

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH SECTION 897 OF THE COMPANIES ACT 2006.** This document contains a proposal which, if implemented, will result in the cancellation of the admission of the Sinclair Shares to trading on AIM. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Sinclair Shares, please send this document and the accompanying documents (but not the accompanying personalised Forms of Proxy) at once to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, these documents must not be forwarded, distributed or transmitted (in whole or in part) in, into or from any jurisdiction where to do so would violate the laws of that jurisdiction. If you have sold or otherwise transferred only part of your holding of Sinclair Shares you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

**The release, publication or distribution of this document and/or the accompanying documents (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document (and the accompanying documents) come should inform themselves about and observe any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.**

A copy of this document will be published at <https://www.sinclairpharma.com/investors/recommended-offer-for-the-company> not later than 12.00 noon (London time) on 2 October 2018 and will continue to be made available on that website during the Offer Period.

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## **Recommended Cash Acquisition**

of

**Sinclair Pharma plc**

by

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

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

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

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This document sets out details of the Acquisition to be effected by means of a scheme of arrangement under Part 26 of the Companies Act 2006 between Huadong and Scheme Shareholders. If the Scheme becomes Effective it will be binding on all Scheme Shareholders, including those who did not attend and/or vote to approve the Scheme or who attended and/or voted against it at the Meetings.

This document should be read as a whole, in conjunction with the accompanying documents. Your attention is drawn, in particular, to the letter from the Chairman of Sinclair in Part I of this document, which contains the unanimous recommendation of the Sinclair Independent Directors that you vote in favour of the resolutions to be proposed at the Court Meeting and General Meeting referred to below. A letter from N. M. Rothschild & Sons Limited (“Rothschild”) and Peel Hunt LLP (“Peel Hunt”) explaining the Scheme appears in Part II of this document. This constitutes an explanatory statement in compliance with section 897 of the Companies Act 2006.

**Notices of the Court Meeting and the General Meeting, each of which will be held at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London EC2V 7WS on 24 October 2018, are set out at the end of this document. The Court Meeting will start at 11.00 a.m. (London time) and the General Meeting at 11.15 a.m. (London time) (or as soon as reasonably practicable thereafter as the Court Meeting shall have been concluded or adjourned).**

**The action to be taken by Sinclair Shareholders in relation to the Meetings is set out on pages 3 to 5 and in paragraph 18 of Part II of this document. It is very important that Sinclair Shareholders use their votes so that the Court can be satisfied that there is a fair and reasonable representation of their views.**

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 document 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 document, 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 document 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 document, 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 document 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 document, or otherwise.

Certain terms used in this document are defined in Part VII of this document.

## ACTION TO BE TAKEN

### **Voting at the Court Meeting and the General Meeting**

The Scheme will require approval at a meeting of Sinclair Shareholders convened pursuant to an order of the Court (the “**Court Meeting**”) to be held at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London EC2V 7WS at 11.00 a.m. (London time) on 24 October 2018. Implementation of the Scheme will also require approval of Sinclair Shareholders at the General Meeting to be held at the same place at 11.15 a.m. (London time) on 24 October 2018 (or as soon as reasonably practicable thereafter as the Court Meeting shall have been concluded or adjourned).

Sinclair Shareholders entitled to attend and vote at the Meetings are entitled to appoint a proxy (or proxies) to exercise all or any of their rights to attend, speak and vote at the Meetings. A proxy need not be a Sinclair Shareholder.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of the opinion of Scheme Shareholders. Whether or not you intend to attend the Court Meeting and/or the General Meeting, please complete, sign and return your Forms of Proxy, or deliver your voting instructions by one of the other methods mentioned below, as soon as possible.**

#### **(a) *Sending Forms of Proxy by post or by hand***

Sinclair Shareholders will find enclosed with this document a BLUE Form of Proxy for use in connection with the Court Meeting and a YELLOW Form of Proxy for use in connection with the General Meeting. Please complete and sign the enclosed Forms of Proxy in accordance with the instructions printed on them and return them, either by post or, during normal business hours only, by hand to Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, so as to be received as soon as possible and in any event not later than the relevant time set out below:

BLUE Forms of Proxy for the Court Meeting                      11.00 a.m. (London time) on 22 October 2018

YELLOW Forms of Proxy for the General Meeting              11.15 a.m. (London time) on 22 October 2018

or, if either Meeting is adjourned, the relevant Form of Proxy should be received not later than 48 hours (excluding any part of a day which is a non-working day) before the time fixed for the adjourned Meeting. For your convenience, a freepost facility (for use in the UK only) has been provided with respect to the Forms of Proxy.

If the BLUE Form of Proxy for the Court Meeting is not returned by the relevant time, it may be handed to a representative of the Registrar on behalf of the Chairman of the Court Meeting at the Court Meeting and will still be valid. However, in the case of the General Meeting, the YELLOW Form of Proxy must be returned by the time mentioned above or it will be invalid.

Sinclair Shareholders are entitled to appoint a proxy in respect of some or all of their Sinclair Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different Sinclair Share or Sinclair Shares held by such holder. Sinclair Shareholders who wish to appoint more than one proxy in respect of their holding of Sinclair Shares should contact the Registrar for further Forms of Proxy (or photocopy the enclosed forms).

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described below), will not prevent you from attending, speaking and voting in person at either Meeting, or any adjournment thereof, if you wish and are entitled to do so.

(b) **Online appointment of proxies**

As an alternative to completing and returning a printed Form of Proxy, Sinclair Shareholders may appoint a proxy electronically at [www.signalshares.com](http://www.signalshares.com). If not already registered for the Share Portal, the shareholder will need their Investor Code which can be found on their share certificate. For an electronic proxy appointment to be valid, the appointment must be received by Link Asset Services no later than 11.00 a.m. (London time) on 22 October 2018 for the Court Meeting and 11.15 a.m. (London time) on 22 October 2018 for the General Meeting (or, in the case of adjournment(s), not later than 48 hours (excluding any part of a day which is a non-working day) before the time fixed for the adjourned Meeting(s)). Full details of the procedure to be followed to appoint a proxy electronically are given on the website. Sinclair Shareholders are advised to read the terms and conditions of use carefully.

(c) **Electronic appointment of proxies through CREST**

If you hold Sinclair Shares in uncertificated form in CREST and wish to appoint a proxy or proxies for either or both of the Meetings (or any adjourned Meeting) by using the CREST electronic proxy appointment service, you may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed any voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with the specifications of Euroclear and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy), must, in order to be valid, be transmitted so as to be received by the Registrar (ID RA10) not less than 48 hours (excluding any part of a day which is a non-working day) before the time fixed for the Court Meeting or General Meeting (or adjourned Meeting), as applicable. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s), should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed any voting service provider(s), to procure that his/her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service provider(s) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in the CREST Regulations.

(d) **Corporate representatives**

In order to facilitate voting by corporate representatives, arrangements will be put in place at the Court Meeting and the General Meeting so that:

- if a corporate Sinclair Shareholder has appointed the Chairman of the relevant Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that Sinclair Shareholder at such Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

- if more than one corporate representative for the same corporate Sinclair Shareholder attends the relevant Meeting but the corporate Sinclair Shareholder has not appointed the Chairman of such Meeting as its corporate representative, a designated corporate representative will be nominated from those corporate representatives who attend who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate Sinclair Shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (<http://www.icsa.org.uk>) for further details of this procedure. The guidance includes a sample form of representation letter if the Chairman of the relevant Meeting is being appointed as described in the first bullet point above.

(e) ***Further information about proxies and voting***

Further information in relation to the appointment of proxies for, and voting at, the Meetings is set out in paragraph 18 of Part II of this document and in the notes to the notices of the Meetings set out at the end of this document and in the instructions printed on the Forms of Proxy.

### **Helpline**

**If you have any questions about this document, the Court Meeting or the General Meeting or are in any doubt as to how to complete the Forms of Proxy, please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time), Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.**

## IMPORTANT NOTICES

The release, publication or distribution of this document and/or the accompanying documents (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document (and the accompanying documents) come should inform themselves about, and observe, any applicable legal and regulatory requirements. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this document or any accompanying document to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. In particular, the ability of persons who are not resident in the United Kingdom to vote their Sinclair Shares at the Court Meeting and/or the General Meeting, or to execute and deliver Form(s) of Proxy appointing another to vote their Sinclair Shares in respect of the Court Meeting and/or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located. Any failure to comply with any applicable requirements may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility and liability for the violation of such restrictions by any person. Further details in relation to Overseas Shareholders are contained in paragraph 17 of Part II of this document. This document and the accompanying documents are for information purposes only and neither this document nor the accompanying documents are intended to, and do not, constitute an offer to sell or issue, or a solicitation of an offer to buy or subscribe for, shares or other securities, or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation is unlawful. This document and the accompanying documents have been prepared for the purposes of complying with English law, the AIM Rules and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document and the accompanying documents had been prepared in accordance with the laws of any jurisdictions outside the United Kingdom. Nothing in this document or the accompanying documents should be relied upon for any other reason.

This document and, in particular, the letter from the Chairman of Sinclair in Part I and the Explanatory Statement in Part II of this document, have been prepared solely to assist Sinclair Shareholders in deciding how to vote on the Scheme. The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part VI of this document. Sinclair Shareholders are urged to read and consider carefully the text of the Scheme itself.

No person has been authorised to make any representation(s) on behalf of Sinclair, HMC or Huadong concerning the Acquisition, the Scheme or any related matter which are inconsistent with the statements contained in this document.

Sinclair Shareholders should not construe anything contained in this document as legal, financial or tax advice and should consult their own professional advisers for any such advice.

The statements contained herein are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set out herein since such date. Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of Sinclair, Huadong or HMC except where otherwise stated.

### **Notice to Overseas Shareholders**

The Acquisition will not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and no person may vote in favour of the Acquisition by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this document and formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not distribute or send it in, into or from a Restricted Jurisdiction. In the event that the Acquisition is implemented by way of a Contractual Offer, at the election of Huadong, with the consent of the Panel and in accordance with the Offer Agreement and extended into the US, Huadong will do so in satisfaction of the procedural and

filing requirements of the US securities laws (to the extent applicable) at that time, to the extent applicable thereto. The Acquisition 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 in relation to Sinclair included in the relevant documentation has 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 Acquisition 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 addition to any such Contractual Offer, Huadong, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, Sinclair Shares outside such Contractual Offer during the period in which such Contractual Offer would remain open for acceptance. If such purchases or arrangements to purchase are made, they would be made outside the United States in compliance with applicable law, including the US Exchange Act. Such purchases or arrangements to purchase 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 the Regulatory Information Service of the London Stock Exchange and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

The receipt of cash pursuant to the Acquisition by Sinclair Shareholders in the United States may be a taxable transaction for US federal income tax purposes and under applicable US state and local, as well as foreign and other, tax laws. Each such holder is urged to consult his, her or its independent professional adviser immediately regarding the tax consequences of the Acquisition. Furthermore, the payment and settlement procedure with respect to the Acquisition will be consistent with UK practice, which differs from US domestic tender offer procedures in certain material respects, particularly with regard to date of payment of consideration.

It may be difficult for US holders of Sinclair Shares to enforce their rights and any claim arising out of the US federal securities laws, since Sinclair is located in a non-US jurisdiction, and some or all of the Sinclair Directors may be residents of a non-US jurisdiction. US holders of Sinclair Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court’s judgment.

Neither the US Securities and Exchange Commission nor any US state securities commission has approved or disapproved any offer, or passed comment upon the adequacy or completeness of this document and it is an offence in the United States to claim otherwise.

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

This document (including information incorporated by reference in this document), oral statements made regarding the Acquisition 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 report 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 HMC 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 this document. Neither Sinclair nor Huadong assume any obligation to update or correct the information contained in this document (whether as a result of new information, future events or otherwise), except as required by applicable law.

### **No profit forecasts or estimates**

Save as disclosed in paragraph 9 of Part I of this document, no statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per share for HMC, Huadong or Sinclair for the current or future financial years would necessarily match or exceed the historical published earnings per share for HMC, Huadong or Sinclair.

### **Electronic Communications**

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 will be provided to Huadong during the Offer Period as required under Section 4 of Appendix 4 to the Code.

### **Disclosure requirements of the City Code**

Under Rule 8.3(a) of the Code, any person who is interested in 1 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 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th 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 a 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 1 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.

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).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover 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.

Capitalised terms are defined in the City Code, which can also be found on the Panel's website. If you are in any doubt as to whether or not you are required to make a disclosure under Rule 8, you should consult the Panel.

**Publication on website and availability of hard copies**

In accordance with Rule 26.1 of the Code, a copy of this document will be made available (subject to certain restrictions relating to persons resident in Restricted Jurisdictions), free of charge, 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 2 October 2018. Neither the contents of these websites nor the content of any other website accessible from hyperlinks on such websites is incorporated into, or forms part of, this document.

**Requesting hard copy documents**

Pursuant to Rule 30.3 of the Code, a person so entitled may request a copy of this document 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 Acquisition should be in hard copy form. For persons who receive a copy of this document in electronic form or via a website notification, a hard copy of this document 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 Sinclair, telephone number +44 (0) 20 7467 6920.

**Rounding**

Certain figures included in this document 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.

The date of posting of this document: 1 October 2018

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times shown are London times unless otherwise stated. All dates and times are based on Sinclair's and Huadong's current expectations and are subject to change. If any of the dates and/or times in this expected timetable change, the revised dates and/or times will be notified to Sinclair Shareholders by announcement through a Regulatory Information Service and by posting notice of these dates on its website (<https://www.sinclairpharma.com/investors/recommended-offer-for-the-company>).

*Event* *Expected time and/or date*

**Latest time for lodging Forms of Proxy for:**

- Court Meeting (BLUE form) 11.00 a.m. on 22 October 2018<sup>(1)</sup>
- General Meeting (YELLOW form) 11.15 a.m. on 22 October 2018<sup>(1)</sup>

Voting Record Time close of business on 22 October 2018<sup>(2)</sup>

**Court Meeting** 11.00 a.m. on 24 October 2018

**General Meeting** 11.15 a.m. on 24 October 2018<sup>(3)</sup>

***The following dates are subject to change;  
please see note (4) below***

Scheme Court Hearing (to sanction the Scheme) 1 November 2018<sup>(4)</sup>

Last day of dealings in, and for registration of transfers of,  
and disablement in CREST of, Sinclair Shares 2 November 2018<sup>(4)</sup>

Scheme Record Time close of business on 2 November 2018<sup>(4)</sup>

**Effective Date of the Scheme** 5 November 2018<sup>(4) (5)</sup>

Dealings in Sinclair Shares on AIM suspended 7.30 a.m. on 5 November 2018<sup>(4)</sup>

Cancellation of admission to trading of Sinclair Shares by 7.00 a.m. on 6 November 2018<sup>(4)</sup>

Latest date for despatch of cheques and crediting of  
CREST stock accounts for Acquisition consideration  
due under the Scheme 14 days after the Effective Date

Long Stop Date 21 December 2018<sup>(6)</sup>

**The Court Meeting and the General Meeting will both be held at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London EC2V 7WS on 24 October 2018.**

Notes:

- (1) The BLUE Form of Proxy for the Court Meeting, if not lodged by the time stated above, may be handed to a representative of the Registrar, on behalf of the Chairman of the Court Meeting, at that Meeting and will be valid. However, in order to be valid, the YELLOW Form of Proxy for the General Meeting must be lodged no later than 11.15 a.m. (London time) on 22 October 2018 (or, if the General Meeting is adjourned, 48 hours (excluding any part of a day which is a non-working day) before the time fixed for the adjourned Meeting). Please see "Action to be taken" on pages 3 to 5 of this document.
- (2) If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time for the relevant adjourned Meeting will be the close of business on the day which is two days (excluding any part of a day that is a non-working day) before the date of such adjourned Meeting.
- (3) To commence at 11.15 a.m. (or as soon as reasonably practicable thereafter as the Court Meeting shall have been concluded or adjourned).
- (4) These times and dates are indicative only and will depend on, among other things, whether and when the Conditions are satisfied or (where applicable) waived and the dates upon which the Court sanctions the Scheme and the Scheme Court Order to sanction the Scheme is delivered to the Registrar of Companies. If the expected date of the Scheme Court Hearing is changed, Sinclair will give adequate notice of the changes by issuing an announcement through a Regulatory Information Service and by posting notice of these dates on its website (<https://www.sinclairpharma.com/investors/recommended-offer-for-the-company>).
- (5) This date will be the date on which the Scheme Court Order is delivered to the Registrar of Companies.
- (6) This is the latest date by which the Scheme may become Effective unless Sinclair and Huadong agree, with the consent of the Panel and (if required) the Court, a later date.

## PART I

### LETTER FROM THE CHAIRMAN OF

## Sinclair Pharma plc

(incorporated and registered in England and Wales No. 03816616)

*Directors:*

Grahame Cook (*Independent Non-Executive Chairman*)  
Chris Spooner (*Chief Executive Officer*)  
Alan Olby (*Chief Financial Officer*)  
Jeffery Thompson (*Independent Non-Executive Director*)

*Registered office:*

Whitfield Court  
30-32 Whitfield Street  
London  
W1T 2RQ

1 October 2018

To: ***Sinclair Shareholders and, for information only, to participants in the VCP, persons with information rights and holders of Convertible Loan Notes***

Dear Sinclair Shareholder,

**Recommended cash acquisition of  
Sinclair Pharma plc  
by Huadong Medicine Aesthetics Investment (HongKong) Limited  
(a newly incorporated company indirectly wholly-owned by  
Huadong Medicine Co., Ltd.)**

### 1. Introduction

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 (the “**Rule 2.4 Announcement**”) 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 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. On 18 September 2018, it was confirmed that these pre-conditions had been satisfied and, accordingly, on that date, the Sinclair Independent Directors and Huadong announced that they had 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.

I am writing to you on behalf of the Sinclair Independent Directors to explain the background to, and detailed terms of, the Acquisition, to encourage you to vote at the Meetings to be held on 24 October 2018 to consider it, and to explain why the Sinclair Independent Directors are unanimously recommending that Sinclair Shareholders vote at those Meetings in favour of the resolutions necessary to implement the Acquisition and that Sinclair Independent Shareholders vote in favour of the MIP Resolution at the General Meeting.

### 2. Summary of the Acquisition

The Acquisition is to be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act, which requires the approval of Sinclair Shareholders at the Court Meeting and General Meeting and the sanction of the Court.

