

HUNTSWORTH

BLUEFOCUS, A LEADING CHINESE PR COMPANY, TO INVEST £36.5m in HUNTSWORTH

Huntsworth plc ("**Huntsworth**" or "**the Company**"), the international public relations and healthcare communications group, today announces a significant strategic alliance with BlueFocus Communications Group Co. Ltd ("**BlueFocus**"), the Chinese communications Group listed on the Shenzhen Stock Exchange. This alliance will be underpinned by the investment of £36.5m by BlueFocus in Huntsworth by means of a subscription by BlueFocus's Hong Kong subsidiary BlueFocus International Limited ("**BlueFocus International**"), for 63,000,000 new shares in Huntsworth at a price of 58p per share, a premium of 10.5% to the closing mid-market price on 24 April 2013, the last dealing day before this announcement (the "**Subscription**"). The Subscription will represent a 19.8% stake in the fully diluted share capital of Huntsworth.

Lord Chadlington, Chief Executive of Huntsworth, said, "BlueFocus and Huntsworth have been working together for a number of years and this is a next natural step in the cementing of our commercial relationship. We can now offer global support to Chinese companies through the international Huntsworth network and also provide our clients in depth service in China using the largest available Chinese PR network."

Oscar Zhao, Chief Executive and founder of BlueFocus, said "Huntsworth provides our Chinese clients with a global platform to expand. We believe that Huntsworth's unique mix of public relations, healthcare and digital communications will prove invaluable to many Chinese businesses. These are the first steps in establishing together a genuinely global public relations service".

Background to and Reasons for the Subscription

This is an unprecedented alliance between leading Eastern and Western public relations consultancies and will lead to an immediate step change in the capabilities, expertise and reach of the services which both companies are able to offer their clients. The Board propose to use the net proceeds of the Subscription, being approximately £34.5m, to help further the strategic goal of achieving organic revenue growth through investment in digital, multi-office capabilities and talent, and enabling the Company to significantly reduce bank debt.

This strategic alliance is to be built on four key pillars: exchange of clients, exchange of skills, exchange of people and joint expansion into new markets. A senior resource has been identified to drive this effort in Asia Pacific, who is to work on identifying key client needs from the Huntsworth and BlueFocus network. Significant opportunities are to be realised by the joint expansion into new fast-growing geographies and disciplines. We envision material benefits accruing to clients, shareholders and staff as a result of this strategic alliance.

Details of the Subscription

BlueFocus and BlueFocus International have entered into a subscription agreement (the "**Subscription Agreement**") with Huntsworth under which BlueFocus International has agreed to subscribe for 63,000,000 new shares (the "**New Shares**") in Huntsworth at a price of 58p per share subject to the terms and conditions set out below. BlueFocus has entered into the Subscription Agreement for the purpose of guaranteeing the obligations of BlueFocus International under the Subscription Agreement subject to the terms and conditions set out below.

The New Shares to be issued in the Subscription will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing ordinary shares of 1 pence in the capital of

Huntsworth, and in particular will rank in full for all dividends and other distributions declared, made or paid at any time after the date the New Shares are admitted to listing on the Official List (the "**Admission Date**"). The New Shares will not rank for the final dividend in respect of the year ended 31 December, 2012.

Application for listing and admission to trading

Application will be made to the Financial Conduct Authority (the "**FCA**") for admission of the New Shares to the Official List of the UK Listing Authority and to London Stock Exchange plc for admission to trading of the New Shares on its main market for listed securities ("**Admission**"). This is expected to take place in October 2013.

Guarantee from BlueFocus

BlueFocus International is a Hong Kong registered subsidiary of BlueFocus. BlueFocus International is not able to fund the Subscription out of its own resources so it is envisaged that BlueFocus International will obtain loan financing, available in two tranches, the first tranche expected in June and the second tranche expected in September, in order to fund the Subscription. As a result, the Subscription could be at risk if BlueFocus International fails to obtain the bank financing and BlueFocus does not, or is not in a position to, put BlueFocus International in funds in order to complete the transaction.

However, BlueFocus has agreed to guarantee the obligations of BlueFocus International under the Subscription Agreement (the "**Guarantee**"). The Guarantee is conditional upon:

- 1) The granting of approval for the entry into and performance by BlueFocus of the Guarantee by the State Administration of Foreign Exchange of the People's Republic of China; and
- 2) Shareholder approval being obtained from BlueFocus's shareholders in respect of the entering into and performance by BlueFocus of its obligations under the Guarantee (1) and 2) together, the "**Guarantee Conditions**").

BlueFocus and BlueFocus International have undertaken to use their best endeavours to procure that the Guarantee Conditions are satisfied by 31 July 2013. Shareholders representing approximately 40% of BlueFocus's issued share capital have irrevocably undertaken to vote in favour of approval of the Guarantee.

Board Right

As a term of the Subscription, the Company has granted BlueFocus International the right to nominate one non-executive director (the "**BlueFocus International Director**") to be appointed or reappointed to the board of directors of the Company (the "**Board**") for so long as BlueFocus International does not sell-down its interest to fewer than 47,250,000 Shares (or such other relevant corresponding amount following an event which alters the total number of shares in the Company but does not alter the percentage holding of BlueFocus International).

Pursuant to this right, the CEO of BlueFocus, Mr Oscar Zhao, will join the Board as a non-executive director with effect from Admission.

