

**STRICTLY PRIVATE & CONFIDENTIAL**

The Directors  
Huadong Medicine Co. Ltd.  
9th and 10th floor  
Gate 1, Building 1, No. 468 Yan'an Road  
Hangzhou  
People's Republic of China

17 September 2018

Dear Sirs

**Recommended Cash Offer by  
Huadong Medicine Aesthetics Investment (HongKong) Limited  
for  
Sinclair Pharma plc ("Sinclair") (the "Recommended Cash Offer")**

We refer to the announcement of a firm intention to make an offer to be made under Rule 2.7 of the City Code on Takeovers and Mergers regarding the Recommended Cash Offer that is to be issued on or around the date of this letter (the "**2.7 Announcement**"), a final proof of which is attached to this letter.

We hereby confirm that we have given and have not withdrawn our consent to the issue of the 2.7 Announcement and the inclusion therein of our name and the references to our name in the form and context in which they are included and respectively appear.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'NR Mackison', followed by a horizontal line.

Neil Mackison  
Managing Director

For and on behalf of Piper Jaffray Ltd.

**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 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.**

18 September 2018

**RECOMMENDED CASH OFFER**

**for**

**Sinclair Pharma plc ("Sinclair ")**

**by**

**Huadong Medicine Aesthetics Investment (HongKong) Limited ("Huadong")**

**(a newly incorporated company indirectly wholly-owned by Huadong Medicine Co., Ltd. ("HMC"))**

**intended to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act 2006**

**Summary**

On 5 July 2018, the Board of Sinclair announced that it had received an approach from HMC regarding a possible offer for Sinclair. On 28 August 2018, the Boards of Sinclair and Huadong announced that they had entered into an agreement (the "**Offer Agreement**") regarding the terms of a possible offer by Huadong for the entire issued and to be issued share capital of the Sinclair at a price of 32 pence per Sinclair Share (the "**Possible Offer**"). The terms of that agreement specified that the announcement by Huadong of a firm intention to make an offer for Sinclair was subject to the satisfaction of certain pre-conditions, including in relation to the financing of the Possible Offer.

Huadong and Sinclair today confirm that these pre-conditions have now been satisfied and, accordingly, the Sinclair Independent Directors and Huadong are pleased to announce that they have reached agreement on the terms of a recommended cash offer by Huadong to acquire the entire issued and to be issued share capital of Sinclair. The Offer is intended to be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act (the "**Scheme**"). Huadong reserves the right to elect to implement the Offer by way of a Contractual Offer, subject to the terms of the Offer Agreement and the Panel's consent, if required.

Under the terms of the Offer, each Sinclair Shareholder will be entitled to receive:

**32 pence in cash for each Sinclair Share**

- The Offer values the entire issued and to be issued share capital of Sinclair at approximately £166.6 million and represents a premium of approximately:
  - 9.2 per cent. to the Closing Price of 29.3 pence per Sinclair Share on 17 September 2018, being the last Business Day before this Announcement (the "**Last Business Day**");

- 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 the announcement of the Possible Offer);
  - 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); and
  - 91.3 per cent. to the volume weighted average Closing Price of 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).
- The Offer is conditional, amongst other things on:
    - the Scheme becoming unconditional and Effective (including, without limitation, 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. This Condition is not capable of being waived by Huadong.
  - The Offer is subject to the terms and conditions set out in Appendix 2 to this Announcement and to be set out in the Scheme Document.
  - As certain Sinclair Directors, being Chris Spooner and Alan Olby, will have a personal interest in the MIP (and consequently the Offer more generally), the Board of Sinclair has constituted a committee comprised of the Sinclair Independent Directors for the purpose of evaluating and recommending the Offer.
  - The Sinclair Independent Directors, who have been so advised by Rothschild and Peel Hunt as to the financial terms of the Offer, unanimously consider the terms of the Offer to be fair and reasonable. In providing their advice to the Sinclair Independent Directors, Rothschild and Peel Hunt have taken into account the commercial assessments of the Sinclair Independent Directors. Rothschild and Peel Hunt are providing independent financial advice to the Sinclair Independent Directors for the purpose of Rule 3 of the Code.
  - As a result of their interest in the MIP, Chris Spooner and Alan Olby are not entitled to vote their Sinclair Shares on the MIP Resolution. 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.
  - In addition, the Sinclair Independent Directors consider the terms of the Offer to be in the best interests of the Sinclair Shareholders as a whole. Accordingly, the Sinclair Independent Directors intend unanimously to recommend that Sinclair Shareholders vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting. 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 the Last Business Day.

- 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 Resolution(s) (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 the Last Business Day.
- 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 the Last Business Day.
- 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 the Last Business Day.
- 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 the 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 the Last Business Day.
- 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 on the Last Business Day.
- The Offer is also subject to the Conditions and further terms set out in Appendix 2 to this Announcement, including the sanction of the Scheme by the Court, and to the full terms and conditions to be set out in the Scheme Document.
- The Scheme Document, containing further information about the Offer and the Scheme and notices convening the Court Meeting and the General Meeting, will be published in due course and, in any event, within 28 days of the date of this Announcement (unless otherwise agreed with the Panel), and will be made available by Huadong on its 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/recommended-offer-for-the-company>.

Commenting on the Offer, Grahame Cook, the Chairman of Sinclair, said:

*"The cash offer announced today represents a compelling proposition for Sinclair Shareholders and other stakeholders. The Board continues to believe that the prospects for Sinclair are excellent. However, the offer from Huadong allows Sinclair Shareholders to crystallise future cash value today. In making the recommendation to Sinclair Shareholders, we have taken into account business execution risk of our global roll-out and the challenge of operating in a large global market with finite capital resources."*

Commenting on the Offer, Mr. Bangliang Li, the Chairman of HMC, said:

*"As a listed company with a history of over 20 years and with achievements in the high quality specialty drugs area and the aesthetic medicine market, HMC considers Sinclair's portfolio of aesthetic medicine products and global presence to be highly attractive and complementary. This acquisition will provide HMC with direct access to overseas markets, to which HMC attaches great importance. We are excited at the prospect of working together with Sinclair's management team to build a leading global aesthetics medicine business and realising the synergies between our organizations."*

This summary should be read in conjunction with, and is subject to, the following full Announcement and the Appendices. The Conditions and certain further terms of the Offer are set out in Appendix 2 to this Announcement. Appendix 1 contains the definitions of certain terms used in this Announcement. Appendix 3 contains details of the irrevocable undertakings and the letter of intent given to Huadong. Appendix 4 contains bases and sources of certain information contained in this Announcement.

#### **Enquiries**

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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 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 will be effected solely through the Scheme Document (or, if the Offer is implemented by way of a Contractual Offer, the offer document) which will contain the full terms and conditions of the Offer. 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 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, 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 Offer, disclaim any responsibility or liability for the violation of such restrictions by any person.

The availability of the Offer 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 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.

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 formal documentation relating to the Offer 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 the Offer 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 relates 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 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, 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(c) 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 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/recommended-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 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 Huadong, telephone number +86 571 89903290 or Sinclair by contacting Andy Crane, telephone number +44 (0) 20 7467 6920.

#### **Sinclair Shares**

As at close of business on the Last Business Day, 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 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 document, 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 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.

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Huadong and Sinclair today confirm that these pre-conditions have now been satisfied and, accordingly, the Sinclair Independent Directors and Huadong are pleased to announce that they have reached agreement on the terms of a recommended cash offer by Huadong to acquire the entire issued and to be issued share capital of Sinclair.

The Offer is intended to be implemented by means of a Court-sanctioned scheme of arrangement between Sinclair and Sinclair Shareholders under Part 26 of the Companies Act. Huadong reserves the right to elect to implement the Offer by way of a Contractual Offer, subject to the terms of the Offer Agreement and the Panel's consent, if required.

The Scheme will be subject to the Conditions and further terms set out below and in Appendix 2 to this Announcement and the full terms and conditions to be set out in the Scheme Document.

Subject to the satisfaction or, where applicable, waiver of the Conditions, it is expected that the Scheme will become Effective in November 2018. Further details in respect of the expected timetable of key events in relation to the Offer will be set out in the Scheme Document to be sent to Sinclair Shareholders in due course.