The Acquisition, which will be on the terms and subject to the Conditions set out below and in Part III of this document, will be made on the following basis:

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

The terms of the Acquisition value the entire issued and to be issued ordinary share capital of Sinclair at approximately £166.6 million. The consideration of 32 pence per Scheme Share 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 the Rule 2.7 Announcement;
- 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).

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 Acquisition Price by the amount of such dividend and/or distribution and/or other 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 Acquisition more generally. As such, the Board of Sinclair has constituted a committee composed of the Sinclair Independent Directors for the purposes of evaluating the Acquisition.

Additionally, as the value of the arrangements contemplated by the MIP is significant, pursuant to Rules 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 (as well as the other MIP Participants) are not entitled to vote their Sinclair Shares on the MIP Resolution.

If the Scheme becomes Effective, all of the Scheme Shares will be transferred to Huadong. Sinclair will thus become a subsidiary of Huadong.

It is currently expected that (subject to the satisfaction or, as the case may be, waiver of the Conditions) the Effective Date will be on or about 5 November 2018, although this date will depend on, among other things, the date of the Scheme Court Hearing.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attend and/or vote at the Court Meeting and/or the General Meeting. Further details of the Scheme, including the arrangements for settlement of the consideration payable to Scheme Shareholders, are set out in the Explanatory Statement contained in Part II of this document.

Subject to satisfaction or (where applicable) waiver of all relevant Conditions, an application will be made to the London Stock Exchange for the Sinclair Shares to cease to be admitted to trading on AIM.

### **3. Background to, and reasons for, recommending the Acquisition**

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 Acquisition 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 Acquisition 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 Acquisition are in the best interests of Sinclair Shareholders and Sinclair as whole. As such, the Sinclair Independent Directors unanimously recommend that Sinclair Shareholders vote, or procure the vote, in favour of the Scheme (see paragraph 14 below for further information).

#### **4. Irrevocable Undertakings and Letters 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 Acquisition 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 28 September 2018 (being the last Business Day prior to the date of this document (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 Special Resolution (but not the MIP Resolution on which they are not entitled to vote as a result of their interest in the MIP) (or, if the Acquisition 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 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 Acquisition by way of a Contractual Offer or otherwise.

##### ***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 (or, if the Acquisition 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 (or, if the Acquisition 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) (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 have been received from Sinclair Independent 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).

Full details of the irrevocable undertakings and the letter of intent are set out in paragraph 5 of Part V of this document.

#### **5. Management, employees and locations of business of the Sinclair Group**

Paragraph 8 of Part II of this document sets out the consideration that the Sinclair Independent Directors have given to HMC's and Huadong's stated intentions for the management, employees and locations of business of the Sinclair Group in deciding to recommend the Acquisition.

#### **6. Management Incentive Plan**

Paragraph 9 of Part II of this document sets out details of the agreed terms of the MIP and Rothschild's and Peel Hunt's opinion as to the fairness and reasonableness of its terms so far as the Sinclair Independent Shareholders are concerned.

#### **7. 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. Full details of the effect of the Acquisition 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 in due course.

Further information about the effect of the Acquisition on participants' rights under the VCP and on awards under the Bonus Plan is set out in paragraph 10 of Part II of this document.

Further information about the effect of the Acquisition on the rights of holders of Convertible Loan Notes is set out in paragraph 10 of Part II of this document.

#### **8. Sinclair current trading and outlook**

Sinclair issued its unaudited interim results for the six months ended 30 June 2018 on 27 September 2018 which included the following paragraph headed "Outlook":

*"Much was achieved during the first half of 2018 and the Group continues to see strong demand for its portfolio of differentiated, high growth aesthetics products. Sinclair is well placed to deliver strong second half sales, particularly in leading markets Brazil, South Korea and the US, and underpinned more generally by a growing global aesthetics market. Trading since the end of the interim period has shown significant growth over the same period in 2017. Sinclair remains confident of delivering strong sales growth for the full year ending 31 December 2018 with at least mid-teens percentage constant currency revenue growth in the ex-US business and with full year US sales of approximately £3.0 million on a constant currency basis. At the adjusted EBITDA level, the Board continues to expect the Group to remain profitable in 2018 despite the reduction in US sales and investment in the Group's growing direct operations."*

## 9. Sinclair Profit Forecasts

In its annual report and accounts for the financial year ended 31 December 2017, Sinclair made the following statement (on page 9):

*“At the adjusted EBITDA level, the Board expects the Group to remain profitable in 2018 despite the reduction of sales in the US, significant Ellansé® launch costs in Brazil and the incremental costs of the direct operation in South Korea.”*

In its unaudited interim results for the six months ended 30 June 2018 issued on 27 September 2018, Sinclair made the following statement, which also appears in paragraph 8 above:

*“At the adjusted EBITDA level, the Board continues to expect the Group to remain profitable in 2018 despite the reduction in US sales and investment in the Group’s growing direct operations.”*

The above statements constitute profit forecasts for the purposes of Rule 28 of the Code (together, the “**Sinclair Profit Forecasts**”).

### **Basis of preparation**

The Sinclair Directors confirm that the Sinclair Profit Forecasts have been properly compiled and are based on the unaudited interim results for the six months ended 30 June 2018, the unaudited management accounts of Sinclair for the eight months ended 31 August 2018 and an unaudited forecast for the period ending 31 December 2018.

The Sinclair Profit Forecasts exclude the costs and ongoing impact of the Acquisition.

The Sinclair Profit Forecasts have been prepared on a basis consistent with the accounting policies of Sinclair, which are in accordance with IFRS and are those that Sinclair expects to apply in preparing its annual report and accounts for the financial year ending 31 December 2018.

### **Sinclair Directors’ confirmation**

The Sinclair Directors have considered the Sinclair Profit Forecasts and confirm that they remain valid as at the date of this document and that they have been properly compiled on the basis set out above and that the basis of the accounting policies used is consistent with the accounting policies of Sinclair, which are in accordance with IFRS and are those that Sinclair expects to apply in preparing its annual report and accounts for the financial year ending 31 December 2018.

## 10. United Kingdom taxation

A summary of certain UK tax consequences of the Scheme is set out in paragraph 14 of Part II of this document. **That summary relates only to the position of certain categories of Scheme Shareholder (as explained further in paragraph 14 of Part II of this document), does not constitute tax advice and does not purport to be a complete analysis of all potential UK tax consequences of the Scheme. If you are in any doubt about your own tax position or you are subject to taxation in any jurisdiction other than the UK, you are strongly advised to consult an appropriately qualified financial professional adviser immediately.**

## 11. Cancellation of the admission to trading on AIM of the Sinclair Shares and re-registration

Your attention is drawn to paragraph 12 of Part II of this document, which explains the consequences of the intended cancellation of the admission to trading on AIM of the Sinclair Shares and the re-registration of Sinclair as a private company limited by shares following the Scheme becoming Effective.

## **12. Action to be taken**

Your attention is drawn to pages 3 to 5 of this document and paragraph 18 of Part II of this document, which explain the actions you should take in respect of voting in respect of the Acquisition at the Meetings.

Overseas Shareholders should refer to paragraph 17 of Part II of this document for important information.

## **13. Further information**

I draw your attention to the Explanatory Statement set out in Part II, the full terms and Conditions of the Scheme set out in Part III, the additional information set out in Part V, the Scheme itself in Part VI and the notices of the Meetings set out in Part VIII and Part IX of this document.

You should read the whole of this document (and the accompanying documents) and not rely solely on the information contained in this letter or the Explanatory Statement.

## **14. Recommendation**

The Sinclair Independent Directors, who have been so advised by Rothschild and Peel Hunt as to the financial terms of the Acquisition, consider the terms of the Acquisition 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 Acquisition to be in the best interests of Sinclair Shareholders as a whole. Accordingly, the Sinclair Independent Directors unanimously recommend that Sinclair Shareholders vote, or procure the vote, in favour of the Scheme at the Court Meeting and the Resolutions. 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 (or, if the Acquisition 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.

Yours faithfully,

**Grahame Cook**  
*Chairman*

## PART II

### EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act 2006)



PEEL HUNT

1 October 2018

To: ***Sinclair Shareholders and, for information only, to participants in the VCP, persons with information rights and holders of Convertible Loan Notes***

Dear Sinclair Shareholder,

**Recommended cash acquisition of  
Sinclair Pharma plc  
by Huadong Medicine Aesthetics Investment (HongKong) Limited  
(a newly incorporated company indirectly wholly-owned by  
Huadong Medicine Co., Ltd.)**

#### 1. Introduction

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 the Offer Agreement regarding 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. On 18 September 2018, it was confirmed that these pre-conditions had been satisfied and, accordingly, on that date, the Sinclair Independent Directors and Huadong announced that they had 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 Acquisition is to be effected by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act.

**Your attention is drawn to the letter from the Chairman of Sinclair, set out in Part I of this document, which forms part of this Explanatory Statement. That letter contains, among other things, the unanimous recommendation of the Sinclair Independent Directors to Sinclair Shareholders to vote, or procure the vote, in favour of the resolutions to approve and implement the Scheme, which will be proposed at the Court Meeting and General Meeting to be held on 24 October 2018, and to Sinclair Independent Shareholders to vote, or procure the vote, in favour of the MIP Resolution, which will be proposed at the General Meeting, and an explanation of the background to, and reasons for, recommending the financial terms of the Acquisition. That letter also states that the Sinclair Independent Directors, who have been so advised by Rothschild and Peel Hunt as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing financial 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 City Code.**

Rothschild and Peel Hunt have been authorised by the Sinclair Independent Directors to write to you to set out the terms of the Acquisition and to provide you with other relevant information. The terms of the Scheme are set out in full in Part VI of this document. Your attention is also drawn to the other parts of this document, all of which form part of this Explanatory Statement.

Statements made or referred to in this letter regarding HMC's and Huadong's reasons for the Acquisition, information concerning the business of the HMC Group and/or the intentions or expectations of the HMC Directors and/or the Huadong Director in respect of the HMC Group, the Sinclair Group and/or the Enlarged Group reflect the views of the HMC Directors and/or the Huadong Director (as the case may be). Statements made or referred to in this letter regarding the background to, and reasons for, the recommendation of the Sinclair Independent Directors, information concerning

the business of the Sinclair Group, and/or the intentions or expectations of the Sinclair Directors in respect of the Sinclair Group, reflect the views of the Sinclair Independent Directors or the Sinclair Directors, as the case may be.

## **2. Summary of the terms of the Acquisition**

Under the terms of the Scheme, which is subject to the satisfaction (or, where applicable, waiver) of the Conditions and to the further terms set out in Part III of this document, Sinclair Shareholders holding Scheme Shares at the Scheme Record Time will be entitled to receive:

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

The terms of the Acquisition value the entire issued and to be issued ordinary share capital of Sinclair at approximately £166.6 million. The consideration of 32 pence per Scheme Share 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 the Rule 2.7 Announcement;
- 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).

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 Acquisition Price by the amount of such dividend and/or distribution and/or other return of capital so announced, declared, made, paid or payable.

The Scheme will not become Effective unless all the Conditions set out in Part III of this document are satisfied or (where applicable) waived by the Long Stop Date.

## **3. 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 six months ended 30 June 2018, Sinclair generated revenue of £21.3 million, gross profit of £14.8 million, an Adjusted EBITDA loss of £1.6 million and had net debt of £14.8 million.

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

## **4. 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 document, nor has it entered into any obligation other than in connection with the Acquisition.

## **HMC**

Headquartered in Hangzhou, China, HMC is publicly traded on the Shenzhen Stock Exchange under the number 000963. HMC had a market capitalisation of approximately US\$8.9 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 ended 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 ended 31 December 2017. It controls and manages over 40 pharmaceutical subsidiary companies, including HMC, in which it held approximately 41.8 per cent. of the issued share capital as at the close of business on 20 September 2018 (being the latest practicable date prior to the date of this document).

CGE's largest shareholder is Beijing Yuanda Huachuang Investment Co., Ltd ("**BJYHIC**") which held approximately 93.0 per cent. of the issued share capital of CGE as at the close of business on the Last Business Day. Mr. Hu Kaijun is the sole shareholder of BJYHIC and Chairman of the Board of CGE.

Mr Hu Kaijun is a Chinese businessman with investments in the pharmaceutical and commodity trading industries. Mr Hu Kaijun is the controlling shareholder of HMC through his ownership of CGE. Mr Hu Kaijun is also the controlling shareholder of China Grand Pharmaceutical and Healthcare Holdings Limited, a pharmaceutical business listed on the Stock Exchange of Hong Kong and is also the controlling shareholder of Grand Industrial Holding Co., Ltd., a commodities trading business listed on the Shenzhen Stock Exchange.

## **Hangzhou Huadong Medicine Group Co., Ltd. ("Hangzhou Huadong")**

Headquartered in Hangzhou, China, Hangzhou Huadong held approximately 16.5 per cent. of the issued share capital of HMC as at the close of business on 20 September 2018 (being the latest practicable date prior to the date of this document) 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.

## **Financial effects of the Acquisition**

Huadong has not traded prior to the publication of this document and it has no material assets or liabilities. With effect from the Effective Date, the earnings, assets and liabilities of Huadong will therefore comprise the consolidated earnings, assets and liabilities of Sinclair on the Effective Date.

With effect from the Effective Date, the earnings, assets and liabilities of HMC will include the consolidated earnings, assets and liabilities of Sinclair.

## **5. Background to, and reasons for, the Acquisition**

The HMC Directors and the Huadong Director 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.

## **6. Financing of the Acquisition and cash confirmation**

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 ("**ICBC London**") to fund the Cash Consideration, which it can call on as an alternative to using its existing cash resources (the "**Irrevocable Bank Guarantee**"). Further details in respect of the Irrevocable Bank Guarantee are set out in paragraph 7.3.4 of Part V of this document.

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 Acquisition.

## **7. The Sinclair Directors and the effect of the Scheme on their interests**

Details of the interests of the Sinclair Directors in the share capital of Sinclair, and options and awards in respect of such share capital, are set out in paragraph 4.2 of Part V of this document. Sinclair Shares held by the Sinclair Directors will be subject to the Scheme.

Particulars of the service contracts (including termination provisions) and letters of appointment of the Sinclair Directors are set out in paragraph 8 of Part V of this document.

The effect of the Scheme on the options and awards held by Sinclair Directors and other participants in the VCP and the Bonus Plan is summarised in paragraph 10 of this Part II.

Information in relation to the MIP, in which Chris Spooner and Alan Olby will be participants, is summarised in paragraph 9 of this Part II.

It is intended that each of the Sinclair Non-Executive Directors, being Grahame Cook and Jeffery Thompson, will resign from the Sinclair Board conditionally upon the Scheme becoming Effective and with effect from the Effective Date.

Save as set out above, the effect of the Scheme on the interests of the Sinclair Directors does not differ from its effect on the like interests of any other person.

## **8. Management, employees and locations of business**

### ***HMC and Huadong***

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 Effective Date.

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

### ***Sinclair***

In considering the recommendation of the Acquisition to the Sinclair Shareholders, the Sinclair Independent Directors have given due consideration to Huadong's and HMC's intentions, as stated above, for the management, employees and locations of the business of the Sinclair Group.

The Sinclair Independent Directors believe that HMC represents an appropriate partner for the Sinclair Group and there is a strong strategic and commercial rationale for a combination of the two businesses. The Sinclair Independent Directors welcome HMC's ambition to build a global aesthetics franchise.

The Sinclair Independent Directors welcome the confirmation by Huadong that, following completion of the Acquisition, the existing employment rights of all of Sinclair's employees will be fully observed and pension obligations complied with.

In addition, the Sinclair Independent Directors welcome the statements that HMC and Huadong intend to maintain Sinclair's UK headquarters and that they have no plans to redeploy any fixed assets of Sinclair, to reduce Sinclair's or its subsidiaries' workforce, or to 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 Sinclair Independent Directors welcome the fact that Huadong and HMC do not expect to make any material changes to Sinclair's research and development activities following the completion of their review of those activities.

## **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 Acquisition. 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 provides detail on the key terms of the MIP, which are as follows:

- the total cash pool potentially payable under the MIP is £25.0 million, the majority of which 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 on the basis set out in the following bullet point. 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 Acquisition is conditional, amongst other things, upon the passing of the MIP Resolution by the requisite majority of the Sinclair Independent Shareholders.

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

Options granted under the VCP will vest and become exercisable if and when the Court sanctions the Scheme at the Scheme Court Hearing and will be exercisable within six months following the Court sanctioning the Scheme.

UK holders of options granted under the VCP also hold A Ordinary Shares and/or B Preference Shares in Sinclair Pharma Management Limited (“**SPML Shares**”). On exercise of their options under the VCP, those optionholders will be deemed to have offered for sale to Sinclair their SPML Shares. The number of Sinclair Shares in respect of which each option under the VCP can be exercised will be reduced by such number of Sinclair Shares as is equal to the aggregate gross gain realised on the sale of SPML Shares by that optionholder.

If and when the Court sanctions the Scheme at the Scheme Court Hearing, all awards under the Bonus Plan will be accelerated and vest in full. Subject to the approval of the Remuneration Committee, the bonus pool will be determined by multiplying the number of notional shares comprised therein by the Acquisition Price. The remuneration committee of the Board of Sinclair will determine the extent to which the bonus pool will be increased for the performance year in which the Scheme Court Hearing takes place and any additional amounts as provided for in the Bonus Plan. Any payments to employees under the Bonus Plan will be paid in cash by Sinclair in accordance with the provisions of the Bonus Plan.

All Sinclair Shares issued prior to the Scheme Record Time pursuant to the exercise of options under the VCP will be subject to the terms of the Scheme in the same way as Sinclair Shares held by other Scheme Shareholders at that time. As further set out in the Special Resolution (and paragraph 11.5 of this Part II below), an amendment to Sinclair’s articles of association is being proposed at the General Meeting to the effect that, if the Scheme becomes Effective, any Sinclair Shares issued after the

Scheme Record Time pursuant to the exercise of options under the VCP or otherwise will be automatically transferred to Huadong for the Acquisition Price.

Units granted under the VCP which have not already converted into options under the terms of the VCP will lapse if and when the Court sanctions the Scheme at the Scheme Court Hearing. Options granted under the VCP which are not exercised by the lapse date set out in the VCP, will lapse.

Participants in the VCP will receive separate letters explaining the effect of the Scheme on their options. Huadong will make appropriate proposals to holders of options to acquire Sinclair Shares granted under the VCP in accordance with Rule 15 of the Code. In summary, optionholders will be given the opportunity to exercise their options in full through a cashless exercise facility conditionally on the Court sanctioning the Scheme, so that any Sinclair Shares subject to such exercises will be issued prior to the Scheme Record Time and therefore be subject to the terms of the Scheme.