Conditions of the Subscription

Completion of the Subscription Agreement is conditional, amongst other things, upon:

- 1) the passing of:

- a) a special resolution authorising the directors of the Company to allot and issue the New Shares and disapplying the pre-emption rights of the shareholders of the Company in relation to the issue of the New Shares;
 - b) an ordinary resolution authorising the appointment of Oscar Zhao to the Company's board of directors (effective on Admission); and
 - c) a special resolution authorising the directors of the Company to allot and issue additional new shares in relation to the Subscription (a), b) and c) together, the "**Resolutions**";
- 2) the granting of approval for the Subscription by the National Development and Reform Commission of the People's Republic of China (the "**BlueFocus International Regulatory Condition**");
 - 3) Admission of the New Shares occurring not later than 8.00 am on 31 October 2013 (or such other date as the parties may agree in writing).

The Company has undertaken to use its best endeavours to procure that the Resolutions are passed by 14 October 2013.

BlueFocus International and BlueFocus have both undertaken to use their best endeavours to procure that the BlueFocus International Regulatory Condition is satisfied by 30 September 2013.

BlueFocus also has the right to terminate in the event that a material adverse change occurs in relation to the Huntsworth group prior to the Resolutions being passed.

The Huntsworth Board expects that it will take at least three months to obtain the necessary Chinese regulatory consent. A circular (the "**Circular**") will be sent to Huntsworth's shareholders in due course and it is currently expected that the transaction will close no later than 31 October 2013.

Break-Fee

Under the terms of the Subscription Agreement, a break-fee of £500,000 is payable by BlueFocus International to the Company where:

- 1) BlueFocus International Regulatory Condition has not been satisfied by 30 September 2013 or if BlueFocus International has informed the Company in writing prior to such date that it will not be possible to fulfil the BlueFocus International Regulatory Condition by such Date; or
- 2) Any of the warranties given by BlueFocus International is not true and accurate in any material respect.

Under the terms of the Subscription Agreement, a break-fee of £500,000 is payable by the Company to BlueFocus International where:

- 1) the Circular does not incorporate a unanimous recommendation to vote in favour of the Resolutions or such recommendation is withdrawn, modified, qualified or amended;
- 2) the Circular has not been posted or the prospectus has not been published by 30 September 2013;
- 3) the Resolutions have not been passed by 14 October 2013;
- 4) any of the warranties given by the Company contained in this Agreement is not true and accurate in any material respect;

- 5) at any time after the date of this Agreement but prior to the Resolutions being passed any material adverse change occurs in relation to the Company group; or
- 6) the agreement has become unconditional but Admission has not occurred by 8.00 am on 31 October 2013.

Further Issues of Shares

The Subscription Agreement gives BlueFocus International two additional rights in order to protect BlueFocus International from dilution. The first is a right for BlueFocus International to give notice of its intention to participate in an issue of Shares by the Company for cash consideration. If BlueFocus International elects to participate, such an issue of Shares for cash consideration can only take place on the basis that BlueFocus International is offered the required subscription such that BlueFocus International will not be diluted by the proposed issue.

The second is a right to subscribe for additional Shares representing up to 5 per cent of Huntsworth's fully diluted share capital where the Company decides to issue Shares for non-cash consideration (other than in relation to any employee share scheme). The right is limited to the number of shares such that BlueFocus's interest is not diluted. This right is to last for 3 years from the date of admission. The price is based on the prevailing market price at the time the right is exercised.

The right will lapse upon any offer to purchase the entire issued and to be issued share capital of the Company becoming unconditional in all respects.

Advisers

Huntsworth is being advised by Quayle Munro and BlueFocus by Lazard.

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Notes to Editors

Huntsworth

1. Huntsworth is an international public relations group with 72 principal offices in 30 countries. During 2012 the Group worked for circa 2,200 clients and provided services to 44 companies in the FTSE 100, 83 in the Fortune 500, 94 in the FTSEurofirst 300 and 36 of the world's 50 largest healthcare companies.
2. The Group comprises some of the world's leading public relations agencies in our four divisions Grayling, Citigate, Red and Huntsworth Health. At 31 December 2012, the Group employed 1,707 staff with an average fee income per head of £78,000.
3. By industry sector the revenue profile is broadly 22% Pharmaceuticals, 12% Healthcare, 11% Information Technology, 10% Financial Services, 8% Retail & Leisure, 6% Food & Drink, 6% Government & Public Sector, 4% Industrial and others.
4. Geographically, 37% of Group revenue came from the UK, 37% from the US, 20% from European countries and 6% from the rest of the World.
5. The top 15 clients each generate in excess of £1 million of annual revenue. Our largest client represents 4% of revenue with the top 10 clients accounting for 20% and the top 25 clients 30%.

No information is required to be disclosed pursuant to Listing Rule 9.6.13R paragraphs (1) to (6) in relation to Mr. Zhao's appointment as a director of Huntsworth.

BlueFocus

1. Founded in 1996 and headquartered in Beijing, BlueFocus is one of the leading public relations and brand management companies in China
2. It is the first publicly listed domestic PR company in China in February 2010 through its £69m IPO on the ChiNext Board of the Shenzhen Stock Exchange
3. Provides a wide range of PR and brand management services such as brand marketing, products promotion, media relations, crisis communication management, events management, digital media marketing, CSR, government relations and financial communications to over 850 brands
4. BlueFocus has numerous subsidiaries across the country, including in Shanghai, Beijing, Guangzhou and Hong Kong across the country and employs over 2,200 staff
5. Customers include Lenovo, China Merchants Bank, Cisco, AMD, Johnson Controls, L'Oreal, Estee Lauder, Mead Johnson, Pepsi, Wrigley, Financial Times, GM, Siemens, ABB and GSK