## 2. Terms of the Offer

The Offer, which will be subject to the conditions and principal further terms referred to in Appendix 2 to this Announcement, will be made on the following basis:

**for each Sinclair Share                      32 pence in cash**

- The Offer values the entire issued and to be issued share capital of Sinclair at approximately £166.6 million and represents a premium of approximately:
  - 9.2 per cent. to the Closing Price of 29.3 pence per Sinclair Share on the Last Business Day;
  - 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 the announcement of the Possible Offer);
  - 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); and
  - 91.3 per cent. to the volume weighted average Closing 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).

If, after the date of the Rule 2.4 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 the amount of such dividend and/or distribution and/or return of capital so announced, declared, made, paid or payable.

Certain Sinclair Directors (being Chris Spooner and Alan Olby) will have a personal interest in the MIP and consequently the 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 Offer.

Additionally, as the value of the arrangements contemplated by the MIP is significant, pursuant to Rule 16.2(b) and 16.2(d) of the Code, the MIP will be subject to the approval of Sinclair Independent Shareholders by way of the MIP Resolution. 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.

As a result of their interest in the MIP, Chris Spooner and Alan Olby are not entitled to vote their Sinclair Shares on the MIP Resolution at the General Meeting.

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 the the Last Business Day.

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 Resolution(s) (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 the Last Business Day.

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, which represent approximately 17.6 per cent. of the issued ordinary share capital of Sinclair on the Last Business Day.

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 the Last Business Day.

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 the 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 the Last Business Day.

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 on the Last Business Day).

Further details of the irrevocable undertakings and the letter of intent are set out in paragraph 16 below and Appendix 3 to this Announcement.

### 3. **Sinclair Share Schemes, Bonus Plans and Convertible Loan Notes**

Huadong will make appropriate proposals to the holders of options to acquire Sinclair Shares granted under the VCP in accordance with Rule 15 of the Code. Further details of these proposals will be set out in the Scheme Document. Full details of the effect of the Offer on participants' rights under the VCP, and the actions they may take in respect of their options, will be communicated to participants in separate letters to be sent to them when the Scheme Document is published.

As a result of the Scheme becoming Effective, all awards under the Sinclair 2013 Bonus Plan (the "**Bonus Plan**") will be accelerated and vest in full. It is expected that the deferred amounts accrued under the Bonus Plan will be cash settled by Sinclair on the same terms as the Offer and in accordance with the provisions of the Bonus Plan. Provisions for any pro rata bonus awards for 2018 arising under the Bonus Plan are under discussion.

In addition, Huadong will make an appropriate proposal to the holder of the £3,584,000 8 per cent. convertible loan notes issued by Sinclair on 21 February 2018 (the "**Convertible Loan Notes**") to acquire Sinclair Shares issued pursuant to the conversion of such Convertible Loan Notes pursuant to Rule 15 of the Code. Further details of this proposal will be set out in the Scheme Document.

### 4. **Information on Sinclair**

Sinclair is a pure play aesthetics business operating directly in Western Europe, South Korea, Brazil and the USA, and via distributors in Asia, Latin America and the Middle East. Employing over 230 people and with an extensive office network in the territories where its products are sold, Sinclair has a portfolio of differentiated, complementary aesthetics technologies with a focus on collagen stimulation. Sinclair's product lines (Silhouette®, Ellansé®, Perfectha® and Sculptra®/New-Fill®) operate at the premium end of the medical aesthetics market, designed to target clinical need and consumer demand for effective, longer duration, natural looking and minimally invasive aesthetics treatments.

For the financial year ended 31 December 2017, Sinclair generated revenue of £45.3 million, gross profit of £32.9 million and Adjusted EBITDA of £0.4 million.

Sinclair is headquartered in London and is publicly traded on AIM under the code SPH.

## **5. 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 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\$8.1 billion as at the close of business on the Last Business Day.

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 the Last Business Day.

CGE's largest shareholder is Beijing Yuanda Huachuang Investment Co., Ltd ("BJYHIC") which holds approximately 93.0 per cent. of the issued share capital of CGE as at the close of business the Last Business Day. 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 the Last Business Day 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.

#### **6. Background to and reasons for the Offer**

The directors of Huadong believe that Sinclair's unique product portfolio, broad geographical coverage, manufacturing facilities and know-how, clear product development strategy and sustained sales growth is highly complementary to HMC's strategic goal of building a globally leading aesthetics franchise. The combination of Sinclair and HMC would represent a unique opportunity to leverage both companies' strengths, creating a highly competitive and synergistic international aesthetic platform.

HMC and Huadong intend to leverage HMC's clinical, regulatory, manufacturing and marketing and financing strength to expand Sinclair's aesthetic business and introduce Sinclair's products to the Chinese market. Huadong envisages an opportunity to grow the combined businesses' aesthetic platform and intends to support Sinclair in further expanding the business internationally and, in particular, in China.

#### **7. Background to and reasons for the Recommendation**

Sinclair became a pure play aesthetic business in late 2015 following the disposal of its non-aesthetics business. Since then it has seen strong growth in sales of its products and it has entered into new markets with the support of a significant body of technical, scientific and safety data, addressing both patient and physician demands.

As further described in the interim trading update announcement on 5 July 2018, the Sinclair Independent Directors believe that Sinclair is well placed to continue the current growth trajectory. In the past two and a half years, Sinclair has launched direct affiliates in the key markets of Brazil and South Korea. In April 2018, Sinclair announced the creation of its own direct sales operation in the US, following the termination of the US distribution agreement with ThermiGen. The US business performed ahead of Sinclair's expectations in its first financial quarter, with the ambition to grow the salesforce from 10 directly employed representatives to 15 by the end of the year. Further direct affiliates are expected to be launched in Australia in 2018 and Canada in 2019, however, Sinclair has had to ensure that its expansion plans and product development activities are commensurate with its financial resources.

Notwithstanding this confidence in Sinclair's standalone prospects, the Sinclair Independent Directors recognise that the Offer represents a highly compelling value proposition for Sinclair, its shareholders and wider stakeholders that would otherwise be unlocked only as Sinclair executes its long-term growth strategy, which is subject to execution risks and potentially further capital investment requirements.

The Sinclair Independent Directors recognise that the Offer allows Sinclair Shareholders to crystallise the cash value of their holdings at a premium of 74.9 per cent. to the closing price of a Sinclair Share of 18.3 pence on 4 July 2018 (being the last Business Day before the announcement that Sinclair and Huadong were in discussions).

The Sinclair Independent Directors, after careful consideration, therefore, believe the terms of the Offer are in the best interests of Sinclair Shareholders and Sinclair as whole. As such, the Sinclair Independent Directors unanimously intend to recommend that Sinclair Shareholders vote, or procure the vote, in favour of the Scheme (see paragraph 17 below for further information).

#### **8. Management, Employees and Locations**



HMC's ambition is to build a globally leading aesthetics franchise. HMC believes that Sinclair's unique product portfolio, broad geographical coverage, manufacturing facilities and know-how, clear product development strategy and sustained sales growth are highly complementary to HMC's strategic goal. A combination of Sinclair and HMC would represent a unique opportunity to leverage both companies' strengths, creating a highly competitive and synergistic international aesthetic platform.

HMC and Huadong attach great importance to the skills and experience of Sinclair's management team and employees and view them as an important asset of Sinclair. Chris Spooner and Alan Olby will remain directors of Sinclair in their capacity as Chief Executive Officer and Chief Financial Officer, respectively, following the Effective Date. HMC will appoint an additional three directors to the board. Grahame Cook and Jeffery Thompson (being Sinclair's non-executive directors) will cease to be directors of Sinclair immediately following the Scheme becoming Effective.

Huadong and HMC expect to undertake a review of all research and development activities of Sinclair after the Scheme becomes Effective, although, based on the information which Sinclair has provided Huadong and HMC in the course of their due diligence, Huadong and HMC do not expect the outcome of this review to result in any material changes to Sinclair's research and development and activities.