Holders of the Convertible Loan Notes will receive separate letters explaining the effect of the Scheme on their Convertible Loan Notes and setting out appropriate proposals to holders of such Convertible Loan Notes in connection with the Scheme in accordance with Rule 15 of the Code.

## **11. Structure of the Acquisition**

### **11.1 The Scheme**

The Acquisition is to be effected by means of a Court-sanctioned scheme of arrangement between Sinclair and Scheme Shareholders under Part 26 of the Companies Act. The procedure requires approval by Scheme Shareholders at the Court Meeting and Sinclair Shareholders at the General Meeting and the sanction of the Scheme by the Court at the Scheme Court Hearing. The Scheme is set out in full in Part VI of this document. If the Scheme becomes Effective, it will result in Sinclair becoming a subsidiary of Huadong.

The Scheme provides for the transfer to Huadong of the Scheme Shares held by Scheme Shareholders as at the Scheme Record Time and in consideration for which Huadong will pay 32 pence in cash per Scheme Share to the Scheme Shareholders.

### **11.2 Conditions to the Acquisition**

The Conditions to the Acquisition are set out in full in Part III of this document. In summary, the implementation of the Scheme is conditional upon:

- the Scheme becoming Effective by not later than the Long Stop Date, failing which the Scheme will lapse;
- the Scheme being approved by a majority in number, representing not less than 75 per cent. in value, of the Scheme Shares voted, either in person or by proxy, at the Court Meeting;
- the Special Resolution in connection with and required to implement the Scheme being duly passed by not less than 75 per cent. of the votes cast at the General Meeting;
- the MIP Resolution being duly passed by 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 by the requisite majority of Sinclair Independent Shareholders is not capable of being waived by Huadong;
- the Court sanctioning the Scheme (without modification or with modification on terms agreed by Sinclair and Huadong) and a copy of the Scheme Court Order being delivered to the Registrar of Companies; and
- satisfaction or (where applicable) waiver of all the other Conditions.

### **11.3 The Meetings**

Before the Court's sanction can be sought for the Scheme, the Scheme requires approval by Scheme Shareholders at the Court Meeting and the passing of the Special Resolution by Sinclair Shareholders and the passing of the MIP Resolution by Sinclair Independent Shareholders, in

each case, by the requisite majorities. Notices of the Court Meeting and the General Meeting are set out in Part VIII and Part IX of this document, respectively. Save as set out below, all Sinclair Shareholders whose names appear on the register of members of Sinclair at the Voting Record Time will be entitled to attend and vote at the Court Meeting and the General Meeting (save that only Sinclair Independent Shareholders may vote on the MIP Resolution), in respect of the Sinclair Shares registered in their name at the relevant time.

#### 11.3.1 *The Court Meeting*

The Court Meeting has been convened at the direction of the Court for 11.00 a.m. (London time) on 24 October 2018 for Scheme Shareholders to consider and, if thought fit, approve, the Scheme.

At the Court Meeting, voting will be by poll and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held as at the Voting Record Time. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting in person or by proxy, representing at least 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders.

Due to the length of time anticipated to be required to calculate the result of the poll, the result might not be announced at the Court Meeting. The result of the vote at the Court Meeting will be publicly announced via a Regulatory Information Service as soon as practicable after it is known and, in any event, by no later than 8.00 a.m. (London time) on the business day following the Court Meeting.

Neither Huadong nor any other member of the Huadong Group currently owns any Sinclair Shares, either as registered holder or through a nominee. Any Sinclair Shares which are registered in the name of, or beneficially owned by, Huadong and/or any other member of the Huadong Group at the Voting Record Time would be excluded from the definition of "Scheme Shares" and therefore could not be voted at the Court Meeting.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast (whether in person or by proxy), so that the Court may be satisfied that there is a fair and reasonable representation of opinion of the Scheme Shareholders.**

#### 11.3.2 *The General Meeting*

The General Meeting has been convened for 11.15 a.m. (London time) on 24 October 2018, or as soon as reasonably practicable thereafter as the Court Meeting has been concluded or adjourned, for:

- Sinclair Shareholders to consider and, if thought fit, pass, the Special Resolution necessary to implement the Scheme and certain related matters. The Special Resolution is proposed to approve:
  - (i) giving the Sinclair Independent Directors authority to take all necessary action to carry the Scheme into effect;
  - (ii) subject to the Scheme becoming Effective, re-registering Sinclair as a private company limited by shares; and
  - (iii) amending Sinclair's articles of association as described in paragraph 11.5 of this Part II.

The approval required for the Special Resolution is at least 75 per cent. of the votes cast, in person or by proxy; and

- Sinclair Independent Shareholders to consider and, if thought fit, pass, the MIP Resolution necessary to implement the MIP. The approval required for the MIP Resolution is more than 50 per cent. of the votes cast, in person or by proxy, by the Sinclair Independent Shareholders. In accordance with Rule 16.2(d) of the Code, voting on the MIP Resolution will be by poll.

BLUE Forms of Proxy for use at the Court Meeting and YELLOW Forms of Proxy for use at the General Meeting should be returned by post, or, during normal business hours, by hand to the Registrar, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, so as to be received not later than 48 hours before the time appointed for the relevant Meeting (or, in the case of an adjournment, not later than 48 hours (excluding any part of a day which is a non-working day) before the time fixed for the holding of the adjourned Meeting).

If the BLUE Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to a representative of the Registrar on behalf of the Chairman of the Court Meeting at the start of that Meeting. However, in the case of the General Meeting, unless the YELLOW Form of Proxy is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting, or at any adjournment thereof, if you so wish and are so entitled.

Further information about the procedures for appointing proxies and giving voting instructions, and about procedures for corporate representatives, is set out in paragraph 18 below and on pages 3 to 5 of this document.

#### **11.4 *Scheme Court Hearing***

Under the Companies Act, the Scheme requires the sanction of the Court. The Scheme Court Hearing to sanction the Scheme is currently expected to be held on 1 November 2018, subject to the prior satisfaction or (where applicable) waiver of the other Conditions set out in Part III of this document. Huadong has confirmed that it will be represented by counsel at such hearing so as to consent to the Scheme and to undertake to the Court to be bound thereby.

The Scheme Court Hearing will be held at the Rolls Building, 7 Rolls Building, Fetter Lane, London, EC4A1NL. Scheme Shareholders are entitled, should they wish to do so, to attend the Scheme Court Hearing in person or through counsel.

Following sanction of the Scheme, the Scheme will become Effective in accordance with its terms upon a copy of the Scheme Court Order being delivered to the Registrar of Companies. This is expected to occur on 5 November 2018, subject to satisfaction (or, where applicable, waiver) of the Conditions.

If the Scheme becomes Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended and/or voted in favour of, or against, the Scheme at the Court Meeting or in favour of, or against, or abstained from voting on, the Special Resolution at the General Meeting. If the Scheme does not become Effective by the Long Stop Date, or such later date (if any) as Sinclair and Huadong may agree (with, where applicable, the consent of the Panel), the Scheme will not become Effective.

#### **11.5 *Amendment of Sinclair's articles of association***

The Special Resolution contains provisions to amend Sinclair's articles of association to ensure that: (i) any Sinclair Shares issued (other than to Huadong or its nominee(s)) after the adoption of the amended articles of association and before the Scheme Record Time will be issued or transferred subject to the Scheme; and (ii) any Sinclair Shares issued (other than to Huadong or its nominee(s)) at or after the Scheme Record Time will automatically be acquired by Huadong for the same consideration in cash as if they had been Scheme Shares. Accordingly, any Sinclair Shares issued on the exercise of options under the VCP after the Scheme Record Time will not be subject to the Scheme, but will be automatically acquired by Huadong or its nominee(s). Any Sinclair Shares which are issued on the exercise of options under the VCP prior to the Scheme Record Time will, however, be subject to the Scheme. These provisions will avoid any person other than Huadong being left with Sinclair Shares after dealings in such shares have ceased on AIM.

#### **11.6 *Modifications to the Scheme***

The Scheme contains a provision for Sinclair and Huadong jointly to consent (on behalf of all persons concerned) to any modification of, or addition to, the Scheme or to any condition which

the Court may approve or impose. The Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Scheme Shareholders, unless Scheme Shareholders were informed of any such modification, addition or condition. It would be for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in those circumstances.

## **12. Cancellation of the admission to trading on AIM of the Sinclair Shares and re-registration**

The last day of dealings in, and for registration of transfers of, Sinclair Shares is expected to be the business day before the Effective Date, following which Sinclair Shares will be suspended from trading on AIM with effect from 7.30 a.m. (London time) on the Effective Date.

Sinclair intends that, prior to the Scheme becoming Effective, an application will be made to the London Stock Exchange for the Sinclair Shares to cease to be admitted to trading on AIM with effect from the first Business Day after the Effective Date. Accordingly, it is intended that, if the Court sanctions the Scheme on 1 November 2018, thereby confirming the transfer of all the existing Sinclair Shares, the cancellation of admission to trading on AIM will become effective by 7.00 a.m. (London time) on 6 November 2018. As soon as possible after such cancellation, it is intended that Sinclair will be re-registered as a private company limited by shares under the relevant provisions of the Companies Act.

Upon the Scheme becoming Effective, the Scheme Shares will be acquired by Huadong with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever and together with all rights existing at the date of the Rule 2.7 Announcement or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions, if any, declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of the Rule 2.7 Announcement in respect of the Sinclair Shares.

If any dividend and/or other distribution and/or other return of capital in respect of the Sinclair Shares is announced, declared, paid or made by Sinclair or becomes payable on or after the date of the Rule 2.4 Announcement, Huadong reserves the right to reduce the consideration payable for each Sinclair Share under the terms of the Acquisition by the amount per Sinclair Share of such dividend or distribution or other return of capital although, in such circumstances, Sinclair Shareholders would be entitled to retain any such dividend or distribution or other return of capital declared, made or paid.

## **13. Settlement**

Subject to the Scheme becoming Effective, settlement of the consideration to which any holder of Scheme Shares is entitled will be effected not later than 14 days after the Effective Date in the manner set out below.

Except with the consent of the Panel, settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which Huadong or HMC may otherwise be, or claim to be, entitled against such Scheme Shareholder.

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled thereto.

### **13.1 Cash consideration where Scheme Shares are held in uncertificated form (that is, in CREST)**

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form (that is, in CREST), the Cash Consideration to which such a Scheme Shareholder is entitled will be transferred to such person through CREST, by Huadong procuring the creation of an assured payment obligation in favour of the appropriate CREST account(s) of the persons entitled thereto in accordance with the CREST assured payment arrangements (as set out in the CREST Manual), in respect of the Cash Consideration payable, provided that Huadong reserves the right to pay all or any part of the Cash Consideration referred to above to all or any holders of Scheme Shares in uncertificated form at the Scheme Record Time by cheque in the manner referred to in paragraph 13.2 below if, for any reason, it wishes to do so.

As from the Effective Date, each holding of Sinclair Shares credited to any stock account in CREST shall be disabled and all Sinclair Shares will be removed from CREST in due course thereafter.

### **13.2 Cash consideration where Scheme Shares are held in certificated form**

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form (that is, not in CREST), settlement of the Cash Consideration due under the Scheme in respect of Scheme Shares held in certificated form shall be despatched:

- by first class post, by cheque drawn on a branch of a UK clearing bank; or
- by such other method as may be approved by the Panel.

All such cash payments shall be paid in pounds sterling. All deliveries of cheques required to be made pursuant to the Scheme shall be effected by Huadong by sending the same by first class post in pre-paid envelopes addressed to the persons entitled thereto at their respective addresses as appearing in the Sinclair share register at the Scheme Record Time or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in such register (except, in either case, as directed in writing by the relevant holder or joint holder). Cheques shall be despatched as soon as practicable after the Effective Date and, in any event, not later than 14 days after the Effective Date.

On the Effective Date, each certificate representing a holding of Scheme Shares will cease to be a valid document of title and should be destroyed or, at the request of Sinclair, delivered up to Sinclair, or to any person appointed by Sinclair to receive the same.

### **13.3 Cash consideration where Sinclair Shares are acquired pursuant to the VCP**

In the case of Sinclair Shares acquired following sanction of the Scheme pursuant to the exercise of options granted under the VCP, settlement of the consideration payable under the Scheme or the amended Sinclair articles of association shall be made in accordance with the proposals sent to the participants in the VCP.

## **14. United Kingdom taxation**

**The following paragraphs, which are intended as a general guide only, are based on current UK tax law and what is understood to be current HMRC practice, all of which is subject to change, possibly with retrospective effect. They summarise certain limited aspects of the UK taxation treatment of the Scheme for Scheme Shareholders and do not purport to be a complete analysis of all tax considerations relating to the Acquisition. The following paragraphs do not constitute tax advice and relate only to the position of Scheme Shareholders who are resident and, in the case of individuals, domiciled in the UK for taxation purposes at all relevant times, who hold their Scheme Shares as an investment (other than under a personal equity plan or an individual savings account), who are the absolute beneficial owners of their Scheme Shares, and who have not (and are not deemed to have) acquired their Scheme Shares by virtue of an office or employment. Further, the comments in the following paragraphs may not apply to certain classes of Scheme Shareholders, such as collective investment schemes and insurance companies. For the avoidance of doubt, the comments in the following paragraphs do not apply to intermediate holding vehicles such as trusts, pensions etc. If you are in any doubt about the tax consequences of the Scheme in your own particular circumstances, you should consult an appropriate independent professional tax adviser. The following paragraphs do not consider the UK taxation consequences should HMC and Huadong (with the consent of the Panel) elect to implement the Acquisition by way of a Contractual Offer. Such consequences would be set out in a separate offer document.**

**Special tax provisions may apply to Sinclair Shareholders who have acquired or who acquire their Sinclair Shares by the exercise of options under the VCP. The UK tax treatment of such Sinclair Shareholders will be summarised in separate communications to such Sinclair Shareholders, but such Sinclair Shareholders who are in any doubt as to their taxation position should consult an independent professional tax adviser.**

**The following paragraphs also do not consider the UK taxation consequences in respect of any amounts payable under the MIP or the Bonus Plan, or the UK taxation consequences of the Scheme on the rights of holders of Convertible Loan Notes.**

#### **14.1 *United Kingdom taxation of chargeable gains***

Liability to UK taxation on chargeable gains will depend on the individual circumstances of each Scheme Shareholder.

The disposal of Scheme Shares by a Scheme Shareholder in return for Cash Consideration will constitute the disposal of assets for UK taxation of chargeable gains purposes which may, depending on the Scheme Shareholder's individual circumstances (including the Scheme Shareholder's base cost and the availability of exemptions, reliefs and/or allowable losses), give rise to a liability to UK taxation on chargeable gains or an allowable loss.

#### **14.2 *Individual Scheme Shareholders***

For Scheme Shareholders who are individuals, capital gains tax is currently charged at a rate of either 10 per cent. or 20 per cent. depending on the total amount of the individual's taxable income and capital gains for the tax year, and whether the capital gains annual exemption (which is £11,700 for 2018/2019) is available to offset any chargeable gain (to the extent it is not otherwise utilised).

For Scheme Shareholders who are trustees or personal representatives, capital gains tax is currently charged at the rate of 20 per cent. The annual exemption for the current tax year for trustees is £5,850.

Entrepreneurs' relief may be available to individuals and trustees if certain conditions are satisfied, to reduce the tax rate for all or part of a gain to 10 per cent.

#### **14.3 *Corporate Scheme Shareholders***

For Scheme Shareholders that are within the charge to UK corporation tax (but who do not qualify for the substantial shareholdings exemption in respect of their Scheme Shares), corporation tax will be payable on any chargeable gains. The current rate of corporation tax is 19 per cent. Indexation allowance will be available in respect of any period of ownership of the Scheme Shares up until 31 December 2017 to reduce any chargeable gain arising (but not to create or increase any allowable loss) on the disposal of a company's Scheme Shares.

#### **14.4 *UK taxation of non-UK resident Scheme Shareholders***

Subject to the paragraph immediately below, Scheme Shareholders who are not resident in the UK for UK tax purposes will not generally be subject to UK tax on chargeable gains upon transfer of their Scheme Shares in return for cash, unless they carry on a trade, profession or vocation in the UK through a branch or agency or (in the case of a company) permanent establishment and the Scheme Shares disposed of are used or held for the purposes of that branch, agency or permanent establishment.

If an individual is temporarily resident outside the UK for capital gains tax purposes at the date of disposal, such individual could, on becoming resident for tax purposes in the UK again, be liable to UK tax on chargeable gains in respect of disposals made while the individual was temporarily resident outside the UK.

#### **14.5 *Stamp duty and stamp duty reserve tax***

No UK stamp duty or SDRT will be payable by Scheme Shareholders as a result of the Scheme.

### **15. *Acquisition-related arrangements***

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

Pursuant to the Confidentiality Agreement, HMC has undertaken to Sinclair to, amongst other things: (a) keep confidential information relating to the Acquisition 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 Acquisition. 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 Acquisition 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.

## 15.2 **Offer Agreement**

Sinclair, Huadong and HMC entered into the Offer Agreement 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 the Rule 2.7 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 the Rule 2.7 Announcement.

A summary of the full terms of the Offer Agreement was provided in the Rule 2.4 Announcement.

## 15.3 **MIP Term Sheet**

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

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

Save in respect of the irrevocable undertakings and the letter of intent referred to in paragraph 4 of Part I of this document and in paragraph 5 of Part V of this document, 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 had: (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 City Code).

## 17. **Overseas Shareholders**

The implications (and availability) of the Scheme and the Acquisition for Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about, and observe, any applicable requirements in those jurisdictions. It is the responsibility of each Overseas Shareholder to satisfy himself/herself as to the full observance of the laws of the relevant jurisdiction in which they are situated in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

The release, publication or distribution of this document and/or the accompanying documents (in whole or in part) in jurisdictions other than the United Kingdom may be restricted by law and therefore persons in such jurisdictions into whose possession this document (and the accompanying documents) come should inform themselves about, and observe, any applicable legal and regulatory requirements. Any person (including, without limitation, nominees, trustees and custodians) who would, or otherwise intends to, forward this document (or any accompanying document) to any jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action. In particular, the ability of persons who are not resident in the United Kingdom to vote their Sinclair Shares at the Court Meeting and/or the General Meeting, or to execute and deliver Form(s) of Proxy appointing another to vote their Sinclair Shares in respect of the Court Meeting and/or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies

and persons involved in the Acquisition disclaim any responsibility and liability for the violation of such restrictions by any person. This document (and the accompanying documents) are for information purposes only and neither this document nor the accompanying documents are intended to, and do not, constitute an offer to sell or issue, or a solicitation of an offer to buy or subscribe for, shares or other securities, or a solicitation of any vote or approval in any jurisdiction in which such offer or solicitation is unlawful.

