

**THIS LETTER AND ACCOMPANYING DECISION FORM ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt about the action you should take, you should immediately consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or, if not, you should consult another appropriately authorised independent financial adviser.**

Sinclair Pharma plc  
(registered number 03816616)  
Whitfield Court  
30-32 Whitfield Street  
London  
W1T 2RQ

[Participant Name]  
[Participant Address]

1 October 2018

Dear [Name]

**Recommended Cash Acquisition of Sinclair Pharma plc by Huadong Medicine Aesthetics Investment (HongKong) Limited, an indirect wholly-owned subsidiary of Huadong Medicine Co., Ltd.**

I am writing in connection with the option(s) (**Options**) you hold under the Sinclair Pharma plc 2011 Value Creation Plan (**VCP**). This letter explains the impact on your Options of the proposed acquisition of Sinclair Pharma plc and how you can realise the value in your Options. Enclosed is a form for you to complete and return in relation to your Options (**Decision Form**).

*You have a short window of time within which you may exercise your Options should you wish to do so. If you do not exercise your Options, you will lose out on the opportunity to realise the value in your Options. It is, therefore, important that you read this letter and respond by 22 October 2018.*

Save where otherwise defined in this letter and the Decision Form, capitalised terms and expressions used in this letter and the Decision Form have the meanings given to them in the Scheme Document (as defined below).

**Background**

The boards of directors of Sinclair Pharma plc (**Sinclair**) and Huadong Medicine Aesthetics Investment (HongKong) Limited (**Huadong**) (an indirectly wholly-owned subsidiary of Huadong Medicine Co., Ltd. (**HMC**)) have recently 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 (**Acquisition**).

Under the Acquisition, holders of Sinclair Shares will receive **32 pence** in cash for each Sinclair Share they hold (**Acquisition Price**).

The Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement (**Scheme**). The Scheme is a Court-approved process whereby if Sinclair Shareholders vote in favour of the Scheme and the Court sanctions the Scheme, it will become effective and the Acquisition will proceed.

It is expected that the Court hearing to consider sanctioning the Scheme will take place on 1 November 2018 (**Scheme Sanction Date**) and the Acquisition is expected to become effective on or about 5 November 2018 (**Effective Date**).

Further information about the Scheme is contained in a document (**Scheme Document**), dated 1 October 2018, a copy of which is available at <https://www.sinclairpharma.com/investors/recommended-offer-for-the-company>. You should read this letter (including the Appendix) and the enclosed Decision Form in conjunction with the Scheme Document.

## **Your Options**

Your Options comprise a right to receive Sinclair Shares upon exercise of the Options and payment of the aggregate exercise price of £0.01 per share (**Exercise Price**), subject to the rules of the VCP and the applicable award certificate. This letter does not apply to any Options that lapse before the Scheme Sanction Date or to any Units granted under the VCP that have not converted to an Option.

## **Effect of the Scheme on your Options**

Your Options will vest in full when the Court sanctions the Scheme and will be exercisable for six months following Court sanction of the Scheme (unless they lapse earlier under their terms).

## **The Proposal**

You are invited to exercise your Options with effect from the Scheme being sanctioned. As a consequence of such exercise, any Sinclair Shares that you acquire on exercise of your Options will be purchased by Huadong for 32 pence per Sinclair Share pursuant to the Scheme. This is referred to as the **Proposal**. You can accept the Proposal by completing the enclosed Decision Form.

If you accept the Proposal, you will exercise your Options conditional on the Scheme being sanctioned by the Court. If the Scheme is not sanctioned by the Court, then the exercise will not take effect. If the Scheme is sanctioned by the Court you will receive the number of Sinclair Shares to which you are entitled. Those Sinclair Shares will be transferred automatically to Huadong for the Acquisition Price under the Scheme. You will be offered a Cashless Exercise Facility in relation to this exercise (see below).

### *The Cashless Exercise Facility*

In order to exercise your Options, you are required to pay the Exercise Price (to the extent that you acquire Sinclair Shares on exercise of the Options). However, if you accept the Proposal, Sinclair and Huadong will operate a cashless exercise facility (**Cashless Exercise Facility**).

Under the Cashless Exercise Facility, you will not be required to fund the Exercise Price from your own resources prior to exercise. Instead, the Exercise Price will be funded from the proceeds of sale of the Sinclair Shares you acquire pursuant to the exercise of your Options. Huadong or its nominee will pay the sale proceeds to Sinclair on your behalf. Sinclair will then deduct your aggregate Exercise Price from the sale proceeds and the balance of your sale proceeds will then be paid to you.

### *Tax Liabilities*

A summary of the likely tax consequences of the exercise of your Options is set out in the Appendix to this letter. If you are in any doubt about your individual taxation position, you should consult a qualified tax adviser or other adviser immediately.

## **Alternative course of action**

You may exercise your Options within the six months following the Scheme Sanction Date outside of the Proposal. However, as set out in the Scheme Document, the Articles of Association of Sinclair are being amended so that your Sinclair Shares will automatically be purchased by Huadong for 32p per share. This will therefore simply delay when your Options are exercised and when you may receive your consideration for any Sinclair Shares you receive. The price you receive for your Sinclair Shares will not change. The consideration for your Sinclair Shares will be paid in accordance with the amended Articles, unless we agree otherwise with you.

