

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek immediately your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities.

If you have sold or otherwise transferred all of your Ordinary Shares in William Sinclair Holdings plc, please forward this document and the Form of Proxy included within the 2006 Annual Report and Accounts at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

Arbuthnot Securities Limited, which is authorised and regulated by the Financial Services Authority for the conduct of regulated activities in the United Kingdom, is acting for William Sinclair Holdings plc and no one else in connection with the Proposals and will not be responsible to any other person other than William Sinclair Holdings plc for providing the protections afforded to its customers or for providing advice in relation to the Proposals.



William Sinclair Holdings plc

(Registered in England and Wales with registered number 1392876)

Proposed move to AIM

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of William Sinclair Holdings plc which is set out on pages 3 to 5 of this document and in which the Board recommends that Shareholders vote in favour of the Resolution to be proposed at the Annual General Meeting.

The notice convening the AGM of the Company to be held at the Bentley Hotel, Newark Road, South Hykeham, Lincoln, LN6 9NH, on Tuesday, 21 November 2006 at 11.00 a.m. is set out on page 85 in the 2006 Annual Report & Accounts which are enclosed with this document and which include a form of proxy relevant for use in connection with the AGM.

If you are a Shareholder, and whether or not you intend to be present at the AGM, please complete and return the accompanying Form of Proxy, in accordance with the printed instructions thereon as soon as possible to ensure that there is maximum shareholder participation in the vote at the Annual General Meeting but, in any event, so as to be received by the Company's Registrars, Capita Registrars Limited, Registrations Services, P.O. Box 25, Beckenham, Kent, BR3 4BR, no later than 11.00 a.m. on Sunday, 19 November 2006. Completion and return of a form of proxy will not prevent a Shareholder from attending and voting at the AGM in person, if he or she so wishes.

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EXPECTED TIMETABLE OF EVENTS

| | |
|--|---------------------------------------|
| Latest time and date for receipt of Forms of Proxy | 11.00 a.m., Sunday, 19 November 2006 |
| Annual General Meeting | 11.00 a.m., Tuesday, 21 November 2006 |
| Last day of dealings in Ordinary Shares on the Official List | Tuesday, 19 December 2006 |
| Cancellation of listing of Ordinary Shares from the Official List | 8.00 a.m. Wednesday, 20 December 2006 |
| Admission to AIM and first day of dealings in Ordinary Shares on AIM | 8.00 a.m. Wednesday, 20 December 2006 |

PART I

Letter from the Chairman of William Sinclair Holdings p.l.c.



William Sinclair Holdings plc

(Registered in England and Wales with registered number 1392876)

Directors:

William Simpson (Non-executive Chairman)
Bernard P Burns (Chief Executive Officer)
Peter D Williams (Finance Director)
Philip J Nuttall (Non-executive Director)
Kenneth S Piggott (Non-executive Director)

Registered Office
Firth Road
Lincoln
LN6 7AH

20 October 2006

To: the holders of Ordinary Shares.

Dear Shareholder,

Proposed transfer of the Company's Ordinary Shares to AIM

1. Introduction

On 27 September 2006 the Company announced its intention to delist the Company's Ordinary Shares from the Official List of the UK Listing Authority and to move to AIM. Pursuant to the Listing Rules, the Delisting is subject to Shareholders' approval being obtained. Accordingly, the purpose of this document is to provide Shareholders with information on the move to AIM and to seek the requisite approval by way of special resolution at the AGM of the Company, notice of which is set out in the 2006 Annual Report & Accounts which is enclosed with this document and which will be held on Tuesday, 21 November 2006.

2. Background to and reasons for transferring to AIM

For some time the Board has felt that the costs of administering the compliance burden that applies to companies on the Official List are considerable and disproportionate to the size of the Company. Accordingly, the Board believes that the Company will be better served by being admitted to trading on AIM and being subject to rules and regulations which are more suited to companies of a similar size to William Sinclair Holdings.