This document and the accompanying documents have been prepared for the purposes of complying with English law, the AIM Rules and the City Code and the information disclosed may not be the same as that which would have been disclosed if this document and the accompanying documents had been prepared in accordance with the laws of jurisdictions outside the United Kingdom. Nothing in this document or the accompanying documents should be relied upon for any other reason. This document and the accompanying documents are for information purposes only and neither this document nor the accompanying documents are intended to, and do not, constitute an offer or invitation to sell, purchase, subscribe for or issue any securities or the solicitation of an offer to buy or subscribe for securities in any jurisdiction in which such offer or solicitation is unlawful.

The Acquisition will not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and no person may vote in favour of the Acquisition by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this document and formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not distribute or send it in, into or from a Restricted Jurisdiction. In the event that the Acquisition is implemented by way of a Contractual Offer, at the election of Huadong, with the consent of the Panel and extended into the US, Huadong will do so in satisfaction of the procedural and filing requirements of the US securities laws at that time, to the extent applicable thereto.

The Acquisition 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 in relation to Sinclair incorporated in this document by reference has 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 Acquisition 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 addition to any such Contractual Offer, Huadong, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, Sinclair Shares outside such Contractual Offer during the period in which such Contractual Offer would remain open for acceptance. If such purchases or arrangements to purchase are made, they would be made outside the United States in compliance with applicable law, including the US Exchange Act.

The settlement procedure with respect to the Acquisition will be consistent with UK practice, which differs from US domestic tender offer procedures in certain material respects, particularly with regard to the date of payment.

It may be difficult for US holders of Sinclair Shares to enforce their rights and any claim arising out of the US federal securities laws, since Sinclair is located in a non-US jurisdiction, and some or all of the Sinclair Directors may be residents of a non-US jurisdiction. US holders of Sinclair Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

## **18. Action to be taken**

To become Effective, the Scheme requires, among other things, the approval of a majority in number of those Scheme Shareholders present and voting at the Court Meeting in person or by proxy, representing at least 75 per cent. in value, of the Scheme Shares held by such Scheme Shareholders.

The Scheme also requires the sanction of the Court as well as the passing of the Special Resolution by Sinclair Shareholders (which requires the approval of at least 75 per cent. of the votes cast by Sinclair Shareholders) and the passing of the MIP Resolution by Sinclair Independent Shareholders (which requires approval of more than 50 per cent. of the votes cast on that resolution by Sinclair Independent Shareholders). Upon the Scheme becoming Effective, it will be binding on all Sinclair Shareholders, irrespective of whether or not they attended and/or voted at the Court Meeting or the General Meeting and whether they voted for, or against, or abstained from voting on, the resolutions proposed at such Meetings.

Forms of Proxy for the Court Meeting and the General Meeting should be completed, signed and returned by post or (during normal business hours only) by hand to the Registrar, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, as soon as possible and, in any event, so as to be received not later than 48 hours before the time appointed for the relevant Meeting (or, in the case of adjournment(s), not later than 48 hours (excluding any part of a day which is a non-working day) before the time fixed for the holding of the adjourned Meeting(s)). If the BLUE Form of Proxy for use at the Court Meeting is not returned by the above time, it may be handed to a representative of the Registrar on behalf of the Chairman of the Court Meeting before the start of that Meeting. However, in the case of the General Meeting, the YELLOW Form of Proxy must be returned by the time mentioned above or it will be invalid. The completion and return of a Form of Proxy will not prevent you from attending and voting in person at either the Court Meeting or the General Meeting, or at any adjournment thereof, if you so wish and are so entitled.

**It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholder opinion. You are therefore strongly urged to complete, sign and return both of your Forms of Proxy as soon as possible.**

**If you have any questions about this document, the Meetings or are in any doubt as to how to complete the Forms of Proxy, please contact Link Asset Services on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. and 5.30 p.m. (London time), Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.**

## **19. Further information**

The terms of the Scheme are set out in full in Part VI of this document. Your attention is also drawn to the further information contained in this document, all of which forms part of this Explanatory Statement, and, in particular, to the Conditions set out in Part III, the financial information on Sinclair incorporated by reference in Part IV and the additional information set out in Part V of this document.

Yours faithfully

**Julian Hudson**

*for and on behalf of*

**N. M. Rothschild & Sons Limited**

**James Steel**

*Head of Healthcare & Life Sciences, Corporate, for and on behalf of*

**Peel Hunt LLP**

## PART III

### CONDITIONS TO AND FURTHER TERMS OF THE IMPLEMENTATION OF THE SCHEME AND THE ACQUISITION

#### Part A: Conditions to the Scheme and the Acquisition

1. The Acquisition is conditional upon the Scheme becoming unconditional and Effective, subject to the City Code, by not later than the Long Stop Date.
2. The Scheme shall 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 22nd day after the expected date of the Court Meeting set out in this document, or such later date (if any) as Huadong and Sinclair may agree and the Court may allow;
  - 2.2 the Special Resolution being duly passed by the requisite majority 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 22nd day after the expected date of the General Meeting set out in this document (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 22nd day after the expected date of the Scheme Court Hearing set out in this document (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 Acquisition is 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 Acquisition 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 Acquisition and all Authorisations necessary in any jurisdiction for or in respect of the Acquisition 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 Acquisition 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 Acquisition 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 Acquisition);
  - (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 Acquisition (as the case may be);
  - (vi) make the Acquisition, or any aspect of the Acquisition, 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 Acquisition 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 Acquisition (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 Acquisition 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 Acquisition 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 Acquisition:
  - (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 Acquisition, 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 Acquisition;
  - (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 Acquisition, 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 Acquisition;
  - (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 Acquisition;
  - (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 Acquisition;
- (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 Acquisition;
  - (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 Acquisition;
  - (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 Acquisition;

- (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 Acquisition;
- (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 Acquisition;

**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 Acquisition;
- (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 Acquisition 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 Acquisition;
- (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 Acquisition; or

- (vi) that circumstances exist (whether as a result of making the Acquisition 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 Acquisition;

#### **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 Acquisition**

1. Subject to the requirements of the Panel, Huadong reserves the right in its sole discretion to waive:
  - 1.1 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
  - 1.2 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 Conditions and terms of the Acquisition as are necessary to comply with the provisions of that Rule.
4. The Acquisition will lapse (unless otherwise agreed with the Panel) if:
  - 4.1 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 Acquisition or makes a referral of any part of the Acquisition 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 Acquisition; or
  - 4.2 in so far as the Acquisition or any matter arising from the Scheme or the Acquisition does not constitute a concentration with an EU dimension within the scope of the EU Merger Regulation, the European Commission decides to examine the Acquisition 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 Acquisition, 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 Acquisition. 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 Acquisition 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 Acquisition 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 other return of capital made on or after the date of the Rule 2.7 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 other return of capital (excluding associated tax credit) in which case any reference in this document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so

reduced, although, in such circumstances, Sinclair Shareholders would be entitled to retain any such dividend, distribution or other return of capital.

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 paragraphs 8 to 11, any reference in this document 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 paragraphs 8 to 11.
11. Any exercise by Huadong of its rights referred to in 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 Acquisition.
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 Acquisition 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 Acquisition 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 Acquisition will not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, telephonic or electronic) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of, a Restricted Jurisdiction, and no person may vote in favour of the Acquisition by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, copies of this document and formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded or distributed in, into or from a Restricted Jurisdiction and persons receiving this document (including custodians, nominees and trustees) must not distribute or send it in, into or from a Restricted Jurisdiction.
15. Huadong reserves the right for any other member of the Huadong Group from time to time to implement the Acquisition.
16. The Acquisition, this document and any rights or liabilities arising hereunder, the Acquisition, the Scheme and the Forms of Proxy will be governed by English law and will be subject to the jurisdiction of the English courts. The Acquisition shall be subject to the applicable requirements of the City Code, the Takeover Panel, the London Stock Exchange and the FCA.
17. Each of the Conditions will be regarded as a separate Condition and will not be limited by reference to any other Condition.

## PART IV

### FINANCIAL INFORMATION ON THE SINCLAIR GROUP AND THE HMC GROUP

#### Part A: Financial Information relating to the Sinclair Group

The following table sets out financial information in respect of Sinclair required by Rule 24.3 of the Code. The documents referred to below (or parts thereof), the contents of which have previously been announced through a Regulatory Information Service, are available and free of charge on Sinclair's website at <https://www.sinclairpharma.com/investors>, and are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

<i>Information incorporated by reference into this document</i>	<i>Hyperlink</i>	<i>Page numbers in reference document</i>
Sinclair Interim Results for the six months ended 30 June 2018	<a href="https://www.sinclairpharma.com/news/interim-results-2018-6311">https://www.sinclairpharma.com/news/interim-results-2018-6311</a>	7 to 19 (inclusive)
Sinclair Annual Report and Accounts for the financial year ended 31 December 2017	<a href="https://www.sinclairpharma.com/news/sinclair-annual-report-and-accounts-2017-5325">https://www.sinclairpharma.com/news/sinclair-annual-report-and-accounts-2017-5325</a>	36 to 77 (inclusive)
Sinclair Annual Report and Accounts for the financial year ended 31 December 2016	<a href="https://www.sinclairpharma.com/news/sinclair-annual-report-and-accounts-2016-6173">https://www.sinclairpharma.com/news/sinclair-annual-report-and-accounts-2016-6173</a>	34 to 71 (inclusive)

The information above is available free of charge in "read only", printable format from the hyperlinks set out above.

#### Availability of hard copies

A person who has received this document may request a hard copy of any documents or information incorporated by reference into this Part A of this Part IV of this document. A copy of any such documents or information incorporated by reference into this Part A of this Part IV of this document will not be provided unless requested from the Registrar, Link Market Services Limited, between 9.00 a.m. and 5.30 p.m. (London time), Monday to Friday excluding public holidays in England and Wales on +44 (0)371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

#### No incorporation of website information

Save as expressly referred to herein, neither the content of Sinclair's website, nor the content of any website accessible from hyperlinks on Sinclair's website, is incorporated into or forms part of this document.

#### Part B: Sinclair Ratings Information

No credit ratings agency has publicly accorded Sinclair with any current credit rating or outlook.

### **Part C: Financial Information relating to the HMC Group**

The following table sets out financial information in respect of HMC (the ultimate parent company of Huadong) required by Rule 24.3 of the Code. The documents referred to below (or parts thereof), the contents of which have been uploaded to Huadong's website, are incorporated into this document by reference pursuant to Rule 24.15 of the Code:

<i>Information incorporated by reference into this document</i>	<i>Hyperlink</i>	<i>Page numbers in reference document</i>
HMC's half-yearly report and accounts for the half-year ended 30 June 2018	<a href="http://www.eastchinapharm.com/Uploads/Picture/20180918/5ba0af8cab70e.pdf">http://www.eastchinapharm.com/Uploads/Picture/20180918/5ba0af8cab70e.pdf</a>	2 to 90 (inclusive)
HMC's annual report and accounts for the year ended 31 December 2017	<a href="http://www.eastchinapharm.com/Uploads/Picture/20180918/5ba0afad4084b.pdf">http://www.eastchinapharm.com/Uploads/Picture/20180918/5ba0afad4084b.pdf</a>	7 to 118 (inclusive)
HMC's annual report and accounts for the year ended 31 December 2016	<a href="http://www.eastchinapharm.com/Uploads/Picture/20180918/5ba0afc70b065.pdf">http://www.eastchinapharm.com/Uploads/Picture/20180918/5ba0afc70b065.pdf</a>	3 to 101 (inclusive)

The information above is available free of charge in "read only", printable format from the hyperlinks set out above.

#### **Availability of hard copies**

A person who has received this document may request a hard copy of any documents or information incorporated by reference into this Part C of this Part IV of this document. A copy of any such documents or information incorporated by reference into this Part C of this Part IV of this document will not be provided unless requested from Bo Chen at Huadong on +86 571 89903290 during business hours.

#### **No incorporation of website information**

Save as expressly referred to herein, neither the content of Huadong's website, nor the content of any website accessible from hyperlinks on Huadong's website, is incorporated into or forms part of this document.

### **Part D: HMC and Huadong Ratings Information**

China Chengxin Securities Rating Co., Ltd. accorded a credit rating of AA+ to HMC on 27 June 2018. There are no current ratings or outlooks publicly accorded to Huadong by ratings agencies.

## PART V

### ADDITIONAL INFORMATION

#### 1. Responsibility

- 1.1 The Sinclair Directors, whose names are set out in paragraph 2.1 of this Part V, accept responsibility for the information contained in this document (including any expressions of opinion) (other than the information for which the Huadong Director, the HMC Directors and the CGE Directors accept responsibility in accordance with paragraphs 1.3 to 1.5 below and other than the recommendations and opinions of the Sinclair Independent Directors in respect of the Acquisition and the MIP, for which the Sinclair Independent Directors accept responsibility in accordance with paragraph 1.2 below). To the best of the knowledge and belief of the Sinclair Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.2 The Sinclair Independent Directors, whose names are set out in paragraph 2.2 of this Part V, accept responsibility for the information contained in this document (including any expressions of opinion) relating to the recommendations and opinions of the Sinclair Independent Directors in respect of the Acquisition and the MIP. To the best of the knowledge and belief of the Sinclair Independent Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.3 The Huadong Director, whose name is set out in paragraph 2.3 of this Part V, accepts responsibility for the information contained in this document (including any expressions of opinion) relating to Huadong, the Huadong Director and members of her immediate family, related trusts and connected persons and any person acting in concert, or deemed to be acting in concert, with Huadong. To the best of the knowledge and belief of the Huadong Director (who has taken all reasonable care to ensure that such is the case), the information contained in this document for which she is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.4 The HMC Directors, whose names are set out in paragraph 2.4 of this Part V, accept responsibility for the information contained in this document (including any expressions of opinion) relating to HMC, Hangzhou Huadong, the HMC Directors and members of their respective immediate families, related trusts and connected persons and any person acting in concert, or deemed to be acting in concert, with any of them. To the best of the knowledge and belief of the HMC Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
- 1.5 The CGE Directors, whose names are set out in paragraph 2.5 of this Part V, accept responsibility for the information contained in this document (including any expressions of opinion) relating to CGE, the CGE Directors, Mr Hu Kaijun and members of their respective immediate families, related trusts and connected persons and any person acting in concert, or deemed to be acting in concert, with any of them. To the best of the knowledge and belief of the CGE Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors

- 2.1 The Sinclair Directors and their respective functions are as follows:

Grahame Cook	<i>Independent Non-Executive Chairman</i>
Chris Spooner	<i>Chief Executive Officer</i>
Alan Olby	<i>Chief Financial Officer</i>
Jeffery Thompson	<i>Independent Non-Executive Director</i>

Sinclair is a public limited company incorporated in England and Wales with its registered office and the business address of the Sinclair Directors at Whitfield Court, 30 – 32 Whitfield Street, London W1T 2RQ.

2.2 The Sinclair Independent Directors are Grahame Cook and Jeffery Thompson.

2.3 The name of the Huadong Director and her function is as follows:

Honglan Ma *Director*

Huadong's registered office and the business address of the Huadong Director is 165 Wanchai Road, Room 1405, 14/F, Lucky Centre, Wanchai, Hong Kong.

2.4 The names of the HMC Directors and their respective functions are as follows:

Bangliang LI/李邦良 *Director, Chairman of the Board*

Liang LV/吕梁 *Director, General Manager*

Zhanqi NIU/牛战旗 *Director*

Wei KANG/亢伟 *Director*

Hang FU/傅航 *Director*

Yuedong LI/李阅东 *Director, Vice General Manager*

Wei ZHANG/张炜 *Independent Director*

Xiaoming ZHONG/钟晓明 *Independent Director*

Lan YANG/杨岚 *Independent Director*

HMC's registered office and the business address of each of the HMC Directors is 468 Yan An Road, Floors 9 and 10, Unit 1, Hangzhou, China.

2.5 The names of the CGE Directors and their respective functions are as follows:

Kaijun HU/胡凯军 *Director, Chairman of the Board*

Bingyuan LI/李炳源 *Director*

Honghui CHEN/陈洪慧 *Director*

Chengwei LIU/刘程炜 *Director*

Yuan LIU/刘元 *Director*

Wei HUANG/黄炜 *Director*

Wei KANG/亢伟 *Director*

CGE's registered office and the business address of each of the CGE Directors is 5 Huizhong Road, 25/F, Tower B, China Grand Centre, Chaoyang District, Beijing, China.

### 3. Market quotations

The following table shows the Closing Price for one Sinclair Share on:

3.1 the first Business Day of each of the six months immediately before the date of this document;

3.2 4 July 2018, being the last Business Day prior to the commencement of the Offer Period; and

3.3 28 September 2018, being the Last Business Day.