HMC and Huadong do not intend to change the principal locations of Sinclair's places of business. They intend to maintain Sinclair's UK headquarters and its functions, to leverage HMC's investment, technology and business expertise, and to work with Sinclair's management to expand the business globally. In particular, HMC and Huadong intend to provide support for the development of Sinclair's products in the Chinese market as they have great confidence in the development potential of Sinclair's products in China.

HMC and Huadong have no plans to redeploy any fixed assets of Sinclair, reduce Sinclair's or its subsidiaries' workforce, or make any material change to the conditions of employment of the Sinclair Group's employees and management or the balance of skills and functions of such employees and management. The plans of HMC and Huadong do not involve any change to any employer contributions made by Sinclair into personal or other pension schemes, the accrual of benefits for existing members and the admission of new members.

As further described in paragraph 10 below, it is intended that, prior to the Scheme becoming Effective, an application will be made to cancel the admission to trading of Sinclair Shares on AIM and, if the Scheme becomes Effective, such admission will be cancelled.

Following completion of the Offer, Huadong confirms that the existing employment rights of all of Sinclair's employees will be fully observed and pension obligations complied with.

## **9. Management Incentive Plan**

Huadong believes that the ongoing participation of certain directors, officers and senior managers in the Sinclair Group ("**MIP Participants**") is a very important element of the Offer. Accordingly, if the Scheme 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 taking effect ("**Cancellation**").

A legally binding term sheet dated 28 August 2018 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 proposed MIP Participants, on the other (the "**MIP Term Sheet**"). The MIP Term Sheet contains the key terms of the MIP, a summary of which is as follows:

- the total cash pool potentially payable under the MIP is £25.0 million, the majority of which is 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 be 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. Neither they, nor their respective connected persons, will be entitled to vote on the MIP Resolution at the General Meeting (and neither will any of the other MIP Participants). Each of Chris Spooner and Alan Olby has irrevocably undertaken to vote, or procure the vote, in favour of the Scheme and the other Resolution(s) 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 is conditional, amongst other things, upon the passing of the MIP Resolution by the requisite majority of the Sinclair Independent Shareholders..

#### **10. Cancellation of admission to trading on AIM**

Sinclair intends, at least 20 Business Days prior to the Scheme becoming Effective, to make an application for the cancellation of the admission to trading of Sinclair Shares on AIM, requesting that the cancellation takes place shortly after the Effective Date. It is intended that dealing in Sinclair Shares will be suspended at 5.00 p.m. (London time) on the Business Day immediately preceding the Effective Date.

On the Effective Date, Sinclair will become a wholly-owned subsidiary of Huadong. As soon as possible after the Effective Date, it is intended that Sinclair will be re-registered as a private limited company under the relevant provisions of the Companies Act.

#### **11. Financing the Offer**

The Cash Consideration will be funded using Huadong's existing cash resources. Huadong has obtained an irrevocable guarantee from Industrial and Commercial Bank of China Limited, London Branch to fund the Cash Consideration, which it can call on as an alternative to using its existing cash resources.

Piper Jaffray, financial adviser to Huadong, is satisfied that sufficient resources are available to Huadong to satisfy in full the Cash Consideration payable under the terms of the Offer.

## **12. Disclosures of interests in Sinclair**

Save in respect of the irrevocable undertakings and the letter of intent referred to in paragraph 16 and in Appendix 3 to this Announcement, as at the close of business on the Last Business Day, neither Huadong, nor any of its directors, nor, so far as Huadong is aware, any person acting in concert (within the meaning of the Code) with it has (i) any interest in or right to subscribe for any relevant securities of Sinclair; nor (ii) any short positions in respect of relevant Sinclair Shares (whether conditional or absolute and whether in the money or otherwise), including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, nor (iii) borrowed or lent any relevant Sinclair Shares (including, for these purposes, any financial collateral arrangements of the kind referred to in Note 4 on Rule 4.6 of the Code).

## **13. The Scheme**

It is proposed that the Offer will be implemented by way of a Court-sanctioned scheme of arrangement between Sinclair and Sinclair Shareholders under Part 26 of the Companies Act, although Huadong reserves the right (subject to the terms of the Offer Agreement and the Panel's consent, if required) to implement the Offer by way of a Contractual Offer for the entire issued and to be issued share capital of Sinclair, and to make appropriate amendments to the terms of the Offer arising from the change from the Scheme to a Contractual Offer. The purpose of the Scheme is for Huadong to become the owner of the entire issued and to be issued share capital of Sinclair.

The Scheme is subject to the Conditions and certain further terms set out in Appendix 2 to this Announcement and to the full terms and conditions to be set out in the Scheme Document, and will only become Effective if, among other things, the following events occur on or before the Long Stop Date:

- a resolution to approve the Scheme is passed by a majority in number of the Scheme Shareholders present and voting (and entitled to vote) at the Court Meeting, either in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders;
- the Resolution(s) (other than the MIP Resolution) are passed, which will require the approval of Sinclair Shareholders controlling at least 75 per cent. of the votes cast at the General Meeting, which is expected to be held immediately after the Court Meeting;
- the MIP Resolution is passed, which will require the approval of Sinclair Independent Shareholders controlling more than 50 per cent. of the votes cast by Sinclair Independent Shareholders on the MIP Resolution. The requirement for the MIP Resolution to be passed is not capable of being waived by Huadong;
- following the Meetings, the Scheme is sanctioned by the Court (without modification, or with modification on terms agreed by Sinclair and Huadong); and
- a copy of the Scheme Court Order is delivered to the Registrar of Companies, whereupon the Scheme will become Effective.

Upon the Scheme becoming Effective, it will be binding upon all Sinclair Shareholders irrespective of whether or not they attended and/or voted at the Court Meeting or the General Meeting. Any Sinclair Shares issued before the Scheme Record Time will be subject to the terms of the Scheme.

If the Scheme does not become Effective on or before the Long Stop Date, it will lapse and the Offer will not proceed unless Huadong and Sinclair agree otherwise and the Panel consents.

Further details of the Scheme, including an indicative timetable for its implementation, will be set out in the Scheme Document.

#### **14. The Court Meeting and the General Meeting**

The Court Meeting and the General Meeting, are expected to be held during October 2018. Notices to convene the Court Meeting (subject to the consent of the Court) and the General Meeting will be included in the Scheme Document.

The purpose of the Court Meeting is to seek the approval of Sinclair Shareholders for the Scheme and certain related matters.

The purpose of the General Meeting is to consider and, if thought fit, pass the Resolutions which will, among other matters, provide that the Articles be amended to incorporate provisions requiring any Sinclair shares issued after the Scheme Record Time (other than to Huadong and/or its nominees) to be automatically transferred to Huadong, or as it shall direct, on the same terms as the Offer (other than terms as to timings and formalities). The provisions of the Articles (as amended) will prevent any person other than Huadong and its nominees holding shares in the capital of Sinclair after the Effective Date.

#### **15. Expected timetable for posting of the Scheme Document**

It is expected that the Scheme Document will be posted to Sinclair Shareholders (and for information only to holders of options granted under the VCP) during October 2018 (and, in any event, within 28 days of this Announcement, unless otherwise agreed with the Panel) and that the Scheme will become Effective in November 2018, subject to the satisfaction (or, where applicable, waiver) of the Conditions.

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

##### **Sinclair Directors**

Huadong has received irrevocable undertakings to vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions (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 in issue on the Last Business Day.

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 Resolution(s) (other than the MIP Resolution) (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 the Last Business Day.

Each of the irrevocable undertakings referred to above will cease to be binding only if the Scheme (or, if made, a Contractual Offer):

- a) does not become Effective; or

- b) 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.

Further details of these irrevocable undertakings are set out in Appendix 3 to this Announcement.

#### ***Other Sinclair Shareholders***

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 the Last Business Day.

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 the Last Business Day.

Further details of these irrevocable undertakings and the letter of intent are set out in Appendix 3 to this Announcement.

