one-month average share price prevailing on the date of final payment for each relevant LIGHT System.

- Yantai Cipu has undertaken not to exercise its rights under the Warrants during the three (3) year period following Admission if such exercise would cause Yantai Cipu (together with any persons acting in concert with it) to control the exercise of more than 29.95 per cent. of the voting rights attaching to the Ordinary Shares in issue from time to time.

- If, at any time during the exercise period of the Warrants, AVO issues any shares or any other security of the Company to its shareholders (for example, by way of a rights issue), or if there is a sub-division or consolidation of the Company’s shares, then such adjustment shall be made to the exercise price and/or the number and/or nominal amount of the Ordinary Shares to be issued to Yantai Cipu upon the exercise of any then outstanding Warrants as the auditors for the time being of the Company shall certify to be, in their opinion, fair and reasonable as a consequence of such event.

- The Warrants will be non-transferable
PART III
NOTICE OF GENERAL MEETING

ADVANCED ONCOTHERAPY PLC (the “Company”)
(Incorporated in England and Wales with registered number 05564418)

NOTICE IS HEREBY GIVEN THAT a general meeting of the Company will be held at the Royal Institute of British Architects, 66 Portland Place, London W1B 1AD at 10.00 a.m. on Tuesday, 23 January 2018 to consider and, if thought fit, pass the following Resolutions, of which Resolution 2 will be proposed as an ordinary resolution and Resolutions 1 and 3 will be proposed as special Resolution:

Special resolution

1. THAT:

(a) the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the “Act”) to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company, including the Warrants (as such term is defined in the circular to shareholders dated 22 December 2017 (the “Circular”)), up to a maximum aggregate nominal amount of £18,766,619.75 for the purposes of the Transactions (as such term is defined and as described in the Circular); and

(b) the Directors be and they are hereby empowered pursuant to sections 570 and 571 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by paragraph (a) of this Resolution as if section 561(1) of the Act did not apply to any such allotments up to an aggregate nominal amount of £18,766,619.75,

provided that the powers and authorities conferred by this Resolution shall expire on the fifth anniversary of the date of this Resolution (unless previously revoked, varied or extended by the Company in general meeting) save that the Company may make offers or agreements before the expiry thereof which would or might require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the expiry of such authority and the Directors may allot shares or grant rights to subscribe for or convert securities into shares in pursuance of such an offer or agreement as if the authority conferred by this Resolution had not expired.

Ordinary Resolution

2. THAT, in addition and without prejudice to (i) the powers and authorities set out in Resolution 1 above and (ii) the powers and authorities granted to the Directors pursuant to resolution numbered 1 passed at a general meeting of the Company held on 31 March 2017 (together, the “Reserved Authorities”), the Directors be and they are hereby generally and unconditionally authorised pursuant to section 551 of the Act to allot shares in the Company and to grant rights to subscribe for or to convert any security into shares in the Company:

(a) in connection with an offer (whether by way of a rights issue, open offer or otherwise) in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders are proportionate (as nearly as may be) to the respective numbers of shares held by them (subject to the Directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient to deal with equity securities representing fractional entitlements and to deal with legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange); and
(b) otherwise than pursuant to paragraph (a) of this Resolution, up to an maximum aggregate nominal amount of £7,525,083.50,

provided that this authority shall expire at the conclusion of the Company’s annual general meeting to be held in the calendar year 2019, save that the Company may make offers or agreements before the expiry thereof which would or might require equity securities to be allotted after the expiry of such authority and the Directors may allot equity securities in pursuance of such an offer or agreement as if the authority conferred by this Resolution had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier power given to the Directors, other than the Reserved Authorities.

Special resolution

3. THAT, subject to the passing of Resolution 2 above, the Directors be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authorities conferred by Resolution 2 as if section 561(1) of the Act did not apply to any such allotments. This power is limited to:

(a) in the case of the authorisations granted under Resolution 2(a) above, the allotment of equity securities where such securities have been offered (whether by way of rights issue, open offer or otherwise) to shareholders in proportion (as nearly as may be) to their existing shareholdings, but subject to the Directors having a right to make such exclusions or other arrangements in connection with the offering as they deem necessary or expedient to deal with equity securities representing fractional entitlements and to deal with legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and

(b) in the case of the authorisations granted under Resolution 2(b) above, the allotment of equity securities for cash otherwise than pursuant to paragraph (a) of this Resolution, up to an aggregate nominal amount of £5,643,812.50,

and shall expire at the conclusion of the Company’s annual general meeting to be held in the calendar year 2019, but the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this Resolution had not expired and provided further that this authority shall be in substitution for and supersede and revoke any earlier power given to the Directors, other than the Reserved Authorities.

By Order of the Board

Dr Michael Sinclair

Executive Chairman

Registered Office: Level 17, Dashwood House, 69 Old Broad Street, London EC2M 1QS

22 December 2017

Notes:

1. A member entitled to attend, speak and vote at the General Meeting may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not to be member of the company. Please indicate on your Form of Proxy how you wish your votes to be cast in respect of the Resolutions to be proposed at the said meeting. If you do not indicate how you wish your proxy to use your votes, the proxy will exercise his discretion both as to how he votes and as to whether
or not he abstains from voting. Your proxy will have the authority to vote at his discretion on any amendment or other motion proposed at the meeting, including any motion to adjourn the meeting.

2. If you prefer to appoint some other person or persons as your proxy, strike out the words “the Chairman of the Meeting, or” and insert in the blank space the name or names preferred and initial the alteration. A proxy need not be a member of the Company. Completion of a Form of Proxy will not preclude a member from attending and voting in person.

3. In the case of joint holders, the signature of the holder whose name stands first in the relevant register of members will suffice as the vote of such holder and shall be accepted to the exclusion of the votes of the other joint holders. The names of all joint holders should, however, be shown.

4. If a member is a corporation, the form must be executed either under its common seal or under the hand of an officer or agent duly authorised in writing. In the case of an individual the proxy must be signed by the appointor or his agent, duly authorised in writing. The Form of Proxy has been sent to you by post, it may be returned by post or courier or by hand to the Company’s Registrars, Link Asset Services, PXS, 34 Beckenham Road, Beckenham, Kent, BR3 4TU.

5. CREST members should use the CREST electronic proxy appointment service and refer to note 6 below in relation to the submission of a proxy appointment via CREST. In each case the proxy appointment must be received not less than 48 hours before the time for the holding of the meeting or adjourned meeting together (except in the case of appointments made electronically) with any authority (or a notarially certified copy of such authority) under which it is signed.

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting to be held on the above date and any adjournment(s) thereof by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members who have appointed a voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “CREST proxy instruction”) must be properly authenticated in accordance with Euroclear UK & Ireland Limited’s specifications and must contain the information required for such instructions as described in the CREST manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the Company’s agent (ID: RA10) by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST applications host) from which the Company’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or joint service providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST proxy instruction in the circumstances set out in regulation 35(5) (a) of the Uncertificated Securities Regulations 2001.

7. Pursuant to regulation 41 (1) of the Uncertificated Securities Regulations 2001 (2001 No. 3755) the Company has specified that only those members registered on the register of members of the Company at close of business on Sunday, 21 January 2018 shall be entitled to attend and vote at the General Meeting in respect of the number of Ordinary Shares registered in their name at the time. Changes to the register of members after close of business on Sunday, 21 January 2018 shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.