<i>Date</i>	<i>Price per Sinclair Share (pence)</i>
3 April 2018	20.275
1 May 2018	14.925
1 June 2018	17.750
2 July 2018	18.300
4 July 2018	18.300
1 August 2018	21.000
3 September 2018	26.600
28 September 2018	31.200

#### 4. Interests and dealings in relevant securities

##### 4.1 Definitions used in this section

For the purposes of this paragraph 4:

“**acting in concert**” has the meaning given to it in the City Code;

“**arrangement**” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing (other than irrevocable commitments and letters of intent to vote in favour of the Scheme and/or related resolutions, details of which are set out in paragraph 5 of this Part V);

“**connected adviser**” has the meaning given to it in the City Code;

“**connected person**” in relation to a director of HMC, Huadong or Sinclair includes (a) such director’s spouse or civil partner and children or step-children under the age of 18; (b) the trustee(s) of any trust for the benefit of such director and/or any person mentioned in (a); (c) any company in which such director and/or any person mentioned in (a) or (b) is entitled to exercise or control the exercise of one-third or more of the voting power, or which is accustomed to act in accordance with the directions of such director or any such person; and (d) any other person whose interests in shares are taken to be interests of such director pursuant to Part 22 of the Companies Act;

“**control**” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest(s) give(s) de facto control;

“**dealing**” has the meaning given to it in the City Code and “**dealt**” has the corresponding meaning;

“**derivative**” has the meaning given to it in the City Code;

“**Disclosure Date**” means the close of business on 28 September 2018;

“**Disclosure Period**” means the period commencing on 5 July 2017 (being the date 12 months prior to the date of commencement of the Offer Period) and ending on the Disclosure Date;

“**exempt fund manager**” and “**exempt principal trader**” have the meanings given to them in the City Code;

“**financial collateral arrangements**” are arrangements of the kind referred to in note 4 on Rule 4.6 of the City Code;

“**HMC Shares**” means shares with a nominal value of RMB 1.00 each in the capital of HMC;

“**Huadong Shares**” means shares with a nominal value of HKD 1.00 each in the capital of Huadong;

“**interest**” in relevant securities has the meaning given to it in the City Code;

“**Offer Period**” means, for the purposes of this paragraph 4 of this Part V, the period commencing on 5 July 2018 and ending on the Disclosure Date;

“**relevant securities of HMC**” means HMC Shares and securities of HMC carrying conversion or subscription rights into HMC Shares;

“**relevant securities of Huadong**” means Huadong Shares and securities of Huadong carrying conversion or subscription rights into Huadong Shares;

“**relevant securities of Sinclair**” means Sinclair Shares and securities of Sinclair carrying conversion or subscription rights into Sinclair Shares; and

“**short position**” means any short position (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.

#### 4.2 **Interests in relevant securities of Sinclair**

As at the Disclosure Date, the Sinclair Directors had interests in relevant securities of Sinclair as set out below:

*Holdings of Sinclair Shares (beneficial unless otherwise stated)*

<i>Director</i>	<i>Number of Sinclair Shares beneficially owned</i>	<i>Outstanding nil cost share options under the VCP</i>
Grahame Cook	700,000	–
Chris Spooner	10,440,479	1,912,528
Alan Olby	468,300	425,006
Jeffery Thompson	350,000	–

As at the Disclosure Date, Sinclair held no Sinclair Shares in treasury.

As at the Disclosure Date, the following persons acting in concert with Sinclair had interests in relevant securities of Sinclair as set out below:

*Interests in Sinclair Shares*

<i>Name</i>	<i>Number of Sinclair Shares in which interested</i>	<i>Percentage interest (%)</i>	<i>Nature of interest</i>
Toscafund Asset Management LLP	148,613,603	29.5	Discretionary investment manager of several funds holding beneficial interests
RBC Dominion Securities Inc. (RBC Europe Limited, trading as RBC Capital Markets, an affiliate of RBC Dominion Securities Inc., is acting as joint corporate broker to Sinclair)	99,053	0.02	Beneficial

#### 4.3 **Dealings in relevant securities of Sinclair**

The following dealings for value in relevant securities of Sinclair by persons acting in concert with Sinclair have taken place during the Offer Period:

<i>Name</i>	<i>Date of Sinclair Share dealing</i>	<i>Price per (pence)</i>	<i>Nature of transaction</i>	<i>Number of Sinclair Shares</i>
Toscafund Asset Management LLP	9 July 2018	22.31	Purchase	250,000
	9 July 2018	22.38	Purchase	250,000

#### 4.4 **General**

As at the Disclosure Date:

4.4.1 none of (i) HMC or Huadong; (ii) any HMC Director or Huadong Director or any connected person of any such HMC Director or Huadong Director (as the case may be); (iii) any other person acting in concert with HMC or Huadong; or (iv) any person with whom HMC, Huadong or any person acting in concert with HMC and/or Huadong had an arrangement of the kind referred to in Note 11 on the definition of “acting in concert” in the City Code with any other person in relation to relevant securities of Sinclair (save for the irrevocable undertakings and letter of intent described in paragraph 5 of this Part V of this document),

had any interest in, right to subscribe in respect of, or short position in respect of, directly or indirectly, relevant securities of Sinclair; and no such person had dealt in any relevant securities of Sinclair during the Disclosure Period;

4.4.2 neither HMC nor Huadong, nor any person acting in concert with HMC or Huadong, had borrowed or lent any relevant securities of Sinclair (including any financial collateral arrangements);

4.4.3 save as disclosed in paragraphs 4.2 and 4.3 above, none of (i) Sinclair; (ii) any Sinclair Director, or any connected person of any such Sinclair Director; (iii) any other person acting in concert with Sinclair; or (iv) any person with whom Sinclair or any person acting in concert with Sinclair had an arrangement of the kind referred to in Note 11 on the definition of “acting in concert” of the City Code with any other person in relation to relevant securities of Sinclair, had any interest in, right to subscribe in respect of, or short position in respect of, directly or indirectly, relevant Sinclair securities; and no such person has dealt in any relevant securities of Sinclair during the Offer Period;

4.4.4 neither Sinclair nor any person acting in concert with it has borrowed or lent any relevant securities of Sinclair (including any financial collateral arrangements); and

4.4.5 none of Sinclair, the Sinclair Directors or any person connected with any Sinclair Director has any interest in, or right to subscribe in respect of, or short position in respect of, directly or indirectly, relevant securities of HMC or relevant securities of Huadong; and no such person has dealt in relevant securities of HMC or relevant securities of Huadong during the Offer Period.

## 5. Irrevocable undertakings and letter of intent

### 5.1 General

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) (or, if the Acquisition 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.

In addition, irrevocable undertakings and a letter of intent to vote, or procure the vote, in favour of the MIP Resolution have been received from Sinclair Independent 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 referred to above are set out below:

### 5.2 Sinclair 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, as the case may be, to accept, or procure the acceptance of, a Contractual Offer made by Huadong.

<i>Name of Shareholder</i>	<i>Number of Sinclair Shares in respect of which undertaking is given</i>	<i>Percentage of existing issued share capital of Sinclair</i>
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.

### 5.3 **Sinclair 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.

<i>Name of Director or connected person</i>	<i>Number of Sinclair Shares in respect of which undertaking is given</i>	<i>Percentage of existing issued share capital of Sinclair</i>
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 Special Resolution (but not 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.

<i>Name of Director or connected person</i>	<i>Number of Sinclair Shares in respect of which undertaking is given</i>	<i>Percentage of existing issued share capital of Sinclair</i>
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 Acquisition by way of a Contractual Offer or otherwise.

### 5.4 **Sinclair Shareholder 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.

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

## 6. **Persons acting in concert**

6.1 The persons who, for the purposes of the City Code, are acting, or deemed to be acting, in concert with Huadong include:

- 6.1.1 the HMC Directors. the Huadong Director and other members of the Wider Huadong Group (including CGE and its group companies);

- 6.1.2 Mr. Hu Kaijun; and
- 6.1.3 Piper Jaffray Limited, whose registered office is at 88 Wood Street, 13th Floor, London EC2V 7RS, financial adviser to HMC and Huadong in connection with the Acquisition.
- 6.2 The persons who, for the purposes of the City Code, are acting, or deemed to be acting, in concert with Sinclair include:
  - 6.2.1 the Sinclair Directors, other members of the Sinclair Group and associated companies of members of the Sinclair Group;
  - 6.2.2 Rothschild, whose registered office is at New Court, St Swithin's Lane, London EC4N 8AL, lead independent Rule 3 adviser to Sinclair in connection with the Acquisition;
  - 6.2.3 Peel Hunt, whose registered office is at Moor House, 120 London Wall, London EC2Y 5ET, joint independent Rule 3 adviser to Sinclair in connection with the Acquisition and nominated adviser and joint broker to Sinclair;
  - 6.2.4 RBC Capital Markets (a trading name of RBC Europe Limited), whose registered office is at Riverbank House, 2 Swan Lane, London EC4R 3BF, joint broker to Sinclair; and
  - 6.2.5 Toscafund Asset Management LLP, whose registered office is at 7th Floor, 90 Long Acre, London WC2E 9RA.

## **7. Material contracts and Acquisition-related arrangements**

### **7.1 Sinclair Acquisition-related arrangements**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Sinclair since 5 July 2016 (being the date two years prior to the commencement of the Offer Period) and are Acquisition-related arrangements for the purposes of the City Code:

#### *7.1.1 Confidentiality Agreement*

Pursuant to the Confidentiality Agreement, HMC has undertaken to Sinclair to, amongst other things: (a) keep confidential information relating to the Acquisition 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 Acquisition. 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 Acquisition 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.

#### *7.1.2 Offer Agreement*

Sinclair, Huadong and HMC entered into the Offer Agreement 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 the Rule 2.7 Announcement.

Following the satisfaction of the Pre-Conditions, 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 the Rule 2.7 Announcement.

A summary of the full terms of the Offer Agreement was provided in the Rule 2.4 Announcement.

### 7.1.3 MIP Term Sheet

Details of the MIP Term Sheet are set out at paragraph 9 of Part II of this document.

## 7.2 Sinclair material contracts

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by Sinclair and/or its subsidiaries since 5 July 2016 (being the date two years prior to the commencement of the Offer Period):

### 7.2.1 Senior Facilities Agreement

Sinclair Pharma Holdings Limited (as borrower) (the “**Borrower**”); Sinclair (as parent); Sinclair, Sinclair Pharma Holdings Limited and certain other members of the Sinclair Group (as guarantors); Hayfin Sof II Luxco 1 S.À.R.L., Hayfin Topaz Luxco 2 SCA and Hayfin Opal III, L.P. (as arrangers and lenders) (the “**Lenders**”); and Hayfin Services LLP (as agent and security agent) entered into a secured senior facilities agreement (the “**Senior Facilities Agreement**”) on 27 April 2018 pursuant to which the Lenders agreed to provide a committed €23,000,000 five year term loan to the Borrower and any future additional borrowers (as the case may be).

Under the Senior Facilities Agreement the Lenders have agreed to make available: (i) a committed facility of €17,250,000 (“**Facility B1**”); (ii) a committed facility of €5,750,000 (“**Facility B2**”) and (iii) an uncommitted facility of up to €23,000,000 (the “**Uncommitted Facility**”).

Loans drawn under the Senior Facilities Agreement are to be utilised to allow Sinclair to repay its existing bank debt and for general corporate purposes (including the payment of deferred consideration or milestone payments in connection with historic business acquisitions).

Loans under the Senior Facilities Agreement may be drawn in euro or (in the case of the Uncommitted Facility) another agreed optional currency. Facility B1 may be utilised between 27 April 2018 and the date falling five business days thereafter. Facility B2 may be utilised between the date of first utilisation of Facility B1 and 31 March 2019. The Uncommitted Facility may be utilised between the date on which the Lenders give notice that such Uncommitted Facility has been committed and the date falling three years after the first utilisation of Facility B1.

Loans under the Senior Facilities Agreement will be repayable on 27 April 2023 (being the date falling 60 months after the first utilisation of Facility B1), although they may be repaid (along with accrued interest) at any time prior to such date at Sinclair’s option, subject to early prepayment fees.

Loans under the Senior Facilities Agreement carry an interest rate of EURIBOR (if the relevant loan is denominated in euro) or LIBOR (if the relevant loan is not denominated in euro) plus a margin of 9 per cent. (in the case of Facility B1 or Facility B2) or such rate agreed between Sinclair and the relevant Lenders (in the case of the Uncommitted Facility), subject to a EURIBOR/LIBOR floor of 0.75 per cent.

Interest is payable on the last day of each Interest Period (as such term is defined in the Senior Facilities Agreement). However, Sinclair may elect, in respect of any Interest Period which ends on or before the date falling 30 months after the first utilisation of Facility B1, that all or part of the interest payable is capitalised rather than paid in cash at the end of the relevant Interest Period (a “**PIK Interest Election**”). In respect of an Interest Period which ends prior to the date falling 18 months after the first utilisation of Facility B1, Sinclair may make a PIK Interest Election of up to 100 per cent. of the interest payable. In respect of an Interest Period which ends after the date falling 18 months after the first utilisation of Facility B1 but prior to the date falling 30 months after the first utilisation of Facility B1, Sinclair may make a PIK Interest Election in respect of up to 50 per cent. of the interest payable or a PIK Interest Election in respect of more than 50 per cent. of the interest payable (in which latter case the interest rate for the relevant loan will be increased by

1 per cent.). All amounts of PIK Interest then outstanding must be repaid in full on 27 April 2023.

The Senior Facilities Agreement contains customary representations and warranties and undertakings for a facility agreement of this nature.

The Senior Facilities Agreement contains a financial covenant requiring that Sinclair maintain a minimum aggregate balance of £2,000,000 of cash is held in one or more accounts of members of the Sinclair Group which are otherwise free and clear of all security. The Senior Facilities Agreement contains a further financial covenant requiring that Net Sales (as such term is defined in the Senior Facilities Agreement) meet a certain threshold per financial quarter.

The Senior Facilities Agreement contains customary events of default, including failure to comply with obligations under the Senior Facilities Agreement, misrepresentation, certain insolvency events and a cross-default clause in relation to any other financial indebtedness of the Sinclair Group where the amount is more than £125,500. Upon the occurrence of an event of default (subject to any applicable remedy periods), the Lenders may demand immediate repayment of all loans outstanding under the Senior Facilities Agreement.

The Senior Facilities Agreement provides that Sinclair may request that any of its wholly owned subsidiaries becomes an additional borrower or additional guarantor. Any member of the Sinclair Group which is or becomes a Material Company (as such term is defined in the Senior Facilities Agreement) must also become an additional guarantor.

The liabilities and obligations of the obligors from time to time under the Senior Facilities Agreement are secured by a fixed and floating charge over all the assets of certain companies in the Sinclair Group pursuant to a security agreement entered into between Sinclair Pharma Management Limited, Sinclair Pharma Holdings Limited, Sinclair Pharmaceuticals Limited and Hayfin Services LLP dated 30 April 2018.

The liabilities and obligations of the obligors from time to time under the Senior Facilities Agreement rank in priority to any intra-group liabilities or any liabilities to future third party creditors, pursuant to the terms of an intercreditor agreement entered into between Sinclair, certain other companies in the Sinclair Group, Hayfin Services LLP, Hayfin Sof II Luxco 1 S.ÀR.L., Hayfin Topaz Luxco 2 SCA and Hayfin Opal III, L.P. dated 30 April 2018.

#### *7.2.2 Convertible Loan Agreement*

On 21 February 2018 Sinclair entered into a convertible loan instrument (the “**Convertible Loan Agreement**”) pursuant to which Sinclair agreed to create £3,584,000 of loan notes to be held on the conditions contained in the Convertible Loan Agreement and set out in further detail below. Loan Notes issued pursuant to the Convertible Loan Agreement are non-transferable, except with the consent of Sinclair.

On 21 February 2018 £3,445,383 of loan notes were subscribed for by EW Healthcare Partners, L.P. and £138,617 of loan notes were subscribed for by EW Healthcare Partners-A, L.P. The proceeds of such subscriptions were satisfied by the payment of \$5,000,000 in cash to Sinclair and are to be utilised for general working capital purposes (including settlement of the termination fee and the inventory buyback following the termination of the distribution agreement between Sinclair Pharmaceuticals and ThermiGen LLC, such termination effective 31 March 2018).

Loan notes subscribed for pursuant to the Convertible Loan Agreement carry an interest rate of 8 per cent. Any accrued interest shall be payable when the loan notes are redeemed in accordance with the terms of the Convertible Loan Agreement. On each Interest Payment Date (as such term is defined in the Convertible Loan Agreement) Sinclair shall satisfy the interest due through the issue of further loan notes in respect of the liability to pay such interest.

Loan notes subscribed for pursuant to the Convertible Loan Agreement may (at the option of the noteholder) be redeemed in exchange for payment of the principal amount of such notes plus the amount of any accrued interest, upon the occurrence of the earliest of:

- 1 September 2020;
- a change of control of Sinclair; or
- an announcement being made by Sinclair which commences an offer period under the Code or sets out an intention to effect a scheme of arrangement.

Alternatively, some or all of the loan notes subscribed for pursuant to the Convertible Loan Agreement may (at the option of the noteholder) be converted at any time after 21 May 2018 into fully paid ordinary shares in the capital of Sinclair ("**Conversion Shares**") (which shall rank pari passu with, and carry the same right to dividends and distributions as, existing Sinclair Shares) at a price of 28 pence per Conversion Share. The Loan Note Agreement contains anti-dilution provisions to ensure that, in the event additional Sinclair Shares are issued by Sinclair prior to conversion, the noteholders receive the same percentage of the issued share capital of Sinclair on conversion as would have been the case had additional Sinclair Shares not been so issued.

Each noteholder which exercises its right to receive Conversion Shares undertakes not to dispose of the legal or beneficial ownership of such Conversion Shares for a period of six months after conversion. However, such undertaking will not apply in certain circumstances, including in the event of a takeover offer for Sinclair (whether implemented by a contractual offer or scheme of arrangement).

The Loan Note Agreement contains customary events of default, including failure to comply with obligations under the Loan Note Agreement and certain insolvency events. Upon the occurrence of an event of default (subject to any applicable remedy periods), the noteholders have the option to demand repayment of the principal amount of such notes plus the amount of any accrued interest or require that the loan notes are immediately converted.

Sinclair's obligation to redeem the loan notes issued pursuant to the Convertible Loan Agreement is secured by a fixed and floating charge over all the assets of Sinclair pursuant to a debenture entered into between Sinclair, EW Healthcare Partners, L.P. and EW Healthcare Partners-A, L.P. dated 21 February 2018.

### 7.2.3 *Business purchase agreement for the acquisition of certain of the business and assets of Refine LLC*

On 16 June 2017 Sinclair, Sinclair Pharmaceuticals Limited and Refine LLC entered into a business purchase agreement (the "**Refine BPA**") pursuant to which Refine LLC ("**Refine**") agreed to sell, and Sinclair Pharmaceuticals Limited agreed to buy, Refine's business consisting of the development, manufacture and sale of Refine's breast lift/support suture product and all other soft tissue reinforcement and approximation technology.

The maximum consideration payable by Sinclair Pharmaceuticals Limited under the Refine BPA amounts to \$7,300,000 (plus an amount equal to 8.5 per cent. of Sinclair and Sinclair Pharmaceuticals Limited's consolidated gross profit earned on Net Sales (as such term is defined in the Refine BPA)), certain elements of which are contingent upon the achievement of certain performance-related targets over a seven-year period. In addition, certain elements of consideration may, at Sinclair and Sinclair Pharmaceuticals Limited's discretion, be satisfied by way of the issue to Refine of new ordinary shares in the capital of Sinclair, as opposed to in cash.