#### **17. Recommendation**

The Sinclair Independent Directors, who have been so advised by Rothschild and Peel Hunt as to the financial terms of the Offer, consider the terms of the Offer to be fair and reasonable. In providing their advice to the Sinclair Independent Directors, Rothschild and Peel Hunt have taken into account the commercial assessments of the Sinclair Independent Directors. Rothschild and Peel Hunt are providing independent financial advice to the Sinclair Independent Directors for the purposes of Rule 3 of the Code.

In addition, the Sinclair Independent Directors consider the terms of the Offer to be in the best interests of Sinclair Shareholders as a whole. Accordingly, the Sinclair Independent Directors unanimously intend to recommend that Sinclair Shareholders vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions at the General Meeting. Huadong has received 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 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 the Last Business Day.

#### **18. Offer-related arrangements and documents available on website**

##### ***Confidentiality Agreement***

Pursuant to the Confidentiality Agreement, HMC has undertaken to Sinclair to, amongst other things: (a) keep confidential information relating to the Offer and Sinclair and not to disclose it to third parties unless permitted by the terms of the Confidentiality Agreement; and (b) use the confidential information for the sole purpose of the potential Offer. With certain exceptions, the confidentiality obligations will expire two years from the date of the Confidentiality Agreement.

The Confidentiality Agreement also contains undertakings from HMC that it will not, whether directly or indirectly, while negotiations in relation to the Offer are taking place or for a period of twelve months from the date that negotiations cease, solicit or entice away, or endeavour to solicit or entice away, or employ any person from Sinclair who has confidential information or who would be in a position to exploit Sinclair's or its group's trade connections.

### ***Offer Agreement***

Sinclair, Huadong and HMC entered into the Offer Agreement in respect of the Possible Offer on 28 August 2018.

The Offer Agreement contains, *inter alia*, details of the pre-conditions (the "**Pre-Conditions**") which were required to be satisfied (or, where relevant, waived) before the release of this Announcement.

The Pre-Conditions having now been satisfied, in accordance with its terms, the Offer Agreement terminated (save in respect of certain continuing provisions, including (without limitation) Huadong's right to switch to a Contractual Offer in certain circumstances) upon the release of this Announcement.

A summary of the full terms of the Offer Agreement was provided in the Possible Offer Announcement.

### ***MIP Term Sheet***

Details of the MIP Term Sheet are set out at paragraph 9 above.

### ***Documents available on website***

Copies of the following documents will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Huadong's website at [http://www.eastchinapharm.com/En/News/Sinclair\\_Notice](http://www.eastchinapharm.com/En/News/Sinclair_Notice) and Sinclair's website at <https://www.sinclairpharma.com/investors/recommended-offer-for-the-company> by no later than 12:00 noon (London time) on the Business Day following the date of this Announcement until the end of the Offer Period (for the avoidance of doubt, the contents of those websites are not incorporated into and do not form part of this Announcement):

- this Announcement;
- the irrevocable undertakings and the letter of intent referred to in paragraph 16 above and in Appendix 3;
- the consent letters referred to in paragraph 20 below;
- the Confidentiality Agreement;
- the Offer Agreement; and
- the MIP Term Sheet.

### **19. Availability of hard copies**

If this Announcement is sent to you in electronic form or you have been sent a website notification, you may request a hard copy of this Announcement by contacting Huadong (ref: Bo Chen) during business hours on +86 571 89903290 or by submitting a request in writing to Huadong (ref: Bo Chen) at [pretor@hdpharm.com](mailto:pretor@hdpharm.com). Hard copies of this Announcement will not be sent to any further persons unless so requested. You may also request that all future documents, announcements and information to be sent to you in relation to the Offer should be in hard copy form.

## 20. General

This Announcement does not constitute an offer or an invitation to purchase any securities.

The Offer will be made subject to the Conditions and on the terms contained in Appendix 2 to this Announcement and on the further terms and Conditions to be set out in the Scheme Document. Huadong reserves the right to implement the Offer by way of a Contractual Offer (subject to the terms of the Offer Agreement and the Panel's consent, if required) for the entire issued and to be issued share capital of Sinclair, and to make appropriate amendments to the terms of the Offer arising from the change from the Scheme to a Contractual Offer.

The Offer and the Scheme will be governed by the law of England and Wales and will be subject to the jurisdiction of the courts of England and Wales. The Offer will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the AIM Rules, and the Financial Conduct Authority.

Piper Jaffray has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion of the references to its name in the form and context in which they appear.

Rothschild has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion of the references to its name in the form and context in which they appear.

Peel Hunt has given and has not withdrawn its written consent to the issue of this Announcement with the inclusion of the references to its name in the form and context in which they appear.

The Conditions and certain further terms of the Offer are set out in Appendix 2 to this Announcement. Appendix 1 contains the definitions of certain terms used in this Announcement. Appendix 3 contains details of the irrevocable undertakings and the letter of intent given to Huadong. Appendix 4 contains bases and sources of certain information contained in this Announcement.

### Enquiries

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Bo Chen

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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.

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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 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 will be effected solely through the Scheme Document (or, if the Offer is implemented by way of a Contractual Offer, the offer document) which will contain the full terms and conditions of the Offer. 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 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 Offer, disclaim any responsibility or liability for the violation of such restrictions by any person.

The availability of the Offer 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 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.

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 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 the Offer 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 relates 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 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, 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(c) 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 Scheme 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 Sinclair's website at <https://www.sinclairpharma.com/investors/recommended-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 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 Huadong, telephone number +86 571 89903290 or Sinclair by contacting Andy Crane at Huadong, telephone number +44 (0) 20 7467 6920.

#### **Sinclair Shares**

As at close of business on the Last Business Day, 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 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 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 pm (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 pm (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 any 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 pm (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>"Adjusted EBITDA"</b>	earnings before interest, tax, depreciation, amortisation, impairment, share based payments, exceptional items and loss from discontinued items
<b>"AIM"</b>	the market of that name operated by the London Stock Exchange
<b>"Announcement"</b>	this announcement made in accordance with Rule 2.7 of the Code
<b>"Articles"</b>	the articles of association of Sinclair from time to time
<b>"Authorisations"</b>	regulatory authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions or approvals
<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>"Cash Consideration"</b>	the entitlement for Sinclair Shareholders under the terms of the Offer to receive the Offer Price in cash in consideration for each Sinclair Share
<b>"Closing Price"</b>	unless otherwise stated, the closing middle market quotation of a share derived from the AIM Appendix to the Daily Official List
<b>"CMA"</b>	the UK Competition and Markets Authority
<b>"CMA Phase 2 Reference"</b>	a reference of the Offer or any part of it to the Chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013
<b>"Code"</b>	the City Code on Takeovers and Mergers
<b>"Companies Act"</b>	the Companies Act 2006
<b>"Conditions"</b>	the terms and conditions to the implementation of the Scheme, as set out in Appendix 2 to this Announcement and to be set out in the Scheme Document
<b>"Confidentiality Agreement"</b>	the confidentiality agreement entered into between Sinclair and HMC on 16 July 2018

<b>"Contractual Offer"</b>	means 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>	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>"CREST"</b>	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear
<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>"Disclosed"</b>	fairly disclosed by, or on behalf of Sinclair, (i) in the annual report and accounts of the Sinclair for the financial year ended 31 December 2017; (ii) in this Announcement; (iii) in any other announcement to a Regulatory Information Service by, or on behalf of Sinclair prior to the publication of this Announcement; (iv) in any of the documents, papers or written information made available in the data room maintained by Sterling Data Rooms entitled Project Sculpture before 5.00 p.m. on 17 September 2018; or (v) as otherwise fairly disclosed to Huadong or its officers, employees, agents or advisers prior to the date of this Announcement
<b>"Effective"</b>	in the context of the Offer (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>	the date on which the Scheme becomes Effective in accordance with its terms
<b>"EU Merger Regulation"</b>	Council Regulation 139/2004/EC of 20 January 2004 on the control of concentrations between undertakings
<b>"Euroclear"</b>	Euroclear UK and Ireland Limited
<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>"Financial Conduct Authority"</b>	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of the UK Financial Services and Markets Act 2000

