

## DIRECTOR IRREVOCABLE UNDERTAKING

To: Huadong Medicine Aesthetics Investment (Hong Kong) Limited

(the "Offeror")

Date: 28 August 2018

Dear Sirs

### Irrevocable undertaking of Jeffery Thompson

I understand that the Offeror intends to make an Offer (as defined below) substantially on the terms and conditions set out or referred to in a draft of the announcement proposed to be made under Rule 2.7 of the City Code on Takeover and Mergers (the "**Code**"), a copy of which has been provided to you (the "**Agreed Form 2.7 Announcement**"), and/or on such other terms and conditions as may be required by the Code, applicable law and regulation, any relevant securities exchange and/or together with such other terms and conditions as may be agreed between Offeror and Offeree (as defined below) and/or as may be required to comply with the requirements of the Panel on Takeovers and Mergers (the "**Panel**") or the Code.

All references in this undertaking to the "**Offer**" shall mean the proposed acquisition by, or on behalf of, the Offeror of the entire issued and to be issued ordinary share capital of Sinclair Pharma plc (the "**Offeree**") which acquisition may be made by way of a scheme of arrangement under Part 26 of the Companies Act 2006 (the "**Scheme**") or a takeover offer within the meaning of section 974 of the Companies Act 2006 (the "**Takeover Offer**").

Capitalised terms defined in the Agreed Form 2.7 Announcement have the same meaning in this undertaking, unless otherwise defined herein.

### INTERESTS IN OFFEREE

1. I irrevocably and unconditionally confirm, agree, represent, warrant and undertake to the Offeror that:
  - 1.1 I am the registered holder and/or the beneficial owner of (or are otherwise able to control the exercise of all rights, including voting rights, attaching to and the ability to procure the transfer of) the number of ordinary shares of one pence each in the Offeree shown in Part A of Schedule 1 (the "**Ordinary Shares**") and the options, warrants and other rights, if any, to subscribe for Ordinary Shares in the Offeree shown in Part B of Schedule 1 (the "**Options**") and, together with the Ordinary Shares, the "**Offeree Securities**"), all of which are held by me free of any and all liens, charges, options, equities or encumbrances;
  - 1.2 Schedule 1 contains full and accurate details of all shares and securities in the Offeree of which I or any member of my immediate family am or is the registered holder and beneficial owner and of all other shares and securities in the Offeree (if any) to which I am or they are entitled upon the exercise of any option, warrant or other right to acquire or subscribe for

shares or securities in the Offeree and I am and they are not interested in, nor entitled on the occurrence of any event to, any shares or other securities of the Offeree other than those of which details are set out in Schedule 1;

- 1.3 in this undertaking, the term "**Offeree Securities**" shall include any shares, warrants or options or other securities in the Offeree and the term "**Ordinary Shares**" shall include any shares in the Offeree, in either case which are issued or unconditionally allotted or granted to me (as applicable) by reference to the Ordinary Shares or pursuant to the exercise of any options over Ordinary Shares during the offer period relating to the Offeree (save to the extent in any case that this would result in me being deemed under the Code to be acting in concert with the Offeror); and
- 1.4 this undertaking will extend to any and all increased, revised, amended, additional, new or improved offers made by or on behalf of the Offeror and all references to "**Offer**" in this undertaking shall be construed accordingly.

## **DEALINGS AND UNDERTAKINGS**

2. Subject to paragraph 8, I irrevocably and unconditionally confirm, agree, represent, warrant and undertake to the Offeror that I will not:
  - 2.1 sell, transfer, charge, pledge, encumber, grant any option over, or otherwise dispose of any of the Offeree Securities, or permit the sale, transfer, charging or other disposition or creation or grant of any other encumbrance or option of or over all or any such Offeree Securities or interest in such Offeree Securities except pursuant to the Offer;
  - 2.2 accept or agree or undertake to accept any other offer or to vote or agree or undertake to vote in favour of any other scheme of arrangement in respect of all or any of the Offeree Securities or any other shares in the capital of the Offeree whether conditional or unconditional (by whatever means the same is to be implemented) or to vote or agree or undertake to vote in favour of any shareholder resolution to approve any other transaction relating to the Offeree to which the Code applies;
  - 2.3 requisition any meeting of the members of the Offeree or vote in favour of (or fail to vote against), any resolution put to members of the Offeree which would or might frustrate the Offer;
  - 2.4 exercise or permit the exercise of the voting rights attaching to the Ordinary Shares in any manner which would or might frustrate the Offer or prevent the Offer from becoming effective;
  - 2.5 acquire any interests (as defined in the Code) or otherwise deal or undertake any dealing (as defined in the Code) in any relevant securities or any interest therein (both as defined in the Code) otherwise than pursuant to the exercise of any Options with confirmation from the Panel that, in so doing, I will not be acting in concert (within the meaning of the Code) with the Offeror; or
  - 2.6 (other than pursuant to the Offer) enter into any agreement or arrangement or knowingly permit any agreement or arrangement to be entered into or incur any obligation or knowingly permit any obligation to arise:
    - (A) in relation to, or operating by reference to, any of the Offeree Securities;

- (B) to do all or any of the acts referred to above in this paragraph 2; or
- (C) which, in relation to, or operating by reference to, any of the Offeree Securities, would or might restrict or impede my ability to comply with the undertakings contained in this agreement,

and references in this paragraph 2.6 to any agreement, arrangement or obligation shall include any such agreement, arrangement or obligation whether or not subject to any conditions or which is to take effect upon or following the Offer becoming effective, lapsing or being withdrawn, or upon or following this undertaking ceasing to be binding, or upon or following any other event.

#### **IRREVOCABLE UNDERTAKING TO VOTE IN FAVOUR OF THE SCHEME**

- 3. Subject to paragraph 8, I irrevocably and unconditionally confirm, agree, represent, warrant and undertake to the Offeror that, notwithstanding the announcement or making of any other offer for the Offeree (howsoever implemented), until the Scheme becomes effective, lapses or is withdrawn, I shall:
  - 3.1 in respect of Ordinary Shares in certificated form, execute the Form of Proxy in respect of such Ordinary Shares appointing the chairman of the General Meeting to vote in favour of the Scheme at the Court Meeting and the Resolutions proposed to implement the Scheme at the General Meeting, and any related matters, and shall post the duly completed Form of Proxy such that the Form of Proxy is received by the appointed registrar no later than 10 Business Days after the date of the Scheme Document (regardless of whether I intend to attend the General Meeting or the Court Meeting in person);
  - 3.2 in respect of Ordinary Shares in uncertificated form, complete and transmit a CREST proxy instruction in respect of the Ordinary Shares appointing the Chairman of the General Meeting to vote in favour of the Scheme at the Court Meeting and the Resolutions proposed to implement the Scheme at the General Meeting, and any related matters, to be received by the CREST agent no later than 10 Business Days after the date of the Scheme Document (regardless of whether I intend to attend the General Meeting or the Court Meeting in person);
  - 3.3 in either case in paragraphs 3.1 or 3.2 above, not revoke or amend the submitted Form of Proxy or CREST proxy instruction in writing, by person, or by electronic means; and
  - 3.4 if the Scheme is modified or amended pursuant to the requirements of, or with the approval of, the Court and in accordance with the terms of the Scheme, I confirm and agree that this undertaking shall continue to be binding *mutatis mutandis* in respect of the Offeree Securities.

#### **VOTING RIGHTS AND PREJUDICIAL ACTION**

- 4. Subject to paragraph 8, I irrevocably and unconditionally confirm, agree, represent, warrant and undertake to the Offeror that:
  - 4.1 I shall not exercise, or procure the exercise of, any of the voting rights attached to the Ordinary Shares at the Court Meeting or the General Meeting other than in accordance with this undertaking;

- 4.2 I shall otherwise exercise, or procure the exercise of, the voting rights attached to the Ordinary Shares on any resolution (whether or not amended, and including a resolution to adjourn a general or class meeting of the Offeree and a resolution to amend a resolution) which is proposed at any general or class or other meeting of the Offeree, or at any adjournment thereof, and the passing or rejection of which is necessary for the implementation of the Offer or which, if passed, might result in any condition of the Offer not being fulfilled or which might impede or frustrate the Offer in any way (a "**Relevant Resolution**"), only in accordance with the Offeror's instructions;
- 4.3 I shall use all my reasonable endeavours in my capacity as a shareholder to requisition, and I shall exercise, or procure the exercise of, all voting rights attaching to the Ordinary Shares to requisition, or join in the requisition of, any general or class meeting of the Offeree's shareholders for the purpose of considering any Relevant Resolution, only in accordance with the Offeror's instructions; and
- 4.4 I shall exercise, or procure the exercise of, the voting rights attached to the Ordinary Shares against any resolution which: (i) might prevent or delay the implementation of the Scheme; or (ii) purports to approve or give effect to (and I agree not to be bound by) any alternative proposal in respect of an offer for the Offeree.