In the event of a Change of Control (as such term is defined in the Refine BPA) of Sinclair or Sinclair Pharmaceuticals Limited, a total of up to \$3,400,000 of the consideration shall (to the extent not already paid) become immediately payable, irrespective of whether the relevant performance-related targets (upon which such consideration would normally be

contingent) have been achieved. The Acquisition constitutes a Change of Control for these purposes.

Refine provided customary warranties, indemnities and undertakings under the Refine BPA. The warranties and indemnities are subject to customary limitations as to value and duration.

Jeffery Thompson, one of the Sinclair Directors, has a beneficial interest of 52 per cent. in Refine and in light of the total consideration potentially payable to Refine under the Refine BPA the acquisition constituted a related party transaction under the AIM Rules for Companies. As a significant shareholder in Refine, Jeffery Thompson has an interest in the accelerated payment of the consideration on the Change of Control to which the Acquisition gives rise (referred to above).

#### *7.2.4 Termination agreement relating to South Korean distribution agreement*

On 14 August 2017 Sinclair Pharmaceuticals Limited and MDC Global Co Ltd (“**MDC**”) entered into an agreement (the “**Korea Termination Agreement**”) terminating the distribution agreement dated 1 September 2015 between the same parties pursuant to which MDC was granted exclusive rights to distribute certain products in South Korea.

Under the terms of the Korea Termination Agreement, Sinclair Pharmaceuticals Limited agreed to make an immediate payment of £100,000 and milestone payments totalling KRW4,645,000,000 (such milestone payments being payable in yearly increments up to 2020 and being subject to calculation and adjustment dependent on certain performance-related metrics in accordance with the terms of the Korea Termination Agreement). In addition, any milestone payment may, at Sinclair Pharmaceuticals Limited’s discretion, be satisfied by way of the issue to MDC of new ordinary shares in the capital of Sinclair, as opposed to in cash.

In the event of a Change of Control (as such term is defined in the Korea Termination Agreement) of Sinclair prior to the due date of any milestone payment, any subsequent milestone payments must be payable in cash and will not be subject to adjustment, irrespective of the relevant performance-related metrics achieved.

### **7.3 HMC and Huadong Acquisition-related arrangements**

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by HMC and/or its subsidiaries, including (without limitation) Huadong, since 5 July 2016 (being the date two years prior to the commencement of the Offer Period) and are Acquisition-related arrangements for the purposes of the City Code:

#### *7.3.1 Confidentiality Agreement*

See paragraph 7.1.1 above.

#### *7.3.2 Offer Agreement*

See paragraph 7.1.2 above.

#### *7.3.3 MIP Term Sheet*

See paragraph 7.1.3 above.

#### *7.3.4 Irrevocable Bank Guarantee*

Huadong obtained the Irrevocable Bank Guarantee from ICBC London on 14 September 2018.

ICBC London has issued the Irrevocable Bank Guarantee in favour of Huadong for a maximum aggregate amount up to £175,000,000 in relation to the Acquisition, which Huadong can call on as an alternative to using its existing cash resources to fund the Cash Consideration and associated fees and expenses.

Subject to the terms of the Irrevocable Bank Guarantee, ICBC London irrevocably and unconditionally undertakes that, within four Business Days of receipt by it of a demand for payment from Huadong, it will pay the amount demanded into the account of Link Market Services Limited or the Company (as specified in the demand) without any protest or delay and without any deduction, set-off, counterclaim or withholding.

A demand for payment must be received by ICBC London from Huadong no later than 5.00 p.m. (London time) on the earlier of: (i) 365 days from the date of the Irrevocable Bank Guarantee (being 14 September 2019); (ii) 15 August 2019; and (iii) payment in full of the Cash Consideration (the “**Expiration Date**”).

Until the Expiration Date, the obligations of ICBC London to any demand for payment shall be irrevocable. Subject to the terms and conditions of the Irrevocable Bank Guarantee, ICBC London’s obligations to fund under the guarantee may not be withdrawn, refused or terminated before the Expiration Date. After the Expiration Date, ICBC London will not accept any new demands and the Irrevocable Bank Guarantee will automatically become null and void.

#### 7.4 **HMC and Huadong material contracts**

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by HMC and/or its subsidiaries, including (without limitation) Huadong, since 5 July 2016 (being the date two years prior to the commencement of the Offer Period):

##### 7.4.1 *Lease with Hangzhou Economic and Technological Development District Qianjin Industrial Park for the construction of the Jiangdong Program Phase II*

On 5 March 2017, HMC entered into a lease with Hangzhou Economic and Technological Development District Qianjin Industrial Park for the construction of the Jiangdong Program Phase II. The area of the leased land is approximately 148,700 square metres. The estimated total investment for the Jiangdong Program Phase II is 2,250 million RMB. The purpose of the lease is to obtain premises to facilitate the expansion of HMC’s Cordyceps Fungus Powder product.

##### 7.4.2 *Decitabine Transfer Agreement*

On 15 August 2017, Zhong Mei Hua Dong Pharmaceutical Co., Ltd. (“**ZMHD**”), a subsidiary of HMC, and HMC New Drug Research Institution Co., Ltd. (“**New Drug Research Institution**”) entered into an agreement relating to the transfer of the technology relating to the drug Decitabine to ZMHD for consideration of 30 million RMB, which will be paid in instalments.

##### 7.4.3 *TTP273 Licensing Agreement*

On or about 22 December 2017, ZMHD entered into a licensing agreement with vTv Therapeutics LLC (“**vTv**”), whereby ZMHD obtained a licence to use the intellectual property relating to drug TTP273 in 16 countries or jurisdictions, including China, Korea, and Australia, for consideration of US\$33 million. TTP273 is a first in class drug developed by vTv for the treatment of Type 2 Diabetes. TTP273’s patent right in China will expire in 2030.

##### 7.4.4 *Liraglutide Transfer Agreement*

On 18 August 2017, ZMHD entered into an agreement with Hangzhou Jiuyuan Gene Engineering Co., Ltd., an affiliate of ZMHD, which transferred the ownership of four patents relating to the drug Liraglutide to ZMHD for consideration of 80 million RMB.

## **8. Sinclair Directors' service contracts**

### **8.1 Sinclair Executive Directors**

The Sinclair Executive Directors have entered into service agreements with Sinclair as summarised below:

- 8.1.1 Chris Spooner is engaged under a service agreement with Sinclair Pharmaceuticals Limited dated 20 November 2009 under which he receives an annual base salary of £384,108. He was appointed as Chief Executive Officer of Sinclair on 20 November 2009.
- 8.1.2 Alan Olby is engaged under a service agreement with Sinclair Pharmaceuticals Limited dated 14 December 2009 under which he receives an annual base salary of £205,000. He was appointed as Chief Financial Officer of Sinclair on 1 December 2009.
- 8.1.3 Sinclair makes payments of £10,000 per year for Alan Olby into Sinclair's Group personal pension scheme plus he receives a cash allowance of £10,500.
- 8.1.4 The benefits provided to the Sinclair Executive Directors include death in service benefit and healthcare insurance.
- 8.1.5 The Sinclair Executive Directors also participate in the VCP, under which they are eligible to receive units which vest subject to certain share price targets.
- 8.1.6 The Sinclair Executive Directors also participate in the Bonus Plan, under which amounts of up to 130 per cent. of base salary for Chris Spooner and 100 per cent. of base salary for Alan Olby are contributed annually to an individual bonus plan account subject to the attainment of performance targets. Each year, 50 per cent. of the bonus plan account is payable in cash and 50 per cent. deferred into notional shares based on the Sinclair Share price at the measurement date.
- 8.1.7 Sinclair Pharmaceuticals Limited may terminate the service agreement of the Sinclair Executive Directors on 12 months' written notice. The Sinclair Executive Directors may also terminate their service agreements by giving Sinclair Pharmaceuticals Limited 12 months' written notice. As an alternative to giving notice, Sinclair Pharmaceuticals Limited may, in its discretion, terminate the employment of the Sinclair Executive Directors by making a payment in lieu of notice equal to salary, pension entitlements and other benefits in kind in respect of any unexpired period of notice.

### **8.2 Sinclair Non-Executive Directors**

The Sinclair Non-Executive Directors have entered into letters of appointment with Sinclair as summarised below:

- 8.2.1 The Chairman, Grahame Cook, is appointed under a letter of appointment dated 9 July 2004 with Sinclair. His appointment may be terminated by either party on three months' written notice. Under his letter of appointment with Sinclair, Grahame Cook receives an annual basic fee of £75,000.
- 8.2.2 Jeffery Thompson is appointed under a letter of appointment dated 15 September 2014 with Sinclair. His appointment may be terminated by either party on 30 days' written notice. Under his letter of appointment with Sinclair, Jeffery Thompson receives an annual basic fee of £45,000.

### **8.3 Other service contracts**

Save as disclosed above, there are no service contracts or letters of appointment between any Sinclair Director or proposed director of Sinclair and any member of the Sinclair Group and no such contract or letter of appointment has been entered into or amended within the six months preceding the date of this document.

## **9. Sources of information and bases of calculations**

- 9.1 Unless otherwise stated, financial information relating to:
- 9.1.1 Sinclair has been extracted or derived (without any adjustment) from Sinclair's Annual Report and Accounts for the 18 months ended 31 December 2016, Sinclair's Annual Report and Accounts for the 12 months ended 31 December 2017 and Sinclair's Interim Results for the six months ended 30 June 2018; and
- 9.1.2 HMC has been extracted or derived (without any adjustment) from HMC's annual report and accounts for the year ended 31 December 2017.
- 9.2 References to percentages of Sinclair Shares (before completion of the Acquisition) are based upon the current undiluted number of Sinclair Shares in issue referred to in paragraph 9.3 below.
- 9.3 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 Acquisition.
- 9.4 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.
- 9.5 The total value of the Acquisition of approximately £166.6 million has been calculated on the basis of the information contained in paragraphs 9.3 and 9.4 above.
- 9.6 Volume weighted average prices are derived from Bloomberg.
- 9.7 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 9.3 above at the Acquisition Price plus the value of the Sinclair Shares under option and resulting from the conversion of the convertible loan notes in paragraph 9.4 above at the Acquisition Price plus the approximate maximum payment to be made under the Bonus Plan assuming all awards are accelerated and vest in full at the Acquisition Price is £168,937,742.
- 9.8 The approximate maximum payment to be made under the Bonus Plan assuming all awards are accelerated and vest in full at the Acquisition Price is based on a GBP:US\$ exchange rate of 1.3042, as derived from Bloomberg as of 6.00 p.m. London time on the Last Business Day and a GBP:EUR exchange rate of 1.1234, as derived from Bloomberg as of 6.00 p.m. London time on the Last Business Day.
- 9.9 The revenue figures for HMC, CGE and Hangzhou Huadong in paragraph 4 of Part II of this document 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).
- 9.10 HMC's market capitalisation is derived from Bloomberg and converted into US\$ based on US\$:CNY exchange rate of 6.8688, as derived from Bloomberg, as of 6.00 p.m. London time on the Last Business Day.
- 9.11 Certain figures included in this document have been subject to rounding adjustments.

## **10. General**

- 10.1 Each of Rothschild and Peel Hunt has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to their names in the form and context in which they appear.
- 10.2 Piper Jaffray has given and not withdrawn its written consent to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.

- 10.3 There is no agreement, arrangement or understanding (including any compensation arrangement) between HMC, Huadong or any person acting in concert with any of them and any of the Sinclair Directors, recent directors of Sinclair, shareholders or recent shareholders of Sinclair, or any person interested, or recently interested, in Sinclair Shares, having any connection with, or dependence on, or which is conditional upon, the outcome of the Acquisition.
- 10.4 There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Sinclair Shares to be acquired by Huadong pursuant to the Scheme will be transferred to any other person after the Effective Date, save that Huadong reserves the right to transfer any such shares to any other member of the Huadong Group.
- 10.5 Save with the consent of the Panel, settlement of the Cash Consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Huadong may otherwise be, or claim to be, entitled as against such Scheme Shareholder.
- 10.6 The Sinclair Directors are not aware of any material change in the financial or trading position of Sinclair since 30 June 2018, the date to which the latest published half-yearly financial report of Sinclair was prepared.
- 10.7 The aggregate fees and expenses which are expected to be incurred by Sinclair in connection with the Acquisition are estimated to amount to approximately £4,175,000 (excluding applicable VAT). This aggregate number consists of the following categories:
- 10.7.1 financial advice: approximately £3,500,000;
  - 10.7.2 legal advice:<sup>(1)</sup> approximately £575,000; and
  - 10.7.3 other costs and expenses (including registrar/receiving agent fees and printing costs): approximately £100,000.
- (1) An element of these costs are based on time spent and hourly rates. The figures included are based on time charged up to the latest practicable date prior to the publication of this document, together with an estimate of time to completion of the Acquisition.
- 10.8 The aggregate fees and expenses which are expected to be incurred by Huadong in connection with the Acquisition are estimated to amount to approximately £3,310,000 (excluding applicable VAT). This aggregate number consists of the following categories:
- 10.8.1 financing arrangements: approximately £350,000;
  - 10.8.2 financial and corporate broking advice: approximately £1,400,000;
  - 10.8.3 legal advice:<sup>(1)(2)</sup> approximately £800,000 (excluding disbursements);
  - 10.8.4 accounting advice: approximately £510,000;
  - 10.8.5 other professional services: approximately £150,000; and
  - 10.8.6 other costs and expenses: approximately £100,000.
- (1) An element of these costs are based on time spent and hourly rates. The figures included are based on time charged up to the latest practicable date prior to the publication of this document, together with an estimate of time to completion of the Acquisition.
- (2) Fees and expenses that will be invoiced in a currency other than pounds sterling have, for the purposes of the above, been converted into pounds sterling at an exchange rate of £1:USD1.3042, which was derived from data provided by Bloomberg as at the close of business on the Last Business Day.
- 10.9 There is no agreement or arrangement to which HMC or Huadong is a party which relates to the circumstances in which it, may or may not, invoke a condition to the Scheme.

## **11. Documents available for inspection**

### **11.1 Sinclair**

Until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, if earlier) copies of the following documents will be available on Sinclair's website (<https://www.sinclairpharma.com/investors/recommended-offer-for-the-company>) and will also be available for inspection at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London EC2V 7WS, during normal business hours on any business day:

- 11.1.1 the existing articles of association of Sinclair;
- 11.1.2 the articles of association of Sinclair as proposed to be amended by the Special Resolution to be proposed at the General Meeting;
- 11.1.3 the audited consolidated financial statements of Sinclair for the 18 months ended 31 December 2016 and the 12 months ended 31 December 2017;
- 11.1.4 the unaudited condensed consolidated interim financial statements of Sinclair for the six month period ended 30 June 2018;
- 11.1.5 the letters of consent referred to in paragraphs 10.1 and 10.2 of this Part V;
- 11.1.6 the Confidentiality Agreement;
- 11.1.7 the Offer Agreement;
- 11.1.8 the MIP Term Sheet (in redacted form);
- 11.1.9 the irrevocable undertakings and letter of intent referred to in paragraph 5 of this Part V; and
- 11.1.10 the Rule 2.4 Announcement, the Rule 2.7 Announcement, this document and the Forms of Proxy.

### **11.2 Huadong**

Until and including the Effective Date (or the date on which the Scheme lapses or is withdrawn, if earlier), copies of the following documents will be available on Huadong's website ([http://www.eastchinapharm.com/En/News/Sinclair\\_Notice](http://www.eastchinapharm.com/En/News/Sinclair_Notice)):

- 11.2.1 English translations of the memorandum and articles of association of Huadong;
- 11.2.2 English translations of the memorandum and articles of association of HMC;
- 11.2.3 English translations of the half-yearly report and accounts for HMC for the half-year ended 30 June 2018;
- 11.2.4 English translations of the audited accounts of HMC for the financial year ended 31 December 2017;
- 11.2.5 English translations of the audited accounts of HMC for the financial year ended 31 December 2016;
- 11.2.6 the letters of consent referred to in paragraphs 10.1 and 10.2 of this Part V;
- 11.2.7 the Irrevocable Bank Guarantee;
- 11.2.8 the Confidentiality Agreement;
- 11.2.9 the Offer Agreement;
- 11.2.10 the MIP Term Sheet (in redacted form); and
- 11.2.11 the irrevocable undertakings and letter of intent referred to in paragraph 5 of this Part V.