<b>"Form(s) of Proxy"</b>	the forms of proxy for use by Shareholders in connection with the Court Meeting and the General Meeting
<b>"General Meeting"</b>	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>"HMC"</b>	Huadong Medicine Co., Ltd., a Chinese company listed on the Shenzhen Stock Exchange or, if the context so requires, its wholly owned subsidiary, Huadong
<b>"Huadong"</b>	Huadong Medicine Aesthetics Investment (HongKong) Limited, a company incorporated in Hong Kong with company number 2714281
<b>"Huadong Group"</b>	Huadong and its parent undertakings and subsidiary undertakings
<b>"Last Business Day"</b>	17 September 2018, being the last Business Day before the date of this Announcement
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"Long Stop Date"</b>	5.00 p.m. (London time) on 21 December 2018, or such later date (if any) as Huadong and Sinclair may agree and (if required) the Panel and the Court may allow
<b>"Meetings"</b>	the Court Meeting and the General Meeting
<b>"MIP"</b>	the management incentive plan, as more fully described in paragraph 9 of this Announcement
<b>"MIP Participants"</b>	has the meaning given thereto in paragraph 9 of this Announcement
<b>"MIP Resolution"</b>	the Resolution to be proposed by Sinclair at the General Meeting in connection with the approval of the MIP
<b>"Offer"</b>	the offer to be made by Huadong to acquire the entire issued and to be issued share capital of Sinclair to be effected by means of the Scheme (or, if Huadong so elects, subject to the terms of the Offer Agreement and with, if required, the consent of the Panel, a Contractual Offer) on the terms and subject to the Conditions set out in this Announcement and to be set out in the Scheme Document and, where the context admits, any subsequent revision, variation, extension or renewal thereof
<b>"Offer Agreement"</b>	the offer agreement entered into between Sinclair, Huadong and HMC dated 28 August 2018
<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 date on which the Scheme becomes Effective, lapses or is withdrawn (or such other date as the Panel may decide)
<b>"Offer Price"</b>	32 pence in cash per Sinclair Share



<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"</b>	the proposed scheme of arrangement under Part 26 of the Companies Act between Sinclair and Sinclair Shareholders in connection with the Offer, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Sinclair and Huadong
<b>"Scheme Court Hearing"</b>	the hearing of the Court to sanction the Scheme
<b>"Scheme Court Order"</b>	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, containing, among other things, the Scheme and the notices convening the Court Meeting and the General Meeting
<b>"Scheme Record Time"</b>	the date and time specified in the Scheme Document, expected to be 6.00 p.m. London Time on the Business Day immediately before, or after, the Scheme Court Hearing;

<b>"Scheme Shareholder"</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>"Significant Interest"</b>	in relation to an undertaking, a direct or indirect interest of 10 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking
<b>"Sinclair" or the "Company"</b>	Sinclair Pharma Plc
<b>"Sinclair Directors"</b>	the directors of Sinclair
<b>"Sinclair Group"</b>	Sinclair and its subsidiaries and subsidiary undertakings
<b>"Sinclair Independent Directors"</b>	the Sinclair Directors 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 Shareholders"</b>	the holders of Sinclair Shares
<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>"Third Party"</b>	any central bank, ministry, government or governmental, quasi-governmental (including the European Union), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), supranational, statutory, regulatory, environmental, administrative, fiscal or investigative body, authority, court, trade agency, association, institution, professional or environmental body, employee representative body or bodies responsible for the review and/or approval of mergers, acquisitions, concentrations, joint ventures or any other similar matter or any other body or person whatsoever (including any national or supranational anti-trust or merger control authority, any sectoral ministry or regulator and any foreign investment review body), in any jurisdiction
<b>"United Kingdom" or "UK"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"VCP"</b>	the Sinclair 2011 Value Creation Plan

<b>"Voting Record Time"</b>	the date and time specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined
<b>"Wider Huadong Group"</b>	Huadong and associated undertakings and any other body corporate, partnership, joint venture or person in which Huadong and all such undertakings (aggregating their interests) have a Significant Interest
<b>"Wider Sinclair Group"</b>	Sinclair and associated undertakings and any other body corporate, partnership, joint venture or person in which Sinclair and such undertakings (aggregating their interests) have a Significant Interest

For the purposes of this Announcement, **"subsidiary"**, **"subsidiary undertaking"**, **"associated undertaking"** and **"undertaking"** have the meanings given to such terms in the Companies Act.

All references to **"pounds"**, **"pounds Sterling"**, **"Sterling"**, **"GBP"**, **"£"**, **"pence"**, **"penny"** and **"p"** are to the lawful currency of the United Kingdom.

All references to **"\$"**, **"US\$"**, **"USD"** or dollar are to the lawful currency of the United States of America.

All references to **"CNY"** are to the lawful currency of the People's Republic of China.

All the times referred to in this Announcement are London times unless otherwise stated.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of legislation shall include any amendment, modification, re-enactment or extension thereof.

## **Appendix 2**

### **CONDITIONS AND CERTAIN FURTHER TERMS OF THE OFFER**

#### **Part A: Conditions of the Scheme**

1. The Offer is conditional upon the Scheme becoming unconditional and Effective, subject to the Code, by not later than the Long Stop Date.
2. The Scheme will be subject to the following conditions:
  - 2.1 its approval by a majority in number of Scheme Shareholders (or the relevant class or classes thereof, if applicable) who are on the register of members of Sinclair at the Voting Record Time, present and voting, whether in person or by proxy, representing 75 per cent. or more in value of the Scheme Shares held by those Scheme Shareholders, at the Court Meeting and at any separate class meeting which may be required, or any adjournment thereof, provided that the Court Meeting may not be adjourned beyond the 22<sup>nd</sup> day after the expected date of the Court Meeting to be set out in the Scheme Document in due course, or such later date (if any) as Huadong and Sinclair may agree and the Court may allow;
  - 2.2 the Resolution(s) (other than the MIP Resolution) being duly passed by the requisite majorities of Sinclair Shareholders at the General Meeting;
  - 2.3 the MIP Resolution being duly passed by the requisite majority of Sinclair Independent Shareholders at the General Meeting;
  - 2.4 such General Meeting being 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 in due course (or such later date as may be agreed by Huadong and Sinclair);
  - 2.5 the sanction of the Scheme by the Court (with or without modification but subject to any modification being on terms acceptable to Sinclair and Huadong) and the delivery of a copy of the Scheme Court Order to the Registrar of Companies for registration; and
  - 2.6 the Scheme Court Hearing being held on or before the 22<sup>nd</sup> day after the expected date of the Scheme Court Hearing to be set out in the Scheme Document in due course (or such later date as may be agreed by Huadong and Sinclair and the Court may allow).
3. In addition, subject as stated in Part B below and to the requirements of the Panel, the Offer will be conditional upon the following Conditions and, accordingly, the necessary actions to make the Scheme Effective will not be taken unless such Conditions (as amended, if appropriate) have been satisfied or, where relevant, waived:

#### *Notifications, waiting periods and Authorisations*

- (a) all material and necessary notifications, filings or applications having been made in connection with the Offer and all necessary waiting periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory obligations in any jurisdiction having been complied with in each case in respect of the Offer and all Authorisations necessary in any jurisdiction for or in respect of the Offer and, except pursuant to Chapter 3 of Part 28 of the Companies Act, the acquisition or the proposed acquisition of any shares or other securities in, or control or management of, Sinclair or any other member of the Wider Sinclair Group by any member of the Wider Huadong Group having been obtained in terms and in a form reasonably satisfactory to Huadong from all appropriate Third Parties or (without prejudice to the

generality of the foregoing) from any persons or bodies with whom any member of the Wider Sinclair Group or the Wider Huadong Group has entered into contractual arrangements and all such Authorisations necessary to carry on the business of any member of the Wider Sinclair Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Offer becomes Effective or otherwise wholly unconditional and there being no notice of an intention to revoke, suspend, restrict, modify or not to renew such Authorisations and all such necessary statutory or regulatory obligations in any jurisdiction having been complied with;