AIM, which is operated and regulated by the London Stock Exchange, has an established reputation with investors and analysts. It was launched in June 1995 as the London Stock Exchange's market specifically designed for smaller companies, with a more flexible regulatory regime. More than 2,400 companies have been admitted to AIM and over £32 billion has been raised collectively and AIM is now an internationally respected market.

The Board believes that AIM is a more appropriate market for the Company and that a transfer of the Company's Ordinary Shares to trading on AIM should lead to lower ongoing costs associated with being a public company and a simplification of administration requirements. It will also offer greater flexibility particularly with regards to corporate transactions and will therefore enable the Company to agree and execute certain transactions more quickly should any acquisition or other development opportunities arise in the future. The Board, however, envisages no alteration in the standards of reporting and governance which the Company has maintained. Accordingly, the Board believes the Company will continue to be attractive to specialist institutional investors whilst the AIM tax regime, referred to in paragraph 3 below, will, in the Board's opinion, make the Company more attractive to the AIM specific funds as well as to private individual investors.

The obligations of an AIM company are similar to those of a company on the Official List, with certain exceptions, of which the significant ones are referred to below:

- Under the AIM Rules, a nominated adviser (“Nomad”) is required at all times and has ongoing responsibilities to both the Company and the London Stock Exchange. On Admission, Arbuthnot Securities Limited will be appointed the Company’s Nomad and also the Company’s broker.
- For transactions by AIM companies, prior shareholder approval under the AIM Rules is only required for reverse takeovers and disposals that result in a fundamental change of business. Under the Listing Rules of the UK Listing Authority, a broader range of transactions require shareholder approval.
- There is no requirement for a minimum number of shares to be maintained in public hands, whereas on the Official List a minimum of 25 per cent. of a company’s issued ordinary share capital should be maintained in public hands at all times.
- There is no requirement under the AIM Rules for listing particulars or admission documents for further issues of securities, except as otherwise required by law.
- The Combined Code does not apply directly to AIM companies.

Liquidity on AIM is currently provided by market makers who are member firms of the London Stock Exchange and are obliged to quote a share price between 8.00 a.m. and 4.30 p.m. on business days.

3. Taxation

The Company has a number of private shareholders. Dependent on their circumstances there may be important tax advantages to them arising from the transfer to AIM. Companies whose shares trade on AIM are deemed to be unlisted for the purposes of certain areas of UK taxation. Following the transfer to AIM, Ordinary Shares held by individuals for at least two years may qualify for more generous reliefs against capital gains tax on disposal of those shares and more generous exemptions from inheritance tax on death or in relation to lifetime transfers of those shares.

Shareholders or prospective investors should consult their own professional advisers on whether an investment in an AIM security is suitable for them, or whether the tax advantages referred to above may be available to them. In particular, they should note that it is not possible to hold shares traded on AIM in PEPs or ISAs. The Board understands that following Admission, Shareholders will, under current Inland Revenue legislation, have 30 days to decide whether to transfer their shareholding in the Company into their own name or to sell the holding and retain the proceeds within the PEP or ISA.

The comments on the tax implications described in this document are based on the Directors’ current understanding of tax law and practice, and are intended only as a general guide to taxation under UK tax law and do not constitute tax or legal advice. Tax rules can change and the precise tax implications for Shareholders will depend on their particular circumstances. If you are in any doubt as to your tax position, or are resident or otherwise subject to taxation in a jurisdiction outside the UK, you should consult your professional adviser immediately.

4. Transfer of trading to AIM

Conditional upon the Resolution being approved at the AGM, the Company will give notice of its intention to cancel the listing of the Ordinary Shares on the Official List and will apply to the London Stock Exchange for their admission to AIM.