## PART VI

### THE SCHEME OF ARRANGEMENT

IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (ChD)

CR-2018-007471

IN THE MATTER OF SINCLAIR PHARMA PLC

and

IN THE MATTER OF THE COMPANIES ACT 2006

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SCHEME OF ARRANGEMENT

*(under Part 26 of the Companies Act 2006)*

BETWEEN

SINCLAIR PHARMA PLC

AND

THE SCHEME SHAREHOLDERS

*(as hereinafter defined)*

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#### PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions have the following meanings:

**AIM:** the market of that name operated by London Stock Exchange plc;

**Articles:** the articles of association of Sinclair (as amended from time to time);

**business day:** 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;

**Cancellation:** the cancellation of the admission to trading on AIM of the Sinclair Shares taking effect;

**certificated or in certificated form:** not in uncertificated form (that is, not in CREST);

**Companies Act:** the Companies Act 2006 (as amended from time to time);

**Court:** the High Court of Justice in England and Wales;

**Court Meeting:** the meeting of Scheme Shareholders convened pursuant to an 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), notice of which is set out in this document (including any adjournment, postponement or reconvention thereof);

**CREST:** the relevant system (as defined in the CREST Regulations), in respect of which Euroclear is the Operator (as defined in the CREST Regulations);

**CREST Manual:** the CREST Manual published by Euroclear, as amended from time to time;

**CREST Regulations:** the Uncertificated Securities Regulations 2001 (SI 2001/3755) (as amended from time to time);

**Effective:** the Scheme having become effective in accordance with its terms, upon the delivery of a copy of the Scheme Court Order to the Registrar of Companies;

**Effective Date:** the date on which this Scheme becomes Effective;

**Euroclear:** Euroclear UK & Ireland Limited;

**Excluded Shares:** (a) any Sinclair Shares legally or beneficially held by Huadong and/or any other member of the HMC Group; or (b) any Sinclair Shares held in treasury;

**General Meeting:** the meeting of Sinclair Shareholders to be convened for the purposes of considering and, if thought fit, passing the Resolutions and any adjournment thereof;

**HMC:** Huadong Medicine Co., Ltd., a Chinese company listed on the Shenzhen Stock Exchange;

**HMC Group:** HMC, its subsidiaries and its subsidiary undertakings (including, without limitation, Huadong);

**holder:** a registered holder (including any person(s) entitled by transmission);

**Huadong:** Huadong Medicine Aesthetics Investment (HongKong) Limited, a company incorporated in Hong Kong with company number 2714281;

**Long Stop Date:** 5.00 p.m. on 21 December 2018 or such later date (if any) as Huadong and Sinclair may, with the consent of the Takeover Panel, agree and (if required) the Court may allow;

**Meetings:** the Court Meeting and the General Meeting, together or individually, as the context requires;

**MIP:** the management incentive plan, as more fully described in paragraph 9 of Part II of the document of which this Scheme forms part;

**MIP Resolution:** the Resolution to be proposed by Sinclair at the General Meeting in connection with the approval of the MIP;

**Registrar of Companies:** the Registrar of Companies (England and Wales);

**Resolutions:** (i) the Special Resolution; and (ii) the MIP Resolution (and “**Resolution**” shall be construed accordingly);

**Rule 2.4 Announcement:** the announcement dated 28 August 2018 by Huadong of a possible offer to acquire the entire issued and to be issued ordinary share capital of Sinclair;

**Rule 2.7 Announcement:** the announcement dated 18 September 2018 by Huadong of its firm intention to make an offer to acquire the entire issued and to be issued ordinary share capital of Sinclair, to be implemented by way of this Scheme;

**Scheme:** this scheme of arrangement in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Sinclair and Huadong;

**Scheme Court Hearing:** the hearing by the Court of the application to sanction this Scheme under section 899 of the Companies Act;

**Scheme Court Order:** the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;

**Scheme Document:** the document sent by the Company to, among others, Scheme Shareholders comprising the particulars required by Part 26 of the Companies Act 2006, of which this Scheme forms part;

**Scheme Record Time:** close of business (London time) on the business day immediately following the date of the Scheme Court Hearing;

**Scheme Shareholder(s):** holder(s) of Scheme Shares;

**Scheme Shares:**

(a) Sinclair Shares in issue at the date of the Scheme Document;

- (b) any Sinclair Shares issued after the date of the Scheme Document but before the Voting Record Time; and
- (c) any Sinclair Shares issued at or after the Voting Record Time and at or before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme,

in each case other than any Excluded Shares;

**Sinclair or the Company:** Sinclair Pharma plc, a public company incorporated in England and Wales with registered number 03816616;

**Sinclair Shares:** ordinary shares of one pence each in the capital of Sinclair;

**Special Resolution:** the special resolution to be proposed 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;

**subsidiary:** has the meaning given to it in section 1159 of the Companies Act;

**subsidiary undertaking:** has the meaning given to it in section 1162 of the Companies Act;

**Takeover Panel or Panel:** the UK Panel on Takeovers and Mergers;

**uncertificated or in uncertificated form:** recorded on the relevant register of members as being held in uncertificated form in CREST and title to which may, by virtue of the CREST Regulations, be transferred by means of CREST;

**VCP:** the Sinclair Pharma plc 2011 Value Creation Plan;

**Voting Record Time:** close of business on the day which is two days (excluding any part of a day that is a non-working day) before the date of the Court Meeting or, if the Court Meeting is adjourned, close of business on the day which is two days (excluding any part of a day that is a non-working day) before the date of such adjourned meeting; and

references to clauses are to clauses of this Scheme and all times referred to in this Scheme are London times unless otherwise specified.

- (B) The issued share capital of the Company as at the close of business on 28 September 2018, being the last business day prior to the date of this document, was £5,037,689.52, divided into 503,768,952 Sinclair Shares, all of which were credited as fully paid. No Sinclair Shares are held in treasury.
- (C) Huadong has agreed to appear by Counsel at the Scheme Court Hearing and to undertake to the Court to be bound by this Scheme and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

## THE SCHEME

### 1. Transfer of the Scheme Shares

- 1.1 Upon and with effect from the Effective Date, Huadong (or such of its nominees as Huadong may determine) shall acquire all of the Scheme Shares, with full title guarantee, fully paid and free from all liens, charges, equitable interests, encumbrances, options and rights of pre-emption and other third party rights and interests whatsoever and together with all rights existing as at the Effective Date or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the date of the Rule 2.7 Announcement in respect of the Scheme Shares.

- 1.2 For the purposes of such acquisition, the Scheme Shares shall be transferred to Huadong (or such of its nominees as Huadong may determine) by means of a form of transfer or other instrument or instruction of transfer, and to give effect to such transfers any person may be appointed by Huadong as attorney or agent and shall be authorised as such attorney or agent on behalf of the Scheme Shareholder concerned to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer of, or to procure the transfer by means of CREST or otherwise give any instructions to transfer, the Scheme Shares and every form, instrument or instruction of transfer so executed or instruction so given shall be as effective as if it had been executed or given by the holder or holders of the Scheme Shares thereby transferred. Such form of transfer or other instrument or instruction shall be deemed to be the principal instrument of transfer and the equitable or beneficial interest in the Scheme Shares shall only be transferred to Huadong and/or its nominee(s), together with the legal interest in such Scheme Shares, pursuant to such form, instruction or instrument of transfer, or by means of CREST.
- 1.3 Pending the transfer of the Scheme Shares pursuant to clause 1.2, upon and with effect from the Effective Date, each Scheme Shareholder irrevocably appoints Huadong and/or its nominee(s) as their attorney and/or agent to exercise any voting rights attached to the relevant Scheme Shares and any or all rights and privileges attaching to such Scheme Shares, to sign any consent to short notice of a general or separate class meeting and on their behalf to execute a form of proxy or forms of proxy in respect of such Scheme Shares appointing any person nominated by Huadong and/or its nominee(s) to attend general and separate class meetings of the Company and authorises the Company to send to Huadong and/or its nominee(s) any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of the Company. The authorities granted pursuant to clause 1.2 and this clause 1.3 shall be treated for all purposes as having been granted by deed.
- 1.4 The Company shall register, or procure the registration of, any transfer(s) of shares effected in accordance with clauses 1.1 and 1.2 of this Scheme.

## **2. Consideration for the transfer of the Scheme Shares**

In consideration for the transfer of the Scheme Shares to Huadong (and/or its nominee(s)) as provided in clause 1 and subject to clauses 3.6 and 3.7 below, Huadong shall pay, or procure to be paid, to or for the account of the Scheme Shareholders (as appearing in the register of members of the Company at the Scheme Record Time), in accordance with the provisions of clause 3:

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

## **3. Settlement**

- 3.1 Not later than 14 days after the Effective Date, Huadong shall:
- 3.1.1 in the case of Scheme Shares which at the Scheme Record Time are in certificated form, despatch or procure to be despatched to the persons entitled thereto (or as they may direct) in accordance with the provisions of clause 3.3, cheques for the sums payable to them respectively in accordance with clause 2; and
- 3.1.2 in the case of Scheme Shares which at the Scheme Record Time are in uncertificated form, arrange for the creation of an assured payment obligation in favour of the appropriate CREST account(s) of the persons entitled thereto in accordance with the CREST assured payment arrangements (as set out in the CREST Manual) in respect of the sums payable to them respectively in accordance with clause 2, provided that Huadong reserves the right to make payment of the said sums by cheque as aforesaid in clause 3.1.1 if, for any reason, it wishes to do so.
- 3.2 In the case of Sinclair Shares acquired following sanction of the Scheme pursuant to the exercise of options granted under the VCP, settlement of the consideration payable under the Scheme or the Articles shall be made in accordance with the proposals sent to the participants in the VCP.
- 3.3 All deliveries of cheques required to be made pursuant to this Scheme shall be effected by sending the same by first class post in pre-paid envelopes addressed to the persons entitled thereto at their respective registered addresses, as appearing in the register of members of

Sinclair as at the Scheme Record Time or, in the case of joint holders, at the registered address of the joint holder whose name stands first in such register at such time (except in either case as otherwise directed in writing by the relevant holder or joint holders).

- 3.4 All cheques shall be in pounds sterling drawn on a UK clearing bank and shall be made payable to the person or persons to whom, in accordance with the foregoing provisions of this clause 3, the envelope containing the same is addressed. The encashment of any such cheque shall be a complete discharge of Huadong's obligation under this Scheme to pay the monies represented thereby. The creation of an appropriate assured payment obligation as set out in clause 3.1.2 shall be a complete discharge of Huadong's obligation under the Scheme with reference to payments through the CREST system.
- 3.5 None of Sinclair, HMC, Huadong, or their respective agents and/or nominee(s) shall be responsible for any loss or delay in the posting or transmission of any documents, remittances or cheques sent or transmitted in accordance with this Scheme which shall be sent at the risk of the persons entitled thereto.
- 3.6 The provisions of this clause 3 shall be subject to any condition or prohibition imposed by law.
- 3.7 If any dividend and/or other distribution and/or other return of capital in respect of the Scheme Shares is announced, declared, made, paid or becomes payable by the Company on or after the date of the Rule 2.4 Announcement, Huadong shall be entitled to reduce the amount of consideration payable for each Scheme Share by an amount per Scheme Share equal to such dividend or distribution or return of capital. To the extent that Huadong exercises its right to reduce the consideration payable for the Scheme Shares by the amount of any such dividend, distribution or return of capital that has not been paid, the Scheme Shareholders shall be entitled to receive and retain such dividend, distribution or return of capital.

#### **4. Certificates and cancellation or transfer of entitlements**

With effect from, and including, the Effective Date:

- 4.1 all certificates representing Scheme Shares shall cease to have effect as documents of title to the Scheme Shares comprised therein and every Scheme Shareholder shall be bound at the request of the Company to deliver up the same for cancellation to the Company or, as it may direct, to destroy the same; and
- 4.2 Euroclear shall be instructed to cancel the entitlements of Scheme Shareholders to Scheme Shares in uncertificated form. Each holding of Scheme Shares credited to any stock account in CREST will be transferred to Huadong.
- 4.3 Subject to the completion of any such transfers, forms, instruments or instructions as may be required in accordance with clause 1.2, the Company will make, or procure to be made, appropriate entries in its register of members with effect from the Effective Date to reflect the transfer of Scheme Shares in accordance with clause 1 and the Company shall comply with its obligations set out in clause 1.4 in this respect.

#### **5. Mandates and dividends**

All mandates relating to the payment of dividends on any Scheme Shares and other instructions (including communications preferences) given to the Company by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

#### **6. Effective Date**

- 6.1 This Scheme shall become Effective as soon as a copy of the order of the Court sanctioning this Scheme under section 899 of the Companies Act shall have been delivered to the Registrar of Companies for registration.
- 6.2 Unless this Scheme shall have become Effective on or before the Long Stop Date, this Scheme shall never become effective.

**7. Modification**

The Company and Huadong may jointly consent on behalf of all concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose.

**8. Governing law**

This Scheme is governed by English law and is subject to the jurisdiction of the English courts.

Dated 1 October 2018

## PART VII

### DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>“Acquisition”</b>	the offer 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 document and, where the context admits, any subsequent revision, variation, extension or renewal thereof;
<b>“Adjusted EBITDA”</b>	earnings before interest, tax, depreciation, amortisation, impairment, share-based payments, exceptional items and loss from discontinued operations;
<b>“Acquisition Price”</b>	32 pence in cash per Sinclair Share;
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange;
<b>“Articles”</b>	the articles of association of Sinclair (as amended 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>“Bonus Plan”</b>	the Sinclair IS Pharma plc 2013 Bonus Plan;
<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>“Cancellation”</b>	the cancellation of the admission to trading on AIM of the Sinclair Shares taking effect;
<b>“Cash Consideration”</b>	the entitlement for Sinclair Shareholders under the terms of the Acquisition to receive the Acquisition Price in cash in consideration for each Sinclair Share;
<b>“certificated” or in “certificated form”</b>	not in uncertificated form (that is, not in CREST);
<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 Acquisition 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” or “City Code”</b>	the City Code on Takeovers and Mergers (as amended from time to time);
<b>“Companies Act”</b>	the Companies Act 2006, as amended;
<b>“Conditions”</b>	the conditions to the implementation of the Acquisition (including the Scheme) set out in Part III of this document;

<b>“Confidentiality Agreement”</b>	the confidentiality agreement entered into between Sinclair and HMC on 16 July 2018;
<b>“Contractual Offer”</b>	should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of Huadong to acquire the entire issued and to be issued ordinary share capital of Sinclair and, where the context admits, any subsequent revision, variation, extension or renewal of such offer;
<b>“Convertible Loan Notes”</b>	the £3,584,000 8 per cent. convertible loan notes issued by Sinclair on 21 February 2018;
<b>“Court”</b>	the High Court of Justice in England and Wales;
<b>“Court Meeting”</b>	the meeting (or any adjournment, postponement or reconvention thereof) of the holders of Scheme Shares (or the relevant class or classes thereof) convened by order of the Court pursuant to section 896 of the Companies Act to consider and, if thought fit, approve the Scheme (with or without modification), the notice of which is set out in Part VIII of this document;
<b>“CREST”</b>	the relevant system (as defined in the CREST Regulations), in respect of which Euroclear is the Operator (as defined in the CREST Regulations);
<b>“CREST Manual”</b>	the CREST Manual published by Euroclear, as amended from time to time;
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (as amended from time to time);
<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 Sinclair for the financial year ended 31 December 2017; (ii) in the Rule 2.7 Announcement; (iii) in any other announcement to a Regulatory Information Service by, or on behalf of Sinclair prior to the publication of the Rule 2.7 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 the Rule 2.7 Announcement;
<b>“Disclosure Table”</b>	the disclosure table on the Takeover Panel’s website at <a href="http://www.thetakeoverpanel.org.uk">www.thetakeoverpanel.org.uk</a> ;
<b>“Effective”</b>	in the context of the Acquisition: (a) if the Acquisition is implemented by way of a Scheme, the Scheme having become effective in accordance with its terms, upon the delivery of a copy of the Scheme Court Order to the Registrar of Companies; or (b) if the Acquisition is implemented by way of a Contractual Offer, the Contractual Offer having become, or been declared, unconditional in all respects in accordance with the requirements of the City Code;
<b>“Effective Date”</b>	the date upon which: (a) the Scheme becomes Effective; or (b) if Huadong elects for, and the Takeover Panel consents to,

	the implementation of the Acquisition by way of a Contractual Offer, the Contractual Offer becomes Effective;
<b>“Enlarged Group”</b>	the enlarged HMC Group and Sinclair Group following completion of the Acquisition;
<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>	(a) any Sinclair Shares legally or beneficially held by Huadong and/or any other member of the HMC Group; or (b) any Sinclair Shares held in treasury;
<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 BLUE Form of Proxy for use at the Court Meeting and the YELLOW Form of Proxy for use at the General Meeting (or either of them as the context may require), which are being sent to Sinclair Shareholders with this document;
<b>“General Meeting”</b>	the general meeting (or any adjournment, postponement or reconvention thereof) of Sinclair Shareholders convened in connection with the Scheme by the notice set out in Part IX of this document;
<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>“HMC Directors”</b>	the directors of HMC, whose names are set out in paragraph 2.4 of Part V of this document;
<b>“HMC Group”</b>	HMC and its subsidiary undertakings;
<b>“HMRC”</b>	HM Revenue & Customs;
<b>“holder”</b>	a registered holder (including any person(s) entitled by transmission);
<b>“Huadong”</b>	Huadong Medicine Aesthetics Investment (HongKong) Limited, a company incorporated in Hong Kong with company number 2714281;
<b>“Huadong Director”</b>	the director of Huadong, whose name is set out in paragraph 2.3 of Part V of this document;
<b>“Huadong Group”</b>	Huadong and its parent undertakings and subsidiary undertakings;
<b>“Last Business Day”</b>	has the meaning given thereto in paragraph 4 of Part I of this document;
<b>“Link Asset Services”</b>	a trading name of Link Market Services Limited;
<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, with the consent of the Takeover Panel, agree and (if required) 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 Part II of this document;
<b>“MIP Participants”</b>	has the meaning given thereto in paragraph 9 of Part II of this document;
<b>“MIP Resolution”</b>	the ordinary resolution to be proposed by Sinclair at the General Meeting in connection with the approval of the MIP;
<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 Acquisition becomes Effective, lapses or is withdrawn (or such other date as the Panel may decide);
<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” or “Takeover Panel”</b>	the UK 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>“Possible Offer”</b>	has the meaning given thereto in paragraph 1 of Part I of this document;
<b>“Registrar”</b>	Link Asset Services;
<b>“Registrar of Companies”</b>	the 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 Special Resolution; 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>“Rule 2.4 Announcement”</b>	the announcement dated 28 August 2018 by Huadong of a possible offer to acquire the entire issued and to be issued share capital of Sinclair;
<b>“Rule 2.7 Announcement”</b>	the announcement dated 18 September 2018 by Huadong of its firm intention to make an offer to acquire the entire issued and to be issued share capital of Sinclair, to be implemented by way of this Scheme;
<b>“Scheme”</b>	the proposed scheme of arrangement under Part 26 of the Companies Act to effect the Acquisition between Sinclair and the Scheme Shareholders (as set out in Part VI of this document),

	with or subject to any modification, addition or condition which Huadong and Sinclair may agree, and, if required, the Court may approve or impose;
<b>“Scheme Court Hearing”</b>	the hearing by the Court of the application to sanction the Scheme under Part 26 of the Companies Act;
<b>“Scheme Court Order”</b>	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act;
<b>“Scheme Document”</b>	this document, containing, among other things, the Scheme and the notices convening the Court Meeting and the General Meeting;
<b>“Scheme Record Time”</b>	close of business (London time) on the Business Day immediately following the date of the Scheme Court Hearing;
<b>“Scheme Shareholder”</b>	a holder of Scheme Shares;
<b>“Scheme Shares”</b>	<p>(a) Sinclair Shares in issue at the date of this document;</p> <p>(b) any Sinclair Shares issued after the date of this document but before the Voting Record Time; and</p> <p>(c) any Sinclair Shares issued at or after the Voting Record Time and at or before the Scheme Record Time, either on terms that the original or any subsequent holders of such shares shall be bound by the Scheme, or in respect of which the original or any subsequent holders of such shares are, or shall have agreed in writing to be, bound by the Scheme,</p> <p>in each case other than any Excluded Shares;</p>
<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, a public company incorporated in England and Wales with registered number 03816616;
<b>“Sinclair Directors”</b>	the directors of Sinclair, whose names are set out in paragraph 2.1 of Part V of this document;
<b>“Sinclair Executive Directors”</b>	Chris Spooner and Alan Olby;
<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 Non-Executive Directors”</b>	Grahame Cook and Jeffery Thompson;
<b>“Sinclair Profit Forecasts”</b>	has the meaning given thereto in paragraph 9 of Part I of this document;
<b>“Sinclair Shareholders”</b>	the holders of Sinclair Shares;
<b>“Sinclair Share(s)”</b>	ordinary shares of one pence each in the capital of Sinclair;

<b>“Special Resolution”</b>	the special resolution to be proposed 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;
<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>“uncertificated” or “in uncertificated form”</b>	recorded on the relevant register of members as being held in uncertificated form and title to which may, by virtue of the CREST Regulations, be transferred by means of CREST;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“US Exchange Act”</b>	the US Securities Exchange Act of 1934 (as amended) and the rules and regulations promulgated thereunder;
<b>“VCP”</b>	the Sinclair Pharma plc 2011 Value Creation Plan;
<b>“Voting Record Time”</b>	close of business on the day which is two days (excluding any part of a day that is a non-working day) before the date of the Court Meeting or, if the Court Meeting is adjourned, close of business on the day which is two days (excluding any part of a day that is a non-working day) before the date of such adjourned meeting;
<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; and
<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”** shall be construed in accordance with sections 1159 to and including 1162 of and Schedules 6 and 7 to 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 **“RMB”**, **“CNY”** and **“Renminbi”** are to the Chinese Yuan Renminbi, the lawful currency of the People’s Republic of China, which, for the purposes of this document, excludes the Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan.