- (b) except with the consent or the agreement of Huadong, no resolution of Sinclair Shareholders in relation to any acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a meeting of Sinclair Shareholders other than in relation to and as necessary to implement the Offer or the Scheme and, other than with the consent or the agreement of Huadong, no member of the Wider Sinclair Group having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Panel or the approval of Sinclair Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Code;

*General regulatory*

- (c) no antitrust regulator or Third Party having given notice of a decision or proposal to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything or taken any steps, or having enacted or made or proposed to enact or make any statute, regulation, decision, order or change to published practice (and, in each case, not having withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:
  - (i) require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Huadong Group or by any member of the Wider Sinclair Group of all or any material part of its businesses, assets or property or impose any material limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);
  - (ii) except pursuant to Chapter 3 of Part 28 of the Companies Act, require any member of the Wider Huadong Group or the Wider Sinclair Group to acquire or offer to acquire a material number of any shares, other securities (or the equivalent) or interest in any member of the Wider Sinclair Group or any asset owned by any third party (other than in the implementation of the Offer);
  - (iii) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Huadong Group directly or indirectly to acquire, hold or to exercise effectively all or any rights of ownership in respect of shares or other securities in or loans to Huadong or on the ability of any member of the Wider Sinclair Group or any member of the Wider Huadong Group directly or indirectly to hold or exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise voting or management control over, any member of the Wider Sinclair Group;
  - (iv) otherwise materially adversely affect any or all of the business, assets, prospects or profits of any member of the Wider Sinclair Group or the Wider Huadong Group;

- (v) result in any member of the Wider Sinclair Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer (as the case may be);
- (vi) make the Offer, or any aspect of the Offer, its implementation or the acquisition of any shares or other securities in, or control or management of, Sinclair by any member of the Wider Huadong Group void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise directly or indirectly materially prevent or prohibit, restrict, restrain, or delay or otherwise materially interfere with the implementation of, or impose additional materially adverse conditions or obligations with respect to, or otherwise materially challenge, impede, interfere or require material amendment of the Offer or the acquisition of any shares or other securities in, or control or management of, Sinclair by any member of the Wider Huadong Group;
- (vii) require, prevent or materially delay a divestiture by any member of the Wider Huadong Group of any shares or other securities (or the equivalent) in any member of the Wider Sinclair Group or any member of the Wider Huadong Group, to an extent which is material in the context of the Wider Sinclair Group taken as a whole or the Wider Huadong Group taken as a whole (as the case may be); or
- (viii) impose any material limitation on the ability of any member of the Wider Huadong Group or any member of the Wider Sinclair Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Huadong Group and/or the Wider Sinclair Group in a manner which is materially adverse to the Wider Sinclair Group taken as a whole or the Wider Huadong Group taken as a whole or in the context of the Offer (as the case may be),

and all applicable waiting and other time periods (including any extensions thereof) during which any such antitrust regulator or Third Party could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any relevant jurisdiction in respect of the Offer or the acquisition of any Sinclair Shares or of management or voting control of Sinclair or any member of the Wider Sinclair Group or otherwise intervene having expired, lapsed or been terminated;

*Certain matters arising as a result of any arrangement, agreement, etc.*

- (d) except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, franchise, permit or other instrument to which any member of the Wider Sinclair Group is a party or by or to which any such member or any of its assets is or may be bound, entitled or be subject or any event or circumstance which, as a consequence of the Offer or the acquisition or the proposed acquisition by any member of the Wider Huadong Group of any shares or other securities in Sinclair or because of a change in the control or management of any member of the Wider Sinclair Group or otherwise, could or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Sinclair Group taken as a whole or material in the context of the Offer:
- (i) any monies borrowed by, or any other indebtedness, actual or contingent, of, or any grant available to, any member of the Wider Sinclair Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Sinclair Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen) becoming enforceable or being enforced;
- (iii) any material assets of any member of the Wider Sinclair Group being disposed of or charged or ceasing to be available to any such member, or any right arising under which any asset could be required to be disposed of or charged or could cease to be available to any such member, in each case other than in the ordinary course of business;
- (iv) any obligation to obtain or acquire any licence, permission, approval, clearance, permit, notice, consent, authorisation, waiver, grant, concession, agreement, certificate, exemption order or registration from any Third Party;
- (v) any arrangement, agreement, lease, licence, permit licence, permission, approval, clearance, notice, consent, authorisation, waiver, grant, concession, certificate, exemption order or registration or other instrument being terminated or becoming capable of being terminated or adversely modified or the rights, liabilities, obligations or interests of any member of the Wider Sinclair Group being adversely modified or adversely affected or any obligation or liability arising or any adverse action being taken or arising thereunder;
- (vi) the rights, liabilities, obligations, interests or business of any member of the Wider Sinclair Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Sinclair Group in or with any other person or body or firm or company (or any arrangement or arrangement relating to any such interests or business) being or becoming capable of being terminated, or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken thereunder;
- (vii) any member of the Wider Sinclair Group ceasing to be able to carry on business under any name under which it presently carries on business;
- (viii) the creation or acceleration of any liability to taxation or an adverse effect on the tax position of any member of the Wider Sinclair Group;
- (ix) the value of, or the financial or trading position of, any member of the Wider Sinclair Group being prejudiced or adversely affected; or
- (x) the creation or acceleration of any liability (actual or contingent and including without limitation for taxation) by any member of the Wider Sinclair Group other than trade creditors or other liabilities incurred in the ordinary course of business,

and no event having occurred which, under any provision of any arrangement, agreement, licence, permit, franchise, lease or other instrument to which any member of the Wider Sinclair Group is a party or by or to which any such member or any of its assets are bound, entitled or subject, would or might, in each case to an extent which is material in the context of the Wider Sinclair Group taken as a whole or the Wider Huadong Group taken as a whole or in the context of the Offer, result in any of the events or circumstances as are referred to in Conditions 3(d)(i) to (x);

- (e) except as Disclosed, no member of the Wider Sinclair Group having:
  - (i) entered into any agreement, contract, transaction, arrangement or commitment or terminated or varied the terms of any agreement or arrangement (other than in the

ordinary course of business) which adversely affects the interests of the Wider Huadong Group and which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer;

- (ii) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider Sinclair Group or the Wider Huadong Group or which is or could involve obligations which would or might reasonably be expected to be so restrictive, in each case to an extent which is material in the context of the Wider Sinclair Group taken as a whole or the Wider Huadong Group taken as a whole; or
- (iii) entered into, implemented or authorised the entry into, any joint venture, asset or profit sharing agreement, partnership or merger of business or corporate entities;

*Certain events occurring since 31 December 2017*

(f) except as Disclosed, no member of the Wider Sinclair Group having since 31 December 2017:

- (i) issued, proposed or agreed to issue, or authorised or announced its intention to authorise or propose the issue, of, additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Sinclair Shares (except, where relevant, as between Sinclair and wholly owned subsidiaries of Sinclair or between the wholly owned subsidiaries of Sinclair, and except for the grant of options or awards, under employee share schemes in existence on 24 August 2018, including without limitation the VCP, and the issue of any shares pursuant to the exercise of options or awards granted under such schemes) or redeemed, purchased or reduced any part of its share capital;
- (ii) recommended, declared, paid or made, or proposed to declare, pay or make any bonus, dividend or other distribution (whether payable in cash or otherwise) other than dividends (or other distributions, whether payable in cash or otherwise) lawfully paid or made by any wholly owned subsidiary of Sinclair to Sinclair or any of its wholly owned subsidiaries;
- (iii) save as between Sinclair and its wholly-owned subsidiaries, effected, authorised, proposed or announced its intention to propose any change in its share or loan capital (or equivalent thereof);
- (iv) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or made any other change to any part of its share capital;
- (v) sold or transferred or agreed to sell or transfer any Sinclair Shares held by Sinclair as treasury shares except for the issue or transfer out of treasury of Sinclair Shares on the exercise of employee share options or vesting of employee share awards;
- (vi) proposed, agreed to provide or modified the terms of any share option scheme, incentive scheme or other benefit relating to the employment or termination of employment of any person employed by the wider Sinclair Group;
- (vii) save as between Sinclair and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Sinclair and except for transactions in the ordinary course of business, and other than pursuant to the Offer, implemented, effected, authorised, proposed or announced its intention to propose any merger, demerger, reconstruction,



arrangement, amalgamation, commitment or scheme or any acquisition or disposal or transfer of assets, shares or loan capital (or the equivalent thereof) or any right, title or interest in any assets, shares or loan capital (or the equivalent thereof) or other transaction or arrangement in respect of itself or another member of the Wider Sinclair Group which in each case would be material in the context of the Wider Sinclair Group taken as a whole;