#### **CAPACITY**

5. I irrevocably and unconditionally confirm, agree, represent, warrant and undertake to the Offeror that:
- 5.1 this undertaking is valid and binding on me and I have all relevant rights, powers and authorities to enter into and to perform my obligations under this undertaking and, in particular, to exercise all voting rights attaching to the Ordinary Shares to accept the Offer or vote on any Relevant Resolution in a manner which is necessary to implement the Offer and to execute any documents required to accept the Offer (in each case free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party interests of any nature and together with all rights now attaching or accruing to them after the date of this undertaking as envisaged by the terms of the Offer, including the right to all dividends and other distributions (if any) declared, made or paid after the date of this undertaking) and otherwise to take all necessary actions to approve the Scheme in respect of the Offeree Securities; and
- 5.2 compliance with the terms of this undertaking does not and will not conflict with or constitutes a default under any provision of:
- (A) any agreement or instrument to which I am a party;
  - (B) any lien, lease, judgement, award, order, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which I am bound; and
  - (C) no further consent, approval, license or authorisation of any governmental agency or other person is required by me for the entry into and the performance of any obligations under this undertaking.

#### **SECRECY**

6. I shall, save as required by law or any rule of any relevant regulatory body or stock exchange, keep secret the possibility of the Offer and the existence and terms of this undertaking until

an announcement of the Offer substantially in the form attached to this undertaking at Annex I has been released pursuant to Rule 2.4 of the Code (the "**2.4 Announcement**") and any information contained in the Agreed Form 2.7 Announcement (including the terms and conditions of the Offer) which has not been included in the 2.4 Announcement, until such time as the Agreed Form 2.7 Announcement has been released, provided that I may disclose the same to the Offeree and its advisers.

#### **DISCLOSURE OBLIGATIONS**

7. I consent to:
- 7.1 this undertaking being disclosed to the Panel;
- 7.2 the inclusion of references to me and particulars of this deed and my holdings of relevant securities of the Offeree being included in any announcement of the Offer made in accordance with Rule 2.4 or Rule 2.7 of the Code, the Scheme Document or any related or ancillary document or announcement as required by the Code in connection with the Offer; and
- 7.3 this undertaking being available for inspection as required by Rule 26 of the Code,
- and I understand that in accordance with Rules 24 and 25 of the Code, particulars of this irrevocable undertaking and my holdings of, and dealings in, relevant securities of the Offeree and the Offeror will be contained in the 2.4 Announcement, the Agreed Form 2.7 Announcement, the Scheme Document (or any other document required in connection with the Offer) and also that this undertaking will be available for inspection until the end of the offer period relating to the Offeree (as defined in the Code). I undertake to deliver to you all relevant details of any holdings and dealings in good time for inclusion in the Scheme Document. Without prejudice to the restrictions contained in paragraph 2, I undertake to notify you of any subsequent dealings by me in such securities and in addition to inform you promptly of all other information regarding me and the contents of this undertaking of which I am aware which you may require for the purpose of any document which is required to be prepared under applicable law or regulation, by the Panel or any other regulatory body in relation to the Offer and to notify you promptly in writing of any material change in the accuracy or import of any such information and consent to the public disclosure of such information.

#### **CONDITIONS**

8. My obligations under this undertaking will lapse and cease to have effect, without prejudice to the Offeror's rights in respect of any antecedent breach by me, and the power of attorney granted under paragraph 9 will cease to be valid, if:
- (A) the 2.4 Announcement is not released within three Business Days after the date of this undertaking (or such later date as the Offeror and the Offeree shall determine); or
- (B) the Agreed Form 2.7 Announcement is not released by the Offeror within three Business Days after the Pre-Condition Long Stop Date (as such term is defined in the offer agreement to be entered into between the Offeror, the Offeree, and Huadong Medicine Co. Ltd on or around the date of this undertaking) or such later date as the Offeree and the Offeror may agree;



- (C) if the shareholders of the Offeree, having voted at the Court Meeting and at the General Meeting, do not approve the Scheme or any Resolution, respectively, by the requisite majority; or
- (D) the Scheme lapses or is withdrawn in accordance with its terms and at or before the time of such lapse or withdrawal, the Offeror has not publicly confirmed that it intends to implement the Offer by way of a Takeover Offer or otherwise.

#### **POWER OF ATTORNEY**

9. In order to secure the performance of my obligations under this undertaking (and without prejudice to my ability to undertake such matters myself) I irrevocably appoint any director for the time being of the Offeror to be my attorney in my name and on my behalf with full powers of delegation to sign or execute the Forms of Proxy in respect of the Offeree Securities. Such appointment shall only take effect following notice by the Offeror that I have failed to comply with any of my obligations in this undertaking.

#### **10. SCHEME OF ARRANGEMENT OR OFFER**

- 10.1 I note that the Offeror has the right, with the consent of the Panel, to implement the Offer by way of a Takeover Offer. If it is so implemented, I irrevocably and unconditionally undertake that this undertaking shall continue to be binding *mutatis mutandis* in respect of the Offer and the Offeree Securities and all references to the Scheme shall, where the context permits, be read as references to the Takeover Offer. Notwithstanding the generality of the foregoing, references in this undertaking to:
- (A) voting (including procuring the voting) in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting shall be read and construed as references to accepting (or procuring the acceptance of) the Takeover Offer, which acceptances in such circumstances shall be tendered within 10 days of publication of the formal document containing the Takeover Offer (the "**Offer Document**") and even if the terms of the Takeover Offer give accepting shareholders the right to withdraw acceptances, I shall not withdraw (and, if applicable, shall procure that the registered holder does not withdraw) acceptances in respect of the Offeree Securities;
  - (B) voting (including procuring the voting) in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting should continue to apply, notwithstanding that the resolutions to be proposed at such meetings may be modified to reflect the fact that the Offer is to be implemented by way of a Takeover Offer;
  - (C) the Scheme becoming effective shall be read as references to the Takeover Offer becoming unconditional in all respects and references to the Scheme lapsing or being withdrawn shall be read as references to the lapsing or withdrawal of the Takeover Offer; and
  - (D) the Scheme Document shall be read as references to the Offer Document.

#### **GENERAL**

11. In respect of any Offeree Securities not registered in my name, I undertake to take all steps within my power to cause the registered holder to comply with the undertakings, confirmations and warranties given pursuant to this undertaking.
12. I acknowledge that nothing in this undertaking obliges the Offeror to announce or make the Offer, the 2.4 Announcement or the Agreed Form 2.7 Announcement or to despatch the Scheme Document and that the release of the 2.4 Announcement and the Agreed Form 2.7 Announcement is at the Offeror's absolute discretion.
13. I agree that, if I should fail to act in accordance with my obligations under this undertaking or should otherwise be in breach of any of my obligations, damages would not be an adequate remedy and accordingly the Offeror shall be entitled to seek the remedy of specific performance.
14. Any time, date or period mentioned in this undertaking may be extended by mutual agreement between the parties but as regards any time, date or period originally fixed or so extended, time shall be of the essence.
15. No amendment or variation will be made to this undertaking unless in writing signed by the Offeror and me.
16. I shall have no claim against the Offeror under or in connection with this undertaking.
17. Nothing in this undertaking shall require that I act or refrain from acting, in whatever capacity, in a manner that would cause me to breach the Code.
18. I accept, acknowledge and confirm that I have been given adequate opportunity to consider whether or not to enter into this undertaking and to obtain independent advice accordingly.
19. The provisions contained in each paragraph and subparagraph of this undertaking will be enforceable independently of each of the others and their validity will not be affected if any of the others are invalid. If any provision of this undertaking is declared void but would be valid if some part of the provision were deleted, the provision in question will apply with the modification necessary to make it valid.
20. All references to the "Offeror" in this undertaking shall, where the context permits, be deemed to include any direct or indirect parent undertaking or wholly-owned subsidiaries (whether existing or newly incorporated) of the Offeror or of Huadong Medicine Co. Ltd. (each a "**Relevant Company**") and I agree and confirm that any Relevant Company which, under the Code, is the offeror for the purposes of the Offer will be entitled to rely on and enforce the terms of this undertaking as if this undertaking were addressed to it and such Relevant Company were a party to it.
21. In this undertaking, a reference to a "Business Day" means a day (other than a Saturday or Sunday) on which banks are generally open in London for normal business.
22. This undertaking contains the whole agreement between the parties relating to the matters contemplated by this undertaking and supersedes all previous agreements, whether oral or in writing, between the parties relating to these matters.

#### GOVERNING LAW

23. This undertaking and all matters, disputes and claims arising in connection therewith (whether contractual or non-contractual) shall be governed by and construed in accordance

with English law and I submit to the exclusive jurisdiction of the courts of England and Wales.



**SCHEDULE 1**

**Part A**

**Ordinary Shares - registered holdings and beneficial owner**

Registered holder and beneficial owner	Number of Ordinary Shares
Jeffery Thompson	350,000

**Part B**

**Convertible Securities and Rights to Subscribe**

Registered holder and beneficial owner	Number and nature of convertible securities/rights to subscribe
--	---



**IN WITNESS** of which this undertaking has been executed as a deed and has been delivered on the date stated at the beginning of this undertaking.

**EXECUTED** and **DELIVERED** as a **DEED** by Jeffery Thompson

Yours faithfully,

Signature



Name

Jeffery Thompson

in the presence of:

Signature of Witness



Name

JAYNE BURRELL

Address

3 WARREN LANE

CHESTER, CH2 1EY

## **ANNEX I**

### **2.4 Announcement**

**FOR IMMEDIATE RELEASE**

**THIS ANNOUNCEMENT IS NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY IN OR INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION**

**THIS IS AN ANNOUNCEMENT OF A POSSIBLE OFFER UNDER RULE 2.4 OF THE CITY CODE ON TAKEOVERS AND MERGERS (THE "CODE"). THIS ANNOUNCEMENT IS NOT AN ANNOUNCEMENT OF A FIRM INTENTION TO MAKE AN OFFER UNDER RULE 2.7 OF THE CODE AND THERE CAN BE NO CERTAINTY THAT AN OFFER WILL BE MADE, EVEN IF THE PRE-CONDITIONS IN THIS ANNOUNCEMENT ARE SATISFIED.**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF REGULATION (EU) NO 596/2014 ("MAR"). UPON THE PUBLICATION OF THIS ANNOUNCEMENT, THE INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN FOR THE PURPOSES OF MAR.**

28 August 2018

**SINCLAIR PHARMA PLC**

**AGREEMENT WITH HUADONG MEDICINE AESTHETICS INVESTMENT (HONGKONG) LIMITED**

Further to the announcements on 5 July 2018 by Sinclair Pharma plc ("**Sinclair**") and Huadong Medicine Co., Limited ("**HMC**"), respectively, regarding a possible offer for Sinclair, the Boards of Sinclair and Huadong Medicine Aesthetics Investment (HongKong) Limited ("**Huadong**"), an indirect wholly-owned subsidiary of HMC, are pleased to announce that they have entered into an agreement dated 28 August 2018 (the "**Offer Agreement**") regarding the terms of a possible offer by Huadong for the entire issued and to be issued share capital of Sinclair at a price of 32 pence per Sinclair Share (the "**Offer Price**") (the "**Possible Offer**").

This is an announcement under Rule 2.4 of the Code. It does not represent a firm intention to make an offer under Rule 2.7 of the Code. Accordingly, while Huadong has agreed with Sinclair in the Offer Agreement that it will announce a firm intention to make an offer under Rule 2.7 of the Code subject to the Pre-Conditions (as defined in paragraph 3 below) being satisfied or, if applicable, waived before 2 October 2018 (or such later date as Huadong and Sinclair may agree) (the "**Pre-Condition Long Stop Date**"), for the purposes of the Code, there can be no certainty that any offer will ultimately be made, even if the Pre-Conditions are satisfied or, if applicable, waived.

In order to allow Huadong time to satisfy the Pre-Conditions (as defined in paragraph 3 below), it is necessary to agree an extension of the deadline by which Huadong is required, under Rule 2.6(c) of the Code, to either announce a firm intention to make an offer for Sinclair in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer.

Therefore, at the request of the Board of Sinclair, the Panel has consented to an extension of the relevant deadline to 5 October 2018.

Accordingly, Huadong must, by no later than 5.00 p.m. on 5 October 2018, either announce a firm intention to make an offer for Sinclair in accordance with Rule 2.7 of the Code or announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. This deadline will only be further extended with the consent of the Panel.

## 1. The Offer

It is intended that the Offer, if made, would be structured as a recommended offer to be implemented by way of a scheme of arrangement under Part 26 of the Companies Act 2016 (the "**Scheme**"), whereby Huadong would acquire the entire issued and to be issued ordinary share capital of Sinclair at the Offer Price. This would represent a premium of approximately:

- 74.9 per cent. to the Closing Price of 18.3 pence per Sinclair Share on 4 July 2018 (being the last Business Day before the announcement that Sinclair and HMC were in discussions);
- 91.3 per cent. to the volume weighted average price of approximately 16.7 pence per Sinclair Share for the three-month period ending on 4 July 2018 (being the last Business Day before the announcement that Sinclair and HMC were in discussions); and
- 61.6 per cent. to the Closing Price of 19.8 pence per Sinclair Share on 24 August 2018, being the last Business Day before this Announcement.

If, after the date of this Announcement, any dividend and/or other distribution and/or other return of capital is announced, declared, made or paid or becomes payable in respect of the Sinclair Shares, Huadong reserves the right to reduce the Offer Price by an amount up to the amount of such dividend and/or distribution and/or return of capital so announced, declared, made, paid or payable.

## 2. Background

Since Sinclair's announcement on 5 July 2018 regarding the approach from HMC, the Boards of Sinclair and HMC have held detailed discussions regarding the terms of the Possible Offer and the prospects of the two businesses leveraging their complementary aesthetic products and operations to realise meaningful synergies.

In connection with the Possible Offer, Huadong and Sinclair have agreed the form of a firm intention to make an offer announcement pursuant to Rule 2.7 of the Code, which sets out the terms and conditions to which the Offer, if made, would be subject (which may be varied by written agreement between Sinclair, Huadong and HMC) (the "**Agreed Form 2.7 Announcement**") the release of which is subject to the terms of the Offer Agreement more fully described in paragraphs 3 and 4 below.

In addition, Huadong intends to implement a management incentive plan (the "**MIP**") under which certain directors, officers and senior managers of Sinclair (the "**MIP Participants**") would be beneficiaries. Further details of the MIP can be found in paragraph 6 below.

Certain directors of Sinclair (being Chris Spooner and Alan Olby) will have a personal interest in the MIP and, consequently, the Possible Offer more generally. As such, the Board of Sinclair has resolved to constitute a committee composed of the Sinclair Independent Directors for the purposes of evaluating the Possible Offer.



Additionally, as the value of the arrangements contemplated by the MIP is significant, the Panel has confirmed that, pursuant to Rules 16.2(b) and 16.2(d) of the Code, the MIP would be subject to the approval of Sinclair Independent Shareholders by way of an ordinary resolution to be proposed at the General Meeting (the "**MIP Resolution**"). As a result of their interest in the MIP, Chris Spooner and Alan Olby would not be entitled to vote their Sinclair Shares on the MIP Resolution at the General Meeting. The requirement for the MIP Resolution to be passed by the requisite majority of Sinclair Independent Shareholders is not capable of being waived by Huadong.

The Sinclair Independent Directors are of the view that the Possible Offer is an attractive proposal which they would be prepared to recommend to Sinclair Shareholders in the event that Huadong releases the Agreed Form 2.7 Announcement at the Offer Price and otherwise on the terms and subject to the conditions set out in the Agreed Form 2.7 Announcement.

### **3. Pre-conditions to releasing the Agreed Form 2.7 Announcement**

The release of the Agreed Form 2.7 Announcement by Huadong is subject to and conditional upon the following pre-conditions (the "**Pre-Conditions**") being satisfied (or, where relevant, waived) before the Pre-Condition Long Stop Date:

- the issuance of:
  - (i) a notice of record-filing from the Zhejiang Provincial National Development & Reform Commission in respect of the Possible Offer; and
  - (ii) a Certificate of Outbound Direct Investment ("**ODI**") from the Department of Commerce of Zhejiang Province in respect of the Possible Offer,((i) and (ii) together, the "**ODI Pre-Condition**");
- the issuance to Huadong and/or HMC of either:
  - (i) an irrevocable guarantee in a form agreed between HMC and/or Huadong and Industrial and Commercial Bank of China Limited, London Branch ("**ICBC**") (the "**ICBC Bank Guarantee**"); or
  - (ii) an irrevocable guarantee substantially in the form of the ICBC Bank Guarantee by another bank satisfactory to Huadong (acting in good faith) and its financial advisers for the purposes of the Code (an "**Alternative Bank Guarantee**"),

in each case, in respect of the consideration which would be payable pursuant to the terms of the Possible Offer, including (without limitation) pursuant to any offers required to be made pursuant to Rules 14 and/or 15 of the Code (the "**Guarantee Pre-Condition**"); and

- the receipt by Huadong of confirmation of the Board of Sinclair's:
  - (i) intention (or the intention of the Sinclair Independent Directors) to provide its (or their) unanimous, unqualified and unconditional recommendation to Sinclair Shareholders to accept an offer from Huadong to acquire the entire issued and to be issued share capital of Sinclair (having been advised by Sinclair's financial advisers that the financial terms of such offer are fair and reasonable) which is: (a) at not less than the Offer Price (subject to adjustment, if appropriate, as provided above, in respect of any dividend,

distribution and/or return of capital); and (b) subject to the terms and conditions contained in the Agreed Form 2.7 Announcement; and

- (ii) agreement (or the agreement of the Sinclair Independent Directors) that an announcement of the Offer on the terms and subject to the conditions contained in the Agreed Form 2.7 Announcement containing such recommendation may be released,

(together, the "**Recommendation Pre-Condition**").

The ODI Pre-Condition is not capable of being waived by Huadong. The Guarantee Pre-Condition and the Recommendation Pre-Condition may be waived by Huadong, in whole or in part, at any time, at its sole discretion.

If any of the Pre-Conditions are not satisfied or, if applicable, waived before the Pre-Condition Long Stop Date, Huadong will have no obligation to release the Agreed Form 2.7 Announcement. However, there can be no certainty that the Offer will ultimately be made, even if the Pre-Conditions are satisfied or, if applicable, waived. Further information in this respect is provided at paragraph 5 below.

The Board of Sinclair (or the Sinclair Independent Directors) is (or are) not obliged to recommend an offer by Huadong at the Offer Price. It is therefore possible that the Board of Sinclair (or the Sinclair Independent Directors) could decide against making such a recommendation, notwithstanding that the ODI Pre-Condition and the Guarantee Pre-Condition had been satisfied, in which case Huadong would not be required to release the Agreed Form 2.7 Announcement.

HMC, as a Chinese company, is subject to regulations issued by regulatory authorities and governmental bodies of the People's Republic of China relating to outbound direct investment. As a consequence of these regulations and the requirements of the Code, Huadong may release the Agreed Form 2.7 Announcement only once the ODI Pre-Condition and the Guarantee Pre-Condition have been satisfied or waived, as applicable.

#### **4. Obligations and undertakings of Huadong and HMC**

Sinclair, Huadong and HMC have entered into the Offer Agreement in respect of the Possible Offer, the principal terms of which are described below.

The Offer Agreement sets out the process for the satisfaction of the Pre-Conditions before the Pre-Condition Long Stop Date. In particular, each of Huadong and HMC has agreed to use its best endeavours to procure the satisfaction of the ODI Pre-Condition and the Guarantee Pre-Condition prior to the Pre-Condition Long Stop Date. If the Pre-Conditions are satisfied (or, if applicable, waived by Huadong) before the Pre-Condition Long Stop Date, Huadong has agreed to announce a firm intention to make an offer for Sinclair in the form of the Agreed Form 2.7 Announcement at a price that is not less than the Offer Price (subject to adjustment, if appropriate, as provided above, in respect of any dividend, distribution and/or return of capital) (the "**Offer**") within 3 Business Days of satisfaction (or waiver by Huadong, as the case may be) of the Pre-Conditions.

In particular, Sinclair Shareholders should note that the Offer, if made, would be conditional upon, among other things:

- the Scheme becoming unconditional and effective (including its approval by a majority of Scheme Shareholders present and voting (in person or by proxy) representing 75 per cent. or more in the value of the Scheme Shares held by such Scheme Shareholders); and

- the passing of the MIP Resolution at the General Meeting, which will require the approval of Sinclair Independent Shareholders controlling more than 50 per cent. of the votes cast at the General Meeting.

The conditions above would not be capable of being waived by Huadong.

The Offer would be made on the terms and subject to the conditions set out in the Agreed Form 2.7 Announcement and to be set out in the Scheme Document.

If the Pre-Conditions are satisfied before the Pre-Condition Long Stop Date and Huadong fails to comply with its obligation to release the Agreed Form 2.7 Announcement, Huadong would not, under the Code, be required to make an offer.

The Offer Agreement will terminate upon:

- the release of the Agreed Form 2.7 Announcement by Huadong;
- the Pre-Conditions not being satisfied by the Pre-Condition Long Stop Date (or, if applicable, waived by Huadong); or
- the failure by Huadong to release the Agreed Form 2.7 Announcement within 3 Business Days of satisfaction (or waiver by Huadong, as the case may be) of the Pre-Conditions in accordance with the Offer Agreement.

Huadong has agreed to pay a break fee of £2,200,000 (the "**Break Fee**") to Sinclair if the Offer Agreement is terminated as a result of: (a) the ODI Pre-Condition not being satisfied (unless not satisfied, in part or in whole, due to a failure by Sinclair to provide any reasonably necessary documentation, information or assistance promptly and within 48 hours following a written request by Huadong where it was within Sinclair's power to provide such documentation, information or assistance, and it was required by any governmental authority for the purposes of the ODI Pre-Condition); or (b) the failure by Huadong to release the Agreed Form 2.7 Announcement within 3 Business Days of satisfaction (or waiver by Huadong, as the case may be) of the Pre-Conditions in accordance with the terms of the Offer Agreement and Sinclair providing Huadong with notice terminating the Offer Agreement.

Except with respect to fraud, Sinclair's right to receive and retain the Break Fee is the sole and exclusive remedy of Sinclair against Huadong and HMC for any and all losses and damages in connection with the Offer Agreement and the transactions contemplated by it.

HMC has guaranteed Huadong's obligations under the Offer Agreement to pay the Break Fee to Sinclair.

In addition, Huadong may terminate the Offer Agreement (without liability to pay the Break Fee) if:

- it has received written advice from a reputable law firm and financial adviser experienced in transactions governed by the Code that any of conditions to the Offer contained in the Agreed Form 2.7 Announcement would, if the Agreed Form 2.7 Announcement had been released, be capable of being invoked or would be incapable of being satisfied, or other facts, matters or circumstances exist, such that Huadong would be entitled to lapse, withdraw, terminate or not proceed with the Offer;

- before the Pre-Condition Long Stop Date, a Competing Transaction is announced that is recommended or proposed by the Board of Sinclair (or the Sinclair Independent Directors);
- the ODI Pre-Condition is not satisfied, in whole or in part, due to a failure by Sinclair to provide any reasonably necessary documentation, information or assistance promptly and within 48 hours following a written request by Huadong where it was within Sinclair's power to provide such documentation, information or assistance, and it was required by any governmental authority for the purposes of the ODI Pre-Condition;
- Huadong is required to obtain an Alternative Bank Guarantee in order to satisfy the Guarantee Pre-Condition and, in such circumstances, the Guarantee Pre-Condition is not satisfied, in whole or in part, because of a failure by Sinclair to provide any reasonably necessary documentation, information or assistance promptly and in any event within 48 hours following a written request by Huadong where it was within Sinclair's power to provide such documentation, information or assistance and it was required by any relevant bank providing an Alternative Bank Guarantee for the purposes of the Guarantee Pre-Condition; or
- at any time before the release of the Agreed Form 2.7 Announcement, the Board of Sinclair notifies (or the Sinclair Independent Directors notify) Huadong that it does not, or they do not, intend to provide a unanimous, unqualified and unconditional recommendation of the Offer.

## 5. Nature of the Offer Agreement

*While Sinclair, Huadong and HMC have entered into an agreement regarding Huadong's obligations in relation to the Possible Offer, this contractual arrangement between the parties does not represent a firm intention on the part of Huadong to make an offer for the purposes of Rule 2.7 of the Code and, for the purposes of the Code, there can be no certainty that any offer will ultimately be made, even if the Pre-Conditions are satisfied or, if applicable, waived.*

## 6. The MIP

Huadong believes that the ongoing participation of certain directors, officers and senior managers of the Sinclair Group is a very important element of the Possible Offer. Accordingly, if the Offer is made and becomes Effective, Huadong intends to put in place certain incentivisation arrangements for the MIP Participants with effect from and/or following the cancellation of the admission to trading on AIM of the Sinclair Shares ("**Cancellation**").

A legally binding term sheet has been entered into between HMC and Huadong on one side, and Chris Spooner and Alan Olby, acting on their own behalf and on behalf of the additional proposed MIP Participants, on the other (the "**MIP Term Sheet**"). The MIP Term Sheet provides detail on the key terms of the MIP, which are as follows:

- the total cash pool potentially payable under the MIP is £25.0 million, the majority of which will be payable based on the satisfaction of performance targets as described below, in respect of the period commencing on Cancellation and ending on 31 December 2023;
- annual payments will be made to the MIP Participants. Half of the total cash pool available (£12.5 million) will be split across five periods starting with the period from Cancellation to 31 December 2018 and each fiscal year thereafter to 31 December 2022.

The remaining £12.5 million will payable based on the achievement of the performance target for the fiscal year 2023 alone;

- the first payment of £3.5 million will be made in 2019 in respect of the period between Cancellation and 31 December 2018 and no specific performance target will apply to that payment. Annual payments to MIP Participants in respect of each fiscal year thereafter to 31 December 2023 will be made subject to the achievement of specific performance targets for each of those years;
- the specific performance targets for the fiscal years 2019 to 2023 are annual net income targets that have been agreed between the parties to the MIP Term Sheet;
- if the net income target for a particular fiscal year is not achieved, the cash pool for that year will be nil;
- if the performance target for any fiscal year, starting with the 2020 fiscal year, is not achieved, but the performance target for the subsequent fiscal year is achieved, any excess in the second fiscal year can be rolled backwards and counted towards the performance target in the previous fiscal year; and
- it is expected that there will be initially 14 MIP Participants, including Chris Spooner and Alan Olby.

As a result of their respective interests in the MIP, Chris Spooner and Alan Olby are not considered to be independent for the purposes of the Code. If the Offer is made, each of them (and their respective connected persons) will not be entitled to vote on the MIP Resolution at the General Meeting. Each of them has irrevocably undertaken to vote, or procure the vote, in favour of the Scheme and the other Resolution(s) to be proposed at the General Meeting (other than the MIP Resolution) in respect of his entire shareholding of Sinclair Shares.

For the purposes of Rule 16.2 of the Code, Rothschild and Peel Hunt have confirmed that, in their opinion, the terms of the MIP are fair and reasonable so far as the Sinclair Independent Shareholders are concerned. In providing their opinion, Rothschild and Peel Hunt have taken into account the commercial assessments of the Sinclair Independent Directors. The Offer, if made, will be conditional, amongst other things, upon the passing of the MIP Resolution by the requisite majority of the Sinclair Independent Shareholders at the General Meeting to be held on or before the 22<sup>nd</sup> day after the expected date of the General Meeting to be set out in the Scheme Document (or such later date, if any, as they and Sinclair may agree and the Court may allow).

## **7. Position of the Sinclair Independent Directors**

The Sinclair Independent Directors believe that the level of the cash consideration being proposed by Huadong is such that it is in Sinclair Shareholders' interests to progress matters with Huadong to the point where the Offer can be made.

Accordingly, the Sinclair Independent Directors would expect to recommend the Offer at the Offer Price, if made.

## **8. Irrevocable undertakings and letter of intent**

Huadong has received irrevocable undertakings to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, if the Offer is implemented by way of a Contractual Offer, to accept, or procure acceptance of, the

Contractual Offer) from the Sinclair Independent Directors in respect of their own beneficial holdings of 1,050,000 Sinclair Shares representing, in aggregate, approximately 0.21 per cent. of the issued ordinary share capital of Sinclair on 24 August 2018 (being the last Business Day prior to this Announcement).

In addition to the irrevocable undertakings from the Sinclair Independent Directors, Chris Spooner and Alan Olby have also irrevocably undertaken to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions (other than the MIP Resolution) at the General Meeting (or, if the Offer is implemented by way of a Contractual Offer, to accept, or procure acceptance of, the Contractual Offer), in respect of their own beneficial holdings of 10,908,779 Sinclair Shares representing, in aggregate, approximately 2.17 per cent. of the issued ordinary share capital of Sinclair on 24 August 2018 (being the last Business Day prior to this Announcement).

Irrevocable undertakings have also been received from Lansdowne Developed Markets Master Fund Limited and funds managed by Abingworth LLP to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, if the Offer is implemented by way of a Contractual Offer, to accept, or procure acceptance of, the Contractual Offer) in respect of their entire beneficial holdings of Sinclair Shares amounting, in aggregate, to 88,876,793 Sinclair Shares, representing approximately 17.6 per cent. of the issued ordinary share capital of Sinclair on 24 August 2018 (being the last Business Day prior to this Announcement).

In addition, Huadong has received a letter of intent to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting (or, if the Offer is implemented by way of a Contractual Offer, to accept, or procure acceptance of, the Contractual Offer) from funds managed by Toscafund Asset Management LLP, controlling, in aggregate, approximately 29.5 per cent. of the issued ordinary share capital of Sinclair on 24 August 2018 (being the last Business Day prior to this Announcement).

In total, therefore, irrevocable undertakings and a letter of intent to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions (other than the MIP Resolution) at the General Meeting (or, if the Offer is implemented by way of a Contractual Offer, to accept or procure acceptance of, such Contractual Offer) have been received from Sinclair Shareholders controlling, in aggregate, 249,449,175 Sinclair Shares, representing approximately 49.5 per cent. of the issued ordinary share capital of Sinclair on 24 August 2018 (being the last Business Day prior to this Announcement).

Irrevocable undertakings and a letter of intent to vote, or procure the vote, in favour of the MIP Resolution at the General Meeting have been received from Sinclair Shareholders controlling, in aggregate, 238,540,396 Sinclair Shares, representing approximately 47.4 per cent. of the issued ordinary share capital of Sinclair as at 24 August 2018 (being the last Business Day prior to this Announcement).

Appendix 2 to this Announcement contains details of the irrevocable undertakings and the letter of intent received by Huadong.

## **9. Information on Huadong, HMC, CGE and Hangzhou Huadong**

### **• Huadong**

Huadong is a company incorporated under the laws of Hong Kong and is indirectly wholly owned by HMC. Huadong has not traded prior to the date of this Announcement, nor has it entered into any obligation other than in connection with the Possible Offer.



- **HMC**

Headquartered in Hangzhou, China, HMC is publicly traded on the Shenzhen Stock Exchange under the number 000963. HMC has a market capitalisation of approximately US\$9.7 billion as at the close of business on 24 August 2018 (being the last Business Day prior to this Announcement).

HMC is a manufacturer and distributor of pharmaceutical and other medical products in China. HMC generated approximately US\$4.3 billion of revenue in the financial year ending 31 December 2017.

HMC, through its subsidiary Huadong Ningbo Co. Ltd, also has over five years of experience in the aesthetics business, offering botulinum toxin products and fillers.

HMC's largest shareholder is China Grand Enterprises, Inc.

- **China Grand Enterprises, Inc. ("CGE")**

CGE is privately owned and is headquartered in Beijing. As an investment company, CGE's core businesses cover: (i) pharmaceuticals and healthcare; (ii) commodities trading; (iii) real estate investment; and (iv) financial services.

CGE is ranked in the top five enterprises in the Chinese pharmaceutical industry and reported consolidated sales of approximately US\$5.6 billion for the financial year ending 31 December 2017. It controls and manages over 40 pharmaceutical subsidiary companies, including HMC, in which it holds approximately 41.8 per cent. of the issued share capital as at the close of business on 20 August 2018 (being the latest practicable date prior to this Announcement).

CGE's largest shareholder is Beijing Yuanda Huachuang Investment Co., Ltd ("**BJYHIC**") which holds approximately 93 per cent. of the issued share capital of CGE as at the close of business on 21 August 2018 (being the latest practicable date prior to this Announcement). Mr. Hu Kaijun is the sole shareholder of BJYHIC and Chairman of the Board of CGE.

- **Hangzhou Huadong Medicine Group Co. Ltd. ("Hangzhou Huadong")**

Headquartered in Hangzhou, China, Hangzhou Huadong holds approximately 16.5 per cent. of the issued share capital of HMC as at the close of business on 20 August 2018 (being the latest practicable date prior to this Announcement) and is its second largest shareholder. Hangzhou Huadong is a Chinese pharmaceutical company with revenues of approximately US\$2.15 million. The sole shareholder of Hangzhou Huadong is the Hangzhou Municipal Government.

## **10. General**

Appendix 1 contains the definitions of certain terms used in this Announcement. Appendix 2 contains details of the irrevocable undertakings and letter of intent received by Huadong. Appendix 3 contains bases and sources of certain information contained in this Announcement.

This Announcement has been made with the approval of Sinclair and a further announcement will be made in due course.

A copy of this Announcement will be available on Sinclair's website at <https://www.sinclairpharma.com/investors/possible-offer-for-the-company> and on Huadong's website at [http://www.eastchinapharm.com/En/News/Sinclair\\_Notice](http://www.eastchinapharm.com/En/News/Sinclair_Notice).

## **Enquiries**

**Huadong Medicine Aesthetics Investment (HongKong) Limited** Tel: +86 571 89903290

Bo Chen

**Sinclair Pharma plc**

Tel: +44 (0) 20 7467 6920

Grahame Cook

Chris Spooner

Alan Olby

Andy Crane

**Rothschild (Lead Financial Adviser to Sinclair)**

Tel: +44 (0)20 7280 5000

Dominic Hollamby

Julian Hudson

**Peel Hunt (Joint Financial Adviser, Nominated Adviser and Joint Broker to Sinclair)**

Tel: +44 (0)20 7418 8900

James Steel

Michael Nicholson

Oliver Jackson

**Piper Jaffray (financial adviser to Huadong)**

Tel: +44 (0)20 7796 8400

Neil Mackison

Graeme Smethurst

Rothschild, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Sinclair and for no-one else in connection with the matters referred to in this Announcement and will not be responsible to any person other than Sinclair for providing the protections afforded to clients of Rothschild, nor for providing advice in relation to the matters referred to herein. Neither Rothschild nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild in connection with the matters referred to in this Announcement, or otherwise.

Peel Hunt, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Sinclair and for no-one else in connection with the matters referred to in this Announcement and will not be responsible to any person other than Sinclair for providing the protections afforded to clients of Peel Hunt, nor for providing advice in relation to the matters referred to herein. Neither Peel Hunt nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Peel Hunt in connection with the matters referred to in this Announcement, or otherwise.

Piper Jaffray, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting exclusively for Huadong and for no-one else in connection with the matters referred to in this Announcement and will not be responsible to any person other

than Huadong for providing the protections afforded to clients of Piper Jaffray, nor for providing advice in relation to the matters referred to herein. Neither Piper Jaffray nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Piper Jaffray in connection with the matters referred to in this Announcement, or otherwise.

Jones Day is retained as legal adviser to Huadong.

Eversheds Sutherland (International) LLP is retained as legal adviser to Sinclair.

## **IMPORTANT NOTES**

This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, any offer or invitation to sell or purchase any securities, or the solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities, or the solicitation of any vote or approval in any jurisdiction, pursuant to the Possible Offer or otherwise nor shall there be any sale, issuance or transfer of securities of Sinclair in any jurisdiction in contravention of applicable law. The Offer, if made, will be effected solely through the Scheme Document (or, if the Offer, if made, is implemented by way of a Contractual Offer, the offer document) which will contain the full terms and conditions of the Offer, if made. Any vote, decision in respect of, or other response to, the Scheme (or the Contractual Offer, if applicable) should be made only on the basis of the information contained in the Scheme Document (or, if applicable, the offer document). Each Sinclair Shareholder is urged to consult its independent professional adviser immediately regarding the tax consequences of the Offer, if made, applicable to them.

## **Overseas jurisdictions**

The release, publication or distribution of this Announcement in jurisdictions other than the United Kingdom may be restricted by law and/or regulation and therefore any persons who are subject to the laws and regulations of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their Sinclair Shares with respect to the Scheme at the Court Meeting, or to appoint another person as proxy to vote at the Court Meeting on their behalf, if the Court Meeting takes place, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Possible Offer, disclaim any responsibility or liability for the violation of such restrictions by any person.

The availability of the Offer, if made, to persons who are not resident in the United Kingdom may be restricted by the laws and/or regulations of the relevant jurisdictions in which they are located. The Offer, if made, will not be made available, directly or indirectly, in, into or from any jurisdiction where to do so would violate the laws in that jurisdiction. Any persons who are subject to the laws and regulations of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the laws and/or regulations of any such jurisdiction. Further details in relation to Overseas Shareholders will be contained in the Scheme Document (if the Offer is made).

This Announcement has been prepared pursuant to and for the purpose of complying with the laws of England and Wales, the AIM Rules, the Code and the Rules of the London Stock Exchange and the information disclosed may not be the same as that which would have been

disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of England and Wales.

Copies of this Announcement and any formal documentation relating to the Offer, if made, will not be, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Offer, if made. If the Offer, if made, is implemented by way of a Contractual Offer (unless otherwise permitted by applicable law or regulation), the Contractual Offer may not be made, directly or indirectly, in or into or from any Restricted Jurisdiction.

The Offer, if made, will relate to the shares of an English company and it is proposed to be made by means of a scheme of arrangement provided for under the laws of England and Wales. The Scheme will relate to the shares of an English company that is a "foreign private issuer" as defined under Rule 3b-4 under the US Exchange Act. A transaction effected by means of a scheme of arrangement is not subject to the shareholder vote, proxy solicitation and tender offer rules under the US Exchange Act. Accordingly, the Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements and practices of US shareholder vote, proxy solicitation and tender offer rules. Financial information included in the relevant documentation will have been prepared in accordance with accounting standards applicable in the UK and may not be comparable to the financial statements of US companies.

However, if Huadong were to elect to implement the Offer, if made, by means of a Contractual Offer, such Contractual Offer will be made in compliance with all applicable laws and regulations, including Section 14(e) of the US Exchange Act and Regulation 14E thereunder. Such Contractual Offer would be made in the US by Huadong and no one else.

In accordance with normal UK practice, Huadong or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Sinclair Shares, other than pursuant to the Offer, if made, until the date on which the Scheme (or Contractual Offer, if applicable) becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

Please be aware that addresses, electronic addresses and certain other information provided by Sinclair Shareholders, persons with information rights and other relevant persons for the receipt of communications from Sinclair may be provided to Huadong during the Offer Period (as required under Section 4 of Appendix 4 of the Code) to comply with Rule 2.11 of the Code.

### **Publication on website**

Pursuant to Rule 26.1 of the Code, a copy of this Announcement and other documents in connection with the Possible Offer will, subject to certain restrictions, be available for inspection on Huadong's website at [http://www.eastchinapharm.com/En/News/Sinclair\\_Notice](http://www.eastchinapharm.com/En/News/Sinclair_Notice) and by Sinclair on its website at <https://www.sinclairpharma.com/investors/possible-offer-for-the-company> no later than 12 noon (London time) on the day following this Announcement. The contents of the websites

referred to in this Announcement are not incorporated into, and do not form part of, this Announcement.

### **Requesting hard copy documents**

Pursuant to Rule 30.3 of the Code, a person so entitled may request a copy of this Announcement and any information incorporated into it by reference to another source in hard copy form. A person may also request that all future documents, announcements and information to be sent to that person in relation to the Possible Offer should be in hard copy form. For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested from either Huadong by contacting Bo Chen at [pretor@hdpharm.com](mailto:pretor@hdpharm.com), telephone number +86 571 89903290 or Sinclair by contacting Andy Crane at Sinclair, telephone number +44 (0) 20 7467 6920.

### **Sinclair Shares**

As at close of business on 24 August 2018 (being the last Business Day prior to this Announcement), there were 503,768,952 Sinclair Shares in issue and admitted to trading on AIM. The ISIN for the Sinclair Shares is GB0033856740.

### **Cautionary note regarding forward-looking statements**

This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Possible Offer and other information published by Huadong and Sinclair contain certain statements, trends, expectations, forecasts, estimates, or other forward looking information affecting or relating to Sinclair or Huadong or their respective industries, products or activities. Forward-looking statements speak only as to the date of this document and may be identified by the use of forward-looking terms such as "may," "will," "expects," "believes," "hopes," "anticipates," "aims," "plans," "estimates," "projects," "targets," "intends," "forecasts," "outlook," "impact," "potential," "confidence," "improve," "continue," "optimistic," "deliver," "comfortable," "trend", and "seeks," or the negative of such terms or other variations on such terms or comparable terminology. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. These statements are based on assumptions and assessments made by Sinclair and/or Huadong, as the case may be, in light of their experience and their perception of historical trends, current conditions, future developments and other factors that they believe appropriate.

By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors that could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements are unknown.

Many important factors could cause actual results to differ materially from those in the forward-looking statements including, without limitation, disruption of production or supplies, changes in market conditions, political events, pending or future claims or limitations, competitive factors, technology advances, actions of regulatory agencies, future exchange and interest rates and changes in laws, government regulations, labelling or product approvals or the application or interpretation thereof. Other risk factors are described herein and in HMC's and Sinclair's other respective filings, including in Sinclair's annual reports and accounts for the year ended 31 December 2017. Many of these important factors are outside of Huadong's or, as the case may be, Sinclair's control. No assurances can be provided as to any result or the timing of any outcome regarding matters described herein or otherwise with respect to any regulatory action, administrative proceedings, government investigations, litigation, warning

letters, cost reductions, business strategies, earnings or revenue trends or future financial results. Other potential risks and uncertainties that could cause results to differ materially from those in the forward-looking statements include, without limitation: (a) the receipt of approval of Sinclair's shareholders; (b) any regulatory approvals required for the transaction not being obtained on the terms expected or on the anticipated schedule; (c) the parties' ability to meet expectations regarding the timing, completion and accounting and tax treatments of the transaction; (d) the possibility that the parties may be unable to achieve expected synergies and operating efficiencies in connection with the transaction within the expected time-frames or at all and to successfully integrate Sinclair's operations into those of HMC; (e) the integration of Sinclair's operations into those of Huadong being more difficult, time-consuming or costly than expected; (f) operating costs, customer loss and business disruption, including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers, being greater than expected following the transaction; (g) the retention of certain key employees of Sinclair being difficult; (h) changes in tax laws or interpretations that could increase tax liabilities, including, if the transaction is consummated; (i) the possibility that market demand will not develop for new technologies, products or applications or services, or business initiatives will take longer, cost more or produce lower benefits than anticipated; (j) the possibility that application of or compliance with laws, court rulings, certifications, regulations, regulatory actions, or other requirements or standards may delay, limit or prevent new product introductions, affect the production and marketing of existing products or services or otherwise affect performance, results, prospects or value; (k) the potential of international unrest, economic downturn or effects of currencies, tax assessments, adjustments or anticipated rates, benefit or retirement plan costs, or other regulatory compliance costs; (l) the possibility of reduced demand, or reductions in the rate of growth in demand, for products and services; (m) the possibility that anticipated growth, cost savings, new product acceptance, performance or approvals, or other results may not be achieved, or that transition, labour, competition, timing, execution, regulatory, governmental, or other issues or risks associated with the respective businesses of Huadong and Sinclair, industry or initiatives may adversely impact performance, results, prospects or value; (n) the possibility that anticipated financial results or benefits of recent acquisitions will not be realised or will be other than anticipated; and (o) the effects of contractions in credit availability, as well as the ability of Sinclair's, and HMC's and Huadong's respective customers and suppliers to adequately access the credit markets when needed.

Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and investors are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of the relevant document. Neither Sinclair nor Huadong assume any obligation to update or correct the information contained in the relevant document (whether as a result of new information, future events or otherwise), except as required by applicable law.

Given the risks and uncertainties, undue reliance should not be placed on forward-looking statements as a prediction of actual results. Should one or more of the risks or uncertainties mentioned materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant documents. Sinclair, HMC and their affiliated companies assume no obligation to update or correct the information contained in the relevant documents, whether as a result of new information, future events or otherwise, except to the extent legally required. The statements contained in this Announcement and any documents referred to or incorporated herein are made as at the date of such documents, unless some other time is specified in relation to them, and service of the relevant documents shall not give rise to any implication that there has been no change in the facts set out in such documents since such date(s).



## **No profit forecast**

No statement in this Announcement is intended as a profit forecast or a profit estimate and no statement in this Announcement should be interpreted to mean that earnings per share for Huadong or Sinclair for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for Huadong or Sinclair.

## **Rounding**

Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## **Dealing disclosure requirements**

Under Rule 8.3(a) of the Code, any person who is interested in one per cent. or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10<sup>th</sup> business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in one per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures can be found in the Disclosure Table on the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

## **Appendix 1**

### **Definitions**

In this Announcement, the following words and expressions have the following meanings unless the context requires otherwise:

<b>"AIM"</b>	the market of that name operated by the London Stock Exchange
<b>"Announcement"</b>	this announcement made in accordance with Rule 2.4 of the Code
<b>"Articles"</b>	the articles of association of Sinclair from time to time
<b>"Board"</b>	the board of directors of the relevant company
<b>"Business Day"</b>	a day, other than a Saturday, Sunday or public holiday in the UK, on which banks are open for non-automated business in the City of London
<b>"Closing Price"</b>	unless otherwise stated, the closing middle market quotation derived from the AIM Appendix to the Daily Official List
<b>"Code"</b>	the City Code on Takeovers and Mergers
<b>"Companies Act"</b>	the Companies Act 2006
<b>"Competing Transaction"</b>	<ul style="list-style-type: none"><li>(a) any offer (including a partial offer), possible offer, tender offer, merger, acquisition, scheme of arrangement, dual listed company structure, reverse takeover, business combination or proposal from, or on behalf of, any Third Party, whether or not subject to any pre-conditions and howsoever to be implemented, with a view to such Third Party, directly or indirectly acquiring, when aggregated with the shares already held by such Third Party and any person acting in concert with such Third Party, thirty (30) per cent. or more of the issued share capital of Sinclair;</li><li>(b) the acquisition or disposal, directly or indirectly, by or on behalf of, any Third Party or Third Parties of all or a significant proportion (being thirty (30) per cent. or more) of the business, assets and/or undertakings of the Sinclair Group calculated by reference to any of its revenue, profits or value taken as a whole;</li><li>(c) a demerger, any material reorganisation and/or liquidation involving all or a significant portion (being thirty (30) per cent. or more) of the Sinclair Group calculated by reference to any of its revenue, profits or value taken as a whole; or</li><li>(d) any other transaction which would be alternative to, or inconsistent with, or would be reasonably likely materially to preclude, impede, delay or prejudice implementation of the Offer (including, for the avoidance of doubt, any transaction or arrangement which would require the</li></ul>

approval of shareholders pursuant to Rule 21.1 of the Code or the AIM Rules for Companies),

in each case whether implemented in a single transaction or a series of transactions and whether conditional or otherwise and which is not effected by or on behalf of Huadong, or any other person acting at the direction of Huadong, or any person who has an agreement or understanding (whether informal or formal) with Huadong to cooperate, obtain or consolidate control of Sinclair

<b>"Contractual Offer"</b>	a takeover offer within the meaning of Part 28 of the Companies Act
<b>"Court"</b>	the High Court of Justice in England and Wales
<b>"Court Meeting"</b>	if the Offer is made, the meeting of Sinclair Shareholders to be convened by order of the Court under section 896 of the Companies Act for the purposes of considering and, if thought fit, approving the Scheme (with or without amendment), and any adjournment thereof
<b>"Daily Official List"</b>	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange
<b>"Dealing Disclosure"</b>	has the same meaning as in Rule 8 of the Code
<b>"Effective"</b>	in the context of the Offer, if made: (i) if the Offer is implemented by way of a Scheme, the Scheme having become effective in accordance with its terms, upon the delivery of the Scheme Court Order to the Registrar of Companies; or (ii) if the Offer is implemented by way of a Contractual Offer, the Contractual Offer having been declared or become unconditional in all respects in accordance with the requirements of the Code
<b>"Effective Date"</b>	if the Offer is made, the date on which the Offer becomes Effective in accordance with its terms
<b>"Excluded Shares"</b>	(i) any Sinclair Shares beneficially owned by Huadong or any parent or subsidiary undertaking (as defined in the Companies Act) of Huadong and (ii) any Sinclair Shares held in treasury by Sinclair
<b>"General Meeting"</b>	if the Offer is made, the meeting of Sinclair Shareholders to be convened for the purposes of considering and, if thought fit, passing the Resolutions and any adjournment thereof
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"MIP Resolution"</b>	if the Offer is made, the Resolution to be proposed by Sinclair at the General Meeting in connection with the approval of the MIP
<b>"Offer"</b>	has the meaning given to it in paragraph 4 of this Announcement

<b>"Offer Period"</b>	the offer period (as defined by the Code) relating to Sinclair, which commenced on 5 July 2018 and ending on the earlier of (i) the date on which the Scheme becomes Effective, lapses or is withdrawn (or such other date as the Panel may decide) and (ii) the date on which Huadong announces it does not intend to make an offer for Sinclair under Rule 2.8 of the Code
<b>"Opening Position Disclosure"</b>	has the same meaning as in Rule 8 of the Code
<b>"Overseas Shareholders"</b>	Sinclair Shareholders (or nominees, or custodians or trustees of Sinclair Shareholders) who are resident in, or nationals or citizens of jurisdictions outside the UK or who are citizens or residents of countries other than the UK
<b>"Panel"</b>	the Panel on Takeovers and Mergers
<b>"Peel Hunt"</b>	Peel Hunt LLP, joint financial adviser, Nominated Adviser and Joint Broker to Sinclair
<b>"Piper Jaffray"</b>	Piper Jaffray Ltd, financial adviser to Huadong
<b>"Registrar of Companies"</b>	registrar of companies in England and Wales
<b>"Regulatory Information Service"</b>	any of the services set out in Appendix III to the UK Listing Authority's Listing Rules
<b>"Resolutions"</b>	(i) the resolution(s) to be proposed by Sinclair at the General Meeting in connection with, among other things the approval of the Scheme, the alteration of the Articles and such other matters as may be necessary to implement the Scheme and the Cancellation; and (ii) the MIP Resolution, and <b>"Resolution"</b> shall be construed accordingly
<b>"Restricted Jurisdiction"</b>	any jurisdiction where the relevant action would constitute a violation of the relevant laws and regulations of such jurisdiction or would result in a requirement to comply with any governmental or other consent or any registration, filing or other formality which Huadong or Sinclair regards as unduly onerous
<b>"Rothschild"</b>	N.M. Rothschild & Sons Limited, lead financial adviser to Sinclair
<b>"Scheme Court Hearing"</b>	if the Offer is made, the hearing of the Court to sanction the Scheme
<b>"Scheme Court Order"</b>	if the Offer is made, the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
<b>"Scheme Document"</b>	the document to be sent to Sinclair Shareholders if the Offer is made, containing, among other things, the Scheme and the notices convening the Court Meeting and the General Meeting
<b>"Scheme Record"</b>	the date and time specified in the Scheme Document, expected to be, if the Offer is made, 6.00 p.m. London Time on the Business

<b>"Time"</b>	Day immediately before, or after, the Scheme Court Hearing
<b>"Scheme Shareholders"</b>	a holder of Scheme Shares as appearing in the register of Sinclair at the Scheme Record Time
<b>"Scheme Shares"</b>	the Sinclair Shares: (i) in issue at the date of the Scheme Document; (ii) issued after the date of the Scheme Document but before the Voting Record Time; and (iii) (if any) issued at or after the Voting Record Time and before the Scheme Record Time on terms that the original or any subsequent holders shall be, or shall have agreed in writing by such time to be, bound by the Scheme, in each case, excluding any Excluded Shares
<b>"Sinclair Group"</b>	Sinclair and its subsidiaries and subsidiary undertakings
<b>"Sinclair Independent Directors"</b>	the directors of Sinclair who do not have a personal interest in the MIP, being Grahame Cook and Jeffery Thompson
<b>"Sinclair Independent Shareholders"</b>	the Sinclair Shareholders other than Chris Spooner, Alan Olby and the other MIP Participants
<b>"Sinclair Share(s)"</b>	the existing unconditionally allotted or issued and fully paid ordinary shares of one pence each in the capital of Sinclair and any further such ordinary shares which are unconditionally allotted or issued before the Scheme becomes Effective
<b>"Sinclair Shareholders"</b>	the holders of Sinclair Shares
<b>"Third Party"</b>	a third party which is not a person who is, or is presumed to be, acting in concert (as defined in the Code) with Huadong
<b>"Voting Record Time"</b>	if the Offer is made, the date and time to be specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined



## Appendix 2

### IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

#### Shareholder Irrevocable Undertakings

The following Sinclair Shareholders have, on the basis set out below, given irrevocable undertakings to Huadong to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting or, as the case may be, to accept, or procure the acceptance of, a Contractual Offer made by Huadong.

<b>Name of Shareholder</b>	<b>Number of Sinclair Shares in respect of which undertaking is given</b>	<b>Percentage of existing issued share capital of Sinclair</b>
Lansdowne Developed Markets Master Fund Limited	59,987,523	11.91%
Funds managed by Abingworth LLP	28,889,270	5.73%
<b>Total</b>	<b>88,876,793</b>	<b>17.64%</b>

Each of the irrevocable undertakings referred to above will only cease to be binding if:

- the Agreed Form 2.7 Announcement is not released by Huadong within three Business Days of the Pre-Condition Long Stop Date or such later date as Huadong and Sinclair may agree; or
- the Scheme (or, if made, a Contractual Offer) lapses or is withdrawn in accordance with its terms and at or before the time of such lapse or withdrawal, Huadong has not publicly confirmed that it intends to implement the Offer by way of a Contractual Offer or otherwise.

#### Director Irrevocable Undertakings

The following Sinclair Independent Directors have also, on the basis set out below, given irrevocable undertakings to Huadong to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting, or as the case may be, to accept, or procure the acceptance of, a Contractual Offer made by Huadong.

<b>Name of Director or connected person</b>	<b>Number of Sinclair Shares in respect of which undertaking is given</b>	<b>Percentage of existing issued share capital of Sinclair</b>
Grahame Cook	700,000	0.14%
Jeffery Thompson	350,000	0.07%
<b>Total</b>	<b>1,050,000</b>	<b>0.21%</b>

Chris Spooner and Alan Olby have also, on the basis set out below, given irrevocable undertakings to Huadong to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolution(s) at the General Meeting (other than the MIP Resolution, on which they are not entitled to vote as a result of their interest in the MIP), or as the case may be, to accept, or procure the acceptance of, a Contractual Offer made by Huadong.

<b>Name of Director or connected person</b>	<b>Number of Sinclair Shares in respect of which undertaking is given</b>	<b>Percentage of existing issued share capital of Sinclair</b>
Chris Spooner	10,440,479	2.07%
Alan Olby	468,300	0.09%
<b>Total</b>	<b>10,908,779</b>	<b>2.17%</b>

The irrevocable undertakings from the Sinclair Independent Directors, Chris Spooner and Alan Olby will only cease to be binding if:

- the Agreed Form 2.7 Announcement is not released by Huadong within three Business Days of the Pre-Condition Long Stop Date or such later date as Huadong and Sinclair may agree;
- if the Sinclair Shareholders, having voted at the Court Meeting and at the General Meeting, do not approve the Scheme or any Resolution, respectively, by the requisite majority; or
- the Scheme lapses or is withdrawn in accordance with its terms and at or before the time of such lapse or withdrawal, Huadong has not publicly confirmed that it intends to implement the Possible Offer by way of takeover offer within the meaning of section 974 of the Companies Act 2006 or otherwise.

### **Letter of Intent**

The following Sinclair Shareholder has, on the basis set out below, given a letter of intent to Huadong to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting or, as the case may be, to accept, or procure the acceptance of, a Contractual Offer made by Huadong.

<b>Name of Shareholder</b>	<b>Number of Sinclair Shares in respect of which letter of intent is given</b>	<b>Percentage of existing issued share capital of Sinclair</b>
Funds managed by Toscafund Asset Management LLP	148,613,603	29.50%

## **Appendix 3**

### **BASES AND SOURCES OF INFORMATION**

1. Unless otherwise stated, financial information relating to HMC has been extracted or derived (without any adjustment) from HMC's annual report and accounts for the year ended 31 December 2017.
2. References to percentages of Sinclair Shares (before completion of the Offer) are based upon the current undiluted number of Sinclair Shares in issue referred to in paragraph 3 of this Appendix 3.
3. Sinclair confirms that, as at the close of business on 24 August 2018, being the latest practicable date prior to this Announcement, Sinclair had in issue 503,768,952 Sinclair Shares (being its undiluted share capital) and this does not include any shares issuable pursuant to any options, warrants or other convertible securities in Sinclair and assumes no further issue of Sinclair Shares prior to completion of the Offer.
4. Sinclair confirms that, as at the close of business on 24 August 2018, being the latest practicable date prior to this Announcement, Sinclair had in issue nil-cost options over 3,020,199 Sinclair Shares pursuant to the VCP and convertible loan notes with a nominal value of £3,584,000 that could accrue total interest of £238,017 at a rate of 8.0 per cent. per annum by 21 December (being the latest date by which, if the Offer is made, the Scheme may become Effective), which could be convertible at a price of 28.0 pence per Sinclair Share into 13,650,060 Sinclair Shares. Sinclair confirms that it holds no Sinclair Shares in treasury.
5. The total value of the Offer of approximately £166.5 million has been calculated on the basis of the information contained in paragraphs 3 and 4 of this Appendix 3.
6. Volume weighted average prices are derived from Bloomberg.
7. Sinclair confirms that, as at the close of business on 24 August 2018, being the latest practicable date prior to this Announcement, the total value of the Sinclair Shares referred to in paragraph 3 above at the Offer Price plus the value of the options and convertible loan notes in paragraph 4 above at the Offer Price plus the maximum payment to be made under the Sinclair 2013 Bonus Plan assuming all awards are accelerated and vest in full at the Offer Price and at the exchange rates detailed in paragraph 8 below is £168,927,146.
8. The maximum payment to be made under the Sinclair 2013 Bonus Plan assuming all awards are accelerated and vest in full at the Offer Price is based on a GBP:US\$ exchange rate of 1.2846, as derived from Bloomberg as of 6.00 p.m. London time on 24 August 2018 (being the last Business Day prior to this Announcement) and a GBP:EUR exchange rate of 1.1055, as derived from Bloomberg as of 6.00 p.m. London time on 24 August 2018 (being the last Business Day prior to this Announcement).
9. The revenue figures for HMC, CGE and Hangzhou Huadong in paragraph 9 of this Announcement are based on US\$:CNY exchange rate of 6.5068, as derived from Bloomberg, as of 6.00 p.m. London time on 29 December 2017 (being the last Business Day of 2017).
10. HMC's market capitalisation is derived from Bloomberg and converted into US\$ based on US\$:CNY exchange rate of 6.8105, as derived from Bloomberg, as of 6.00

p.m. London time on 24 August 2018 (being the last Business Day prior to this Announcement).

11. Certain figures included in this Announcement have been subject to rounding adjustments.