All references to “**Hong Kong dollars**” and “**HKD**” are to the lawful currency of Hong Kong.

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 any legislation shall include any amendment, modification, re-enactment or extension thereof.

## PART VIII

### NOTICE OF COURT MEETING

IN THE HIGH COURT OF JUSTICE  
BUSINESS AND PROPERTY COURTS OF ENGLAND AND WALES  
COMPANIES COURT (ChD)  
INSOLVENCY AND COMPANIES COURT JUDGE BARBER

CR-2018-007471

**IN THE MATTER OF SINCLAIR PHARMA PLC**

and

**IN THE MATTER OF THE COMPANIES ACT 2006**

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#### NOTICE

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NOTICE IS HEREBY GIVEN that, by an order dated 28 September 2018 made in the above matters (the “**Order**”), the Court has granted permission for a meeting (the “**Court Meeting**”) to be convened of Scheme Shareholders (as defined in the scheme of arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme**”) proposed to be made pursuant to Part 26 of the Companies Act (the “**Act**”) between Sinclair Pharma plc (“**Sinclair**” or the “**Company**”), and the Scheme Shareholders and that the Court Meeting will be held at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London EC2V 7WS, United Kingdom on 24 October 2018 at 11.00 a.m., at which place and time all holders of Scheme Shares are requested to attend.

At the Court Meeting, the following resolution will be proposed:

*“That the scheme of arrangement dated 1 October 2018 (the “**Scheme**”), between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and, for the purposes of identification, signed by the chairman hereof, in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and jointly consented to by the Company and Huadong Medicine Aesthetics Investment (HongKong) Limited, be approved and the directors of the Company be authorised to take all such actions as they consider necessary or appropriate for carrying the Scheme into effect.”*

Copies of the Scheme and of the explanatory statement required to be published pursuant to section 897 of the Act are incorporated in the document of which this notice forms part.

Voting on the resolution to approve the Scheme will be by poll, which shall be conducted as the Chairman of the Court Meeting may determine. For the Court Meeting (or any adjournment thereof) to be properly convened, a quorum of two persons entitled to vote on the business to be transacted, each being a Scheme Shareholder, the proxy of a Scheme Shareholder or (where the Scheme Shareholder is a corporation) a duly authorised representative must be present.

#### **Right to Appoint a Proxy; Procedure for Appointment**

Scheme Shareholders entitled to attend and vote at the Court Meeting may vote in person at such meeting or they may appoint another person or persons, whether a member of the Company or not, as their proxy or proxies, to exercise all or any of their rights to attend, speak and vote at the Court Meeting in their place.

A BLUE Form of Proxy, for use at the Court Meeting, is enclosed with this notice. Instructions for its use are set out on the form. It is requested that the BLUE Form of Proxy (together with any power of attorney or other authority, if any, under which it is signed, or a duly certified copy thereof) be returned to the Company’s Registrar, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, by post or (during normal business hours only) by hand, not later than 11.00 a.m. (London time) on 22 October 2018 or, in the case of an adjournment of the Court Meeting, 48 hours (excluding any part of a day which is a non-working day) before the time appointed for the

adjourned meeting. However, if not so lodged, BLUE Forms of Proxy (together with any such authority, if applicable) may be handed to the Registrar, on behalf of the Chairman of the Court Meeting, at the Court Meeting.

Scheme Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different Scheme Share or Scheme Shares held by such holder. Scheme Shareholders who wish to appoint more than one proxy in respect of their holding of Scheme Shares should contact the Registrar for further Forms of Proxy (or photocopy the enclosed form).

As an alternative to completing and returning a printed Form of Proxy, Sinclair Shareholders may appoint a proxy electronically at [www.signalshares.com](http://www.signalshares.com). If not already registered for the Share Portal, the shareholder will need their Investor Code which can be found on the share certificate. For an electronic proxy appointment to be valid, the appointment must be received by Link Asset Services no later than 11.00 a.m. (London time) on 22 October 2018 for the Court Meeting (or, in the case of adjournment(s), not later than 48 hours (excluding any part of a day which is a non-working day) before the time fixed for the adjourned Court Meeting). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

Scheme Shareholders who hold their Scheme Shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("**Euroclear**") and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the Registrar (ID RA10) not later than 48 hours before the time fixed for the Court Meeting (or any adjournment thereof). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described above), will not prevent a Scheme Shareholder from attending, speaking and voting in person at the Court Meeting, or any adjournment thereof, if such Scheme Shareholder wishes and is entitled to do so.

### **Voting Record Time**

Entitlement to attend, speak and vote at the Court Meeting (or any adjournment thereof) and the number of votes which may be cast at the Court Meeting will be determined by reference to the register of members of the Company at close of business (London time) on 22 October 2018 or, if the Court

Meeting is adjourned, close of business (London time) on the date two days (excluding any part of a day that is a non-working day) before the date fixed for the adjourned meeting. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote at the Court Meeting.

#### **Joint Holders**

In the case of joint Scheme Shareholders, any one such Scheme Shareholder may tender a vote, whether in person or by proxy, at the Court Meeting, however, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint Scheme Shareholder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

#### **Corporate Representatives**

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may vote by a corporate representative appointed in accordance with the Act. Details of certain arrangements which will be put in place in order to facilitate voting by corporate representatives at the Court Meeting are set out on pages 4 and 5 of the document of which this notice forms part.

By the said Order, the Court has appointed Grahame Cook or, failing him, Jeffery Thompson, to act as Chairman of the Court Meeting and has directed the Chairman to report the result thereof to the Court.

The Scheme will be subject to the subsequent sanction of the Court.

Dated 1 October 2018

*Eversheds Sutherland (International) LLP*  
One Wood Street  
London  
EC2V 7WS

Solicitors for the Company

## PART IX

### NOTICE OF GENERAL MEETING

#### Sinclair Pharma plc

*(incorporated and registered in England and Wales No. 03816616)*

NOTICE IS HEREBY GIVEN that a General Meeting of Sinclair Pharma plc (the “**Company**”) will be held at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London, EC2V 7WS, United Kingdom on 24 October 2018 at 11.15 a.m. (London time) (or as soon as reasonably practicable thereafter as the Court Meeting (as defined in the document of which this notice forms part) shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing the following resolutions. Resolution 1 shall be proposed as a special resolution and resolution 2 shall be proposed as an ordinary resolution. All Sinclair Shareholders (as defined in the scheme of arrangement dated 1 October 2018 between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to this meeting and for the purpose of identification signed by the Chairman hereof, in its original form or subject to any modification, addition or condition agreed between the Company and Huadong Medicine Aesthetics Investment (HongKong) Limited and approved or imposed by the Court (the “**Scheme**”)) may vote in respect of resolution 1. Voting on resolution 1 will be by way of a show of hands. Only Sinclair Shareholders (as defined in the Scheme) other than Chris Spooner, Alan Olby and the other MIP Participants (as defined in the Scheme) may vote in respect of resolution 2. In accordance with Rule 16.2(d) of the City Code on Takeovers and Mergers, voting on resolution 2 will be by poll.

#### SPECIAL RESOLUTION

1. THAT:
  - 1.1 for the purpose of giving effect to the Scheme, the directors of the Company (or a duly authorised committee thereof) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
  - 1.2 subject to the Scheme becoming effective, the Company be re-registered as a private company limited by shares; and
  - 1.3 with effect from the passing of this resolution, the Articles of Association of the Company be and are hereby amended by the adoption and inclusion of the following new Article 56:

#### “56. SCHEME OF ARRANGEMENT

- 56.1 In this Article 56, the “**Scheme**” means the scheme of arrangement dated 1 October 2018 between the Company and the Scheme Shareholders (as defined in the Scheme) under Part 26 of the Companies Act 2006, as such scheme may be modified or amended in accordance with its terms and expressions defined in the Scheme shall have the same meanings in this Article.
- 56.2 Notwithstanding any other provision of these Articles, if the Company issues any ordinary shares (other than to Huadong Medicine Aesthetics Investment (HongKong) Limited (“**Huadong**”), any subsidiary, subsidiary undertaking or parent undertaking of Huadong (or any subsidiary or subsidiary undertaking of any parent undertaking of Huadong) or any nominee(s) of Huadong) after the adoption of this Article and before the Scheme Record Time (as defined in the Scheme), such shares shall be issued subject to the terms of the Scheme and the original or any subsequent holder or holders of such shares shall be bound by the Scheme accordingly.
- 56.3 Notwithstanding any other provision of these Articles, subject to the Scheme becoming effective, any ordinary shares issued to any person (a “**New Member**”) (other than to Huadong, any subsidiary, subsidiary undertaking or parent undertaking of Huadong (or any subsidiary or subsidiary undertaking of any parent

undertaking of Huadong) or any nominee(s) of Huadong) at or after the Scheme Record Time (“**Post-Scheme Shares**”) shall be issued on terms that they shall (on the Effective Date (as defined in the Scheme) or, if later, on issue, but subject as provided by Article 56.4 below) be immediately transferred with full title guarantee, fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights or interests whatsoever to Huadong (or as Huadong may otherwise direct) (the “**Purchaser**”), who shall be obliged to acquire the Post-Scheme Shares. The consideration payable by the Purchaser shall be the same cash consideration per Post-Scheme Share as was payable to the holders of Scheme Shares pursuant to the Scheme.

- 56.4 Any New Member (for the avoidance of doubt, other than a person who becomes a New Member by virtue of a transfer pursuant to this Article 56.4) may, prior to the issue of Post-Scheme Shares to him or her pursuant to the satisfaction of the exercise of an option under the VCP (as defined in the Scheme), give not less than two business days’ written notice to the Company in such manner as the directors shall prescribe of his or her intention to transfer some or all of such Post-Scheme Shares to his or her spouse or civil partner and may, if such notice has been validly given, on such Post-Scheme Shares being issued or transferred to him or her, immediately transfer to his or her spouse or civil partner any such Post-Scheme Shares, provided that such Post-Scheme Shares will then be immediately transferred by that spouse or civil partner (as applicable) to the Purchaser pursuant to Article 56.3. If notice has been validly given pursuant to this Article 56.4 but the New Member does not immediately transfer to his or her spouse or civil partner the Post-Scheme Shares in respect of which notice was given, such shares will be transferred to the Purchaser and/or its nominee(s) pursuant to Article 56.3.
- 56.5 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) carried out after the Effective Date, the value of the consideration per Post-Scheme Share to be paid under Article 56.3 shall be adjusted by the directors of the Company in such manner as the auditors of the Company or an independent investment bank selected by the Company may determine to be fair and reasonable to reflect such reorganisation or alteration and to ensure (as nearly as may be) parity of treatment with that provided for by this Article. The determination by the auditors or such independent investment bank, in the absence of manifest error, shall be final and binding on all concerned. References in this Article to such shares shall, following such adjustment, be construed accordingly.
- 56.6 To give effect to any transfer of Post-Scheme Shares acquired pursuant to this Article, the Company may appoint any person as agent and/or attorney for the New Member to transfer the Post-Scheme Shares to the Purchaser and/or its nominee(s) and do all such other things and execute and deliver all such documents as may in the opinion of the agent and/or attorney be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as the Purchaser may direct in relation to any dealings with, or disposal of, such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof. If an agent and/or attorney is so appointed, the New Member shall not thereafter (except to the extent that the agent and/or attorney fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed by the Purchaser. The agent and/or attorney shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give a good receipt for the consideration for the Post-Scheme Shares and may register the Purchaser as holder thereof and issue to it (a) certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. The Purchaser shall send a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder) for the purchase price of

such Post-Scheme Shares within 14 days of the date on which the Post-Scheme Shares are issued to the New Member.

56.7 If the Scheme shall not have become effective by the applicable date referred to in (or determined in accordance with) clause 6.2 of the Scheme, this Article 56 shall cease to be of any effect.

56.8 Notwithstanding any other provision of these Articles, both the Company and the directors may refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date.”

### ORDINARY RESOLUTION

2. THAT, for the purpose of giving effect to the Scheme and for the purposes of Rule 16.2(b) of the City Code on Takeovers and Mergers, the management incentive plan provided for in the MIP Term Sheet (as defined and which is described in paragraph 9 of Part II of the document of which this notice forms part), is hereby approved in, or substantially in, the form of the MIP Term Sheet.

By order of the Board

**Jayne Burrell**  
Company Secretary

*Registered office:*  
Whitfield Court  
30-32 Whitfield Street  
London  
W1T 2RQ

Dated 1 October 2018

#### Notes:

#### Right to Appoint a Proxy; Procedure for Appointment; Entitlement to Attend and Vote

- Members of the Company entitled to attend and vote at the General Meeting are entitled to appoint a proxy or proxies to exercise all or any of their rights to attend, speak and vote at the General Meeting. A proxy need not be a member of the Company but must attend the General Meeting to represent you. For the avoidance of doubt, all Sinclair Shareholders (as defined in the document of which this notice forms part) may attend and vote in respect of the special resolution (resolution 1) set out in this notice of meeting but only Sinclair Independent Shareholders (as defined in the document of which this notice forms part) may attend and vote in respect of the ordinary resolution (resolution 2) set out in this notice of meeting. Voting on resolution 1 will be way of a show of hands. In accordance with Rule 16.2(d) of the City Code on Takeovers and Mergers, voting on resolution 2 will be by poll.
- A YELLOW Form of Proxy for use at the General Meeting is enclosed with this notice. Instructions for its use are set out on the Form of Proxy. To be valid, the YELLOW Form of Proxy, together with any power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be returned to the Registrar, Link Asset Services, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by post or (during normal business hours only) by hand not later than 11.15 a.m. (London time) on 22 October 2018 or, in the case of an adjournment of the General Meeting, 48 hours (excluding any part of a day which is a non-working day) before the time appointed for the adjourned meeting.
- Members are entitled to appoint a proxy in respect of some or all of their Sinclair Shares and may also appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to a different Sinclair Share or Sinclair Shares held by such Member. Members who wish to appoint more than one proxy in respect of their holding of Sinclair Shares should contact the Registrar for further Forms of Proxy (or photocopy the enclosed form). You should also read the explanatory notes to the Form of Proxy and return it in accordance with the instructions detailed in the above paragraph.
- As an alternative to completing and returning a printed Form of Proxy, Sinclair Shareholders may appoint a proxy electronically at [www.signalshares.com](http://www.signalshares.com). If not already registered for the Share Portal, the shareholder will need their Investor Code which can be found on the share certificate. For an electronic proxy appointment to be valid, the appointment must be received by Link Asset Services no later than 11.15 a.m. (London time) on 22 October 2018 for the General Meeting (or, in the case of adjournment(s), not later than 48 hours (excluding any part of a day which is a non-working day) before the time fixed for the adjourned General Meeting). Full details of the procedure to be followed to appoint a proxy electronically are given on the website.
- To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. The cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard copy YELLOW Form of Proxy and would like to change the instructions using another hard copy YELLOW Form of Proxy, please contact the Registrar, Link Asset Services Limited.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for receipt of proxies will take precedence.

6. Holders of Sinclair Shares in uncertificated form through CREST who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal

members or other CREST sponsored members, and those CREST members who have appointed (a) voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with the specifications of Euroclear UK & Ireland Limited ("**Euroclear**") and must contain the information required for such instructions, as described in the CREST Manual. The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instructions given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by the Registrar (ID RA10) not later than 48 hours before the time fixed for the General Meeting (or any adjournment thereof). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Application Host) from which the Registrar is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

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

7. Completion and return of a Form of Proxy, or the appointment of a proxy electronically using CREST (or any other procedure described above), will not prevent a member from attending, speaking and voting in person at the General Meeting, or any adjournment thereof, if such member wishes and is entitled to do so.

#### **Termination of Proxy Appointments**

8. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Registrar, Link Asset Services. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Registrar, Link Asset Services, no later than 48 hours before the time appointed for holding the General Meeting. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject as set out below, your proxy appointment will remain valid. Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will be automatically terminated.

#### **Voting Record Time**

9. Pursuant to regulation 41(1) of the Uncertificated Securities Regulations 2001, entitlement to attend, speak and vote at the General Meeting or any adjournment thereof and the number of votes which may be cast at the General Meeting will be determined by reference to the register of members of the Company at close of business (London time) on 22 October 2018 or, if the General Meeting is adjourned, close of business (London time) on the date two days (excluding any part of a day that is a non-working day) before the date fixed for the adjourned meeting. Changes to the register of members after the relevant time shall be disregarded in determining the rights of any person to attend, speak and vote at the General Meeting.

#### **Joint Holders**

10. In the case of joint Sinclair Shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint Sinclair Shareholder(s). For this purpose, seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

#### **Corporate Representatives**

11. As an alternative to appointing a proxy, any member which is a corporation may vote by a corporate representative appointed in accordance with the Companies Act 2006 (the "**Act**"), provided that no more than one corporate representative exercises powers over the same share. Details of certain arrangements which will be put in place in order to facilitate voting by corporate representatives at the General Meeting are set out on pages 4 and 5 of the document of which this notice forms part.