- (viii) save as between Sinclair and its wholly-owned subsidiaries or between the wholly-owned subsidiaries of Sinclair and except for transactions in the ordinary course of business, acquired or disposed of or transferred or mortgaged, charged or encumbered any assets or shares or any right, title or interest in any assets or shares or authorised the same or entered into, varied or terminated or authorised, proposed or announced its intention to enter into, vary, terminate or authorise any agreement, arrangement, contract, transaction or commitment (other than in the ordinary course of business and whether in respect of capital expenditure or otherwise) which is of a loss-making, long-term or unusual or onerous nature or magnitude, or which involves or could involve an obligation of such a nature or magnitude, in each case whether in respect of capital expenditure or otherwise and which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer;
- (ix) exercised any pre-emption rights, or any similar rights that allow any member of the Wider Sinclair Group to subscribe for, or acquire, shares in any other person;
- (x) issued, authorised or proposed the issue of any debentures, or (other than in the ordinary course of business) incurred or increased any indebtedness or liability, actual or contingent, which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer;
- (xi) been unable or admitted that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business or proposed or entered into any composition or voluntary arrangement with its creditors (or any class of them) or the filing at court of documentation in order to obtain a moratorium prior to a voluntary arrangement or, by reason of actual or anticipated financial difficulties, commenced negotiations with one or more of its creditors with a view to rescheduling any of its indebtedness;
- (xii) except in relation to changes made or agreed as a result of, or arising from, changes to applicable law, made, or announced any proposal to make, any change or addition to any retirement, death or disability benefit or any other employment-related benefit (including, but not limited to, bonuses, retention arrangements or share incentive schemes or other benefit relating to the employment or termination of employment of any employee of the Wider Sinclair Group) of or in respect of any of its directors, employees, former directors or former employees;
- (xiii) save as between Sinclair and its wholly-owned subsidiaries, granted any lease or third party rights in respect of any of the leasehold or freehold property owned or occupied by it or transferred or otherwise disposed of any such property;
- (xiv) entered into or varied or made any offer (which remains open for acceptance) to enter into or vary the terms of any service agreement, commitment or arrangement with any director or senior executive of Sinclair or any director or senior executive of the Wider Sinclair Group;

- (xv) taken any action which results in the creation or acceleration of any material tax liability or any member of the Wider Sinclair Group or a material adverse effect on the tax position of any such member;
- (xvi) other than in respect of a member of the Wider Sinclair Group which is dormant and was solvent at the relevant time, taken or proposed any corporate action or had any steps taken or had any legal proceedings started or threatened against it for its winding-up (voluntary or otherwise), dissolution, striking-off or reorganisation or for the appointment of a receiver, administrator (including the filing of any administration application, notice of intention to appoint an administrator or notice of appointment of an administrator), administrative receiver, trustee or similar officer of all or any material part of its assets or revenues or for any analogous proceedings or steps in any jurisdiction or for the appointment of any analogous person in any jurisdiction;
- (xvii) made any amendment to its memorandum or articles of association;
- (xviii) waived, compromised or settled any claim or authorised any such waiver or compromise, save in the ordinary course of business, which is material in the context of the Wider Sinclair Group taken as a whole or material in the context of the Offer;
- (xix) taken, entered into or had started or threatened against it in a jurisdiction outside England and Wales any form of insolvency proceeding or event similar or analogous to any of the events referred to in Conditions 3(f)(xi) and (xvi) above; or
- (xx) agreed to enter into or entered into an agreement or arrangement or commitment or passed any resolution or announced any intention or made any offer (which remains open to acceptance) with respect to any of the transactions, matters or events referred to in this Condition 3(f);

*No adverse change, litigation, regulatory enquiry or similar*

- (g) except as Disclosed, since 31 December 2017 there having been:
  - (i) no adverse change and no circumstance having arisen which would or might reasonably be expected to result in any adverse change in, the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider Sinclair Group which is material in the context of the Wider Sinclair Group taken as a whole or is material in the context of the Offer;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been threatened, announced or instituted by or against or remaining outstanding against or in respect of any member of the Wider Sinclair Group or to which any member of the Wider Sinclair Group is or may become a party (whether as claimant, defendant or otherwise) having been threatened, announced, instituted or remaining outstanding by, against or in respect of, any member of the Wider Sinclair Group, in each case which is or might reasonably be expected to be material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer;
  - (iii) no enquiry, review or investigation by, or complaint or reference to, any Third Party against or in respect of any member of the Wider Sinclair Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the Wider Sinclair Group, in each case which might reasonably be expected to have a material adverse effect on the Wider Sinclair Group taken as a whole or the Wider Huadong Group taken as a whole or is material in the context of the Offer;

- (iv) no contingent or other liability having arisen or increased which is reasonably likely to affect adversely the business, assets, financial or trading position or profits or prospects of any member of the Wider Sinclair Group to an extent which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer;
- (v) no steps having been taken and no omissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence, authorization, permit or consent held or applied for by any member of the Wider Sinclair Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which or failure to obtain might reasonably be expected to have a material adverse effect on the Wider Sinclair Group taken as a whole or is material in the context of the Offer;

*No discovery of certain matters regarding information, liabilities and environmental issues*

(h) except as Disclosed, Huadong not having discovered:

- (i) that any financial, business or other information concerning any member of the Wider Sinclair Group publicly announced prior to the date of this Announcement by or on behalf of any member of the Wider Sinclair Group is misleading, contains a material misrepresentation of any fact, or omits to state a fact necessary to make that information not misleading, in any such case to an extent which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer;
- (ii) that any member of the Wider Sinclair Group is subject to any liability, contingent or otherwise, which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer and is not disclosed in the annual reports and accounts of Sinclair for the financial year ended 31 December 2017;
- (iii) that any past or present member, director, officer or employee of any member of the Wider Sinclair Group has not complied in any material respect with all applicable legislation, regulations or any Authorisations relating to the use, treatment, storage, carriage, disposal, discharge, spillage, release, leak or emission of any waste or hazardous substance or any substance likely to impair the environment (including property) or harm human or animal health or otherwise relating to environmental matters or the health and safety of humans, which non-compliance would be likely to give rise to any material liability, including any penalty for non-compliance (whether actual or contingent) on the part of any member of the Wider Sinclair Group which is material in the context of the Wider Sinclair Group taken as a whole;
- (iv) that there has been a disposal, discharge, spillage, accumulation, release, leak, emission or the migration, production, supply, treatment, storage, transport or use of any waste or hazardous substance or any substance likely to impair the environment (including any property) or harm human or animal health which (whether or not giving rise to non-compliance with any law or regulation), would be likely to give rise to any material liability on the part of any member of the Wider Sinclair Group, in each case to an extent which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer;
- (v) that there is or is reasonably likely to be any material obligation or liability (whether actual or contingent) or requirement to make good, remediate, repair, reinstate or clean up any property, asset or any controlled waters currently or previously owned, occupied, operated or made use of or controlled by any past or present member of the Wider Sinclair Group, or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, common

law, regulation, notice, circular, Authorisation or order of any Third Party in any jurisdiction or to contribute to the cost thereof or associated therewith or indemnify any person in relation thereto, in each case which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer; or

- (vi) that circumstances exist (whether as a result of making the Offer or otherwise) which would be reasonably likely to lead to any Third Party instituting (or whereby any member of the Wider Sinclair Group would be likely to be required to institute) an environmental audit or take any steps which would in any such case be reasonably likely to result in any material actual or contingent liability to improve or install new plant or equipment or to make good, repair, reinstate or clean up any property of any description or any asset now or previously owned, occupied or made use of by any past or present member of the Wider Sinclair Group (or on its behalf) or by any person for which a member of the Wider Sinclair Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, which is material in the context of the Wider Sinclair Group taken as a whole or in the context of the Offer;