It is anticipated that trading in the Ordinary Shares on the London Stock Exchange's main market for listed securities will cease at close of business on Tuesday, 19 December 2006 with cancellation of the listing on the Official List taking effect at 8.00 a.m. on Wednesday, 20 December 2006 being not less than 20 business days notice following the passing of the Resolution. Admission of the Ordinary Shares is expected to take place and dealings are expected to commence on AIM at 8.00 a.m. on Wednesday, 20 December 2006.

5. Annual General Meeting

The notice convening the AGM of the Company to be held at the Bentley Hotel, Newark Road, South Hykeham, Lincoln, LN6 9NH, on Tuesday, 21 November 2006 at 11.00 a.m. is set out on page 85 of the 2006 Annual Report & Accounts which are enclosed with this document.

At the AGM a special resolution, a copy of which is set out in Part II of this document, will be proposed to approve the proposal to cancel the listing of the Ordinary Shares on the Official List and the admission of the Ordinary Shares to trading on AIM, as a special resolution is required (in the case of the Delisting) by the Listing Rules. The passing of the Resolution requires the approval of 75 per cent. of votes cast by Shareholders voting at the AGM, in person or by proxy, to be obtained.

6. Action to be taken

Shareholders will find enclosed with the 2006 Annual Report and Accounts a form of proxy for use at the Annual General Meeting. Forms of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's Registrars, Capita Registrars Limited, Registrations Services, P O Box 25, Beckenham, Kent, BR3 4BR, no later than 11.00 a.m. on Sunday 19 November 2006.

Completion and return of a Form of Proxy will not prevent Shareholders from attending and voting at the AGM should they so wish.

7. Recommendation

The Board is of the opinion that the Proposals are in the best interests of Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution to be proposed at the AGM, as they intend to do in respect of their own beneficial holdings of 176,546 Ordinary Shares.

Yours faithfully,

William Simpson
Chairman

PART 2

Additional Information

1. Responsibility

The Directors, whose names appear in paragraph 2 below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors

The names and functions of the Directors are:

William Simpson (*Non-executive Chairman*)

Bernard P Burns (*Chief Executive Officer*)

Peter D Williams (*Finance Director*)

Philip J Nuttall (*Non-executive Director*)

Kenneth S Piggott (*Non-executive Director*)

3. Special Resolution

The special resolution to approve the Proposals is as follows:

“That the Ordinary Shares listed on the Official List are delisted and the company be authorised and instructed to obtain admission of these shares to trading on the Alternative Investment Market.”

DEFINITIONS

| | |
|--|---|
| “Admission” | the admission to trading on AIM of Ordinary Shares |
| “AIM” | AIM, a market operated by the London Stock Exchange |
| “AIM Rules” | the rules of AIM as set out in the publication entitled “AIM Rules for Companies” published by the London Stock Exchange from time to time |
| “Annual General Meeting” | the annual general meeting of the Company to be held on Tuesday, 21 November 2006, notice of which is set out on page 85 of the 2006 Annual Report & Accounts which are enclosed with this document |
| “Board” | the board of Directors |
| “Company” or “William Sinclair Holdings” | William Sinclair Holdings plc |
| “Delisting” | the cancellation of the listing of the Ordinary Shares on the Official List and from trading on the London Stock Exchange’s market for listed securities |
| “Directors” | the directors of the Company, whose names are set out on page 3 of this document |
| “Form of Proxy” | form enclosed within the 2006 Annual Report and Accounts to enable Ordinary Shareholders to vote by proxy |
| “Listing Rules” | the Listing Rules of the UK Listing Authority |
| “London Stock Exchange” | London Stock Exchange plc |
| “Official List” | the official list of the UK Listing Authority |
| “Ordinary Shares” | the ordinary shares of 25p each in the capital of the Company |
| “Proposals” | the Delisting and Admission |
| “Resolution” | the special resolution to approve the Proposals set out in the notice of AGM |
| “Shareholders” | holders of any Ordinary Shares |
| “UK Listing Authority” | the Financial Services Authority acting in its capacity as the competent authority for the purpose of Part VI of the Financial Services and Markets Act 2000 |