The Cashless Exercise Facility will not be available to you and you will be required to pay the Exercise Price from your own resources prior to exercise.

### **What happens if I do nothing?**

If you do nothing, your Options will lapse six months after the Scheme Sanction Date (unless they lapse earlier under the terms of the VCP). If this happens, you will not be able to exercise your Options and they will be worthless.

It is therefore very important that you read this letter carefully and decide what to do, including taking any relevant action (as set out in the paragraph below headed "*Action Required*").

### **When will I receive my sale proceeds?**

If you complete and return the enclosed Decision Form by the deadline referred to in the paragraph below headed "*Action Required*", the sale proceeds of your Sinclair Shares (less your aggregate Exercise Price) will be paid to you not later than 14 days after the Effective Date of the Scheme.

### **Action Required**

If you wish to accept the Proposal, you need to complete and return the enclosed Decision Form in accordance with the instructions set out in it **as soon as possible**.

**The completed and signed Decision Form should be scanned and a copy sent by email as soon as possible to JTate@sinclairpharma.com AND the original sent to Jason Tate at Sinclair Pharmaceuticals Limited, Eden House, Lakeside, Chester Business Park, Chester, CH4 9QT. The completed Decision Form must be received by email no later than 5pm on 22 October 2018, and an original should follow in the post so as to be received by no later than 26 October 2018.**

Please read the explanatory notes and the Terms & Conditions printed on the Decision Form carefully before you complete it.

If you have any queries, you should contact Alan Olby at Sinclair on +44 20 7467 6928.

### **Recommendation**

The Sinclair Independent Directors, who have been so advised by N.M. Rothschild & Sons Limited (**Rothschild**) and Peel Hunt LLP (**Peel Hunt**) as to the financial terms of the Acquisition and the Proposal, consider the Proposal to be fair and reasonable in the context of the Acquisition as a whole. In providing advice to the Sinclair Independent Directors, each of Rothschild and Peel Hunt has taken into account the commercial assessments of the Sinclair Independent Directors. The Sinclair Independent Directors unanimously recommend that holders of Options accept the Proposal in respect of their Options.

**Please note that no officer or employee of Sinclair or Huadong will be able to give you legal, financial or tax advice nor advise you personally on the course of action that you should take in relation to your Options. If you are in any doubt as to the contents of this letter, the course of action you should take, or your tax position, you should seek your own independent professional advice immediately.**

Yours faithfully

Grahame Cook  
Chairman  
**Sinclair Pharma plc**

## Notes

1. Unless the context otherwise requires or otherwise defined herein, words and expressions defined in the Scheme Document and the rules of the VCP shall have the same meanings in this letter and the enclosed Decision Form.
2. The Sinclair Directors, whose names are set out in paragraph 2.1 of Part V of the Scheme Document, accept responsibility for the information (including any expressions of opinion) contained in this letter (including the Appendix) and the accompanying Decision Form (other than the information for which the Huadong Director and the HMC Directors accept responsibility in accordance with Notes 5 and 6 below and other than the recommendations and opinions of the Sinclair Independent Directors in respect of the Acquisition and the Proposal, for which the Sinclair Independent Directors accept responsibility in accordance with Note 3 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 letter (including the Appendix) and the accompanying Decision Form for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
3. The Sinclair Independent Directors whose names appear in paragraph 2.2 of Part V of the Scheme Document accept responsibility for the information (including any expressions of opinion) contained in this letter and the accompanying Decision Form relating to the recommendations and opinions of the Sinclair Independent Directors in respect of the Acquisition and the Proposal. 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 letter and the accompanying Decision Form for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.
4. The Sinclair Independent Directors are a committee of the Board of Sinclair which excludes those directors of Sinclair as have a personal interest in the Acquisition because of a personal interest in a proposed new management incentive plan as more fully described in paragraph 9 of Part II of the Scheme Document.
5. The Huadong Director, whose name is set out in paragraph 2.3 of Part V of the Scheme Document, accepts responsibility for the information (including any expressions of opinion) contained in this letter and the accompanying Decision Form 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.
6. The HMC Directors, whose names are set out in paragraph 2.4 of Part V of the Scheme Document, accept responsibility for the information (including any expressions of opinion) contained in this letter and the accompanying Decision Form 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 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.
7. 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 Acquisition and other matters referred to in this letter and the accompany Decision Form 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 letter and the accompany Decision Form, or otherwise.
8. 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 Acquisition and other matters referred to in this letter and the accompany Decision Form 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 letter and the accompany Decision Form, or otherwise.

9. Each of Rothschild and Peel Hunt has given and has not withdrawn its written consent to the issue of this letter (including the Appendix) and the accompanying Decision Form, with the inclusion of the references to its name in the form and context in which they appear.
10. The dates set out in this letter are based on current expectations and may be subject to change. If the expected dates change, Sinclair will give notice of the change by issuing an announcement to all participants in the VCP.
11. Any consideration for the sale of Sinclair Shares outside of the Proposal set out in this letter which you may become entitled to receive will be despatched to you at your own risk by post to the address provided by you.
12. The enclosed Decision Form, including the notes and instructions on it, shall be deemed an integral part of the Proposal.
13. All acceptances and elections in respect of the Proposal will be irrevocable.
14. Your Options are governed by the rules of the