*Anti-corruption and criminal property*

- (i) except as Disclosed, Huadong not having discovered:
  - (i) any past or present member, director, officer or employee of the Wider Sinclair Group or any person that performs or has performed services for or on behalf of any such company is or has engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, as amended or the US Foreign Corrupt Practices Act 1977, as amended or any other anti-corruption legislation applicable to the Wider Sinclair Group, in each case to an extent which is material in the context of the Wider Sinclair Group as a whole;
  - (ii) any past or present member of the Wider Sinclair Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governments or supranational body or authority in any jurisdiction;
  - (iii) any asset of any member of the Wider Sinclair Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition); or
  - (iv) that any past or present member, director, officer or employee of the Wider Sinclair Group has engaged in any business with or made any investments in, or made any payments, funds or assets available, to or received any funds or assets from: (i) any government, entity or individual in respect of which US or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury; or (ii) any government, entity or individual named by any of the economic sanctions of the United Nations or the European Union or any of their respective member states, in each case to an extent which is material in the context of the Wider Sinclair Group as a whole.

## **Part B: Certain further terms of the Offer**

1. Subject to the requirements of the Panel, Huadong reserves the right in its sole discretion to waive:
  - (a) any of the Conditions set out in the above Condition 2 of Part A for the timing of the Court Meeting, the General Meeting and the Scheme Court Hearing. If any such deadline is not met, Huadong shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked or waived the relevant Condition or agreed with Sinclair to extend the deadline in relation to the relevant Condition; and
  - (b) in whole or in part all or any of the above Conditions 3(a) to (i) of Part A inclusive.
2. For the avoidance of doubt, the Condition set out in Condition 2.3 of Part A (relating to the passing of the MIP Resolution) is not capable of being waived by Huadong.
3. If Huadong is required by the Panel to make an offer for Sinclair Shares under the provisions of Rule 9 of the Code, Huadong may make such alterations to any of the above Conditions and terms of the Offer as are necessary to comply with the provisions of that Rule.
4. The Offer will lapse (unless otherwise agreed with the Panel) if:
  - (a) it becomes the subject of a CMA Phase 2 Reference, or the European Commission either initiates proceedings under Article 6(1)(c) of the EU Merger Regulation in respect of the Offer or makes a referral of any part of the Offer to a competent authority of the United Kingdom under Article 9(1) of the EU Merger Regulation and there is subsequently a CMA Phase 2 Reference in respect of the Offer; or
  - (b) in so far as the Offer or any matter arising from the Scheme or the Offer does not constitute a concentration with an EU dimension within the scope of the EU Merger Regulation, the European Commission decides to examine the Offer or any matter arising from it pursuant to Article 22(3) of the EU Merger Regulation and the European Commission initiates proceedings under Article 6(1)(c) of the EU Merger Regulation in respect of the Offer,

in each case, before the date of the Court Meeting or the General Meeting.
5. Under Rule 13.5 of the Code, Huadong may not invoke a condition of the Scheme so as to cause the Scheme not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to Huadong in the context of the Offer. Whether or not such condition can be invoked would be determined by the Panel. The conditions contained in Conditions 1 and 2 are not subject to this provision of the Code.
6. Huadong shall not be under any obligation to waive (if capable of waiver), to determine, to be or remain satisfied or to treat as fulfilled any of the Conditions (to the extent capable of waiver) by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.
7. The Sinclair Shares to be acquired under the Offer will be acquired fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party

rights and interests of any nature and together with all rights now or hereafter attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made, paid or payable, or any return of capital made on or after the date of this Announcement.

8. If, after the date of the Rule 2.4 Announcement but prior to the Scheme Court Hearing, any dividend and/or other distribution and/or other return of capital is authorised, declared, made or paid or becomes payable in respect of Sinclair Shares, Huadong reserves the right (without prejudice to any right of Huadong, with the consent of the Panel, to invoke Condition 3(f)(ii) or 3(f)(iv) above) to reduce the consideration payable under the Scheme in respect of a Sinclair Share by the aggregate amount of such dividend, distribution or return of capital (excluding associated tax credit) in which case any reference in this Announcement or in the Scheme Document to the consideration payable under the terms of the Offer will be deemed to be a reference to the consideration as so reduced.
9. If any such dividend or distribution is authorised, declared, made, paid or becomes payable before the Scheme Court Hearing, if Huadong exercises its rights described in these paragraphs 8 to 11, any reference in this Announcement to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced.
10. To the extent that such a dividend or distribution has been authorised or declared but has not been paid or made or become payable before the Scheme Court Hearing and such dividend or distribution is cancelled, then the consideration payable under the Scheme shall not be subject to change in accordance with these paragraphs 8 to 11.
11. Any exercise by Huadong of its rights referred to in these paragraphs 8 to 11 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Offer.
12. Huadong reserves the right to elect (subject to the terms of the Offer Agreement and with the consent of the Panel, if required) to implement the Offer by way of a Contractual Offer, in its absolute discretion. In such event, the acquisition will be implemented on substantially the same terms subject to appropriate amendments, including (without limitation), with the consent of the Panel, if required, an acceptance condition set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as Huadong may decide) of the shares to which such offer relates, so far as applicable, as those which would apply to the Scheme.
13. The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom should inform themselves about and observe any applicable requirements.
14. The Offer is not being made, directly or indirectly, in, into or from, or by use of the mails of, or by any means of instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a Restricted Jurisdiction. This Announcement does not constitute an offer in any Restricted Jurisdiction and the Offer should not be accepted by any such use, means, instrumentality or facilities or otherwise from or within any Restricted Jurisdiction. Accordingly, copies of this Announcement are not being and must not be mailed, transmitted or otherwise distributed in whole or in part, in, into any Restricted Jurisdiction and persons receiving this Announcement (including, without limitation, custodians, nominees and trustees) must not mail or otherwise forward, distribute or send it in, into or from any Restricted Jurisdiction. Doing so may render invalid any purported acceptance of the Offer.
15. Huadong reserves the right for any other member of the Huadong Group from time to time to implement the Offer.

16. The Offer is governed by the laws of England and Wales and is subject to the jurisdiction of the courts of England and Wales and to the Conditions and further terms set out in this Appendix 2 and to be set out in the Scheme Document. The Offer will be subject to the applicable requirements of the City Code, the Panel, the London Stock Exchange, the AIM Rules and, if applicable, the Financial Conduct Authority.
17. Each of the Conditions will be regarded as a separate Condition and will not be limited by reference to any other Condition.

### Appendix 3

#### 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 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 cease to be binding only if 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, 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) (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 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 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 4**

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

1. Unless otherwise stated, financial information relating to:
  - Sinclair has been extracted or derived (without any adjustment) from Sinclair's Annual Report and Accounts for the 12 months ended 31 December 2017; and
  - 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 below of this Appendix 4.
3. Sinclair confirms that, as at the close of business on the Last Business Day, 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 the Last Business Day, Sinclair had in issue nil-cost options over 3,068,012 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 2018 (being the Long Stop Date), 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 £166.6 million has been calculated on the basis of the information contained in paragraphs 3 and 4 above.
6. Volume weighted average prices are derived from Bloomberg.
7. Sinclair confirms that, as at the close of business on the Last Business Day, the total value of the Sinclair Shares referred to in paragraph 3 above at the Offer Price plus the value of the Sinclair Shares under option and resulting from the conversion of the convertible loan notes in paragraph 4 above at the Offer Price plus the approximate 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 £168,935,762.
8. The approximate 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 1.3159, as derived from Bloomberg as of 6.00 p.m. London time on the Last Business Day and a GBP:EUR exchange rate of 1.1251, as derived from Bloomberg as of 6.00 p.m. London time on the Last Business Day.
9. The revenue figures for HMC, CGE and Hangzhou Huadong in paragraph 5 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 6.8570, as derived from Bloomberg, as of 6.00 p.m. London time on the Last Business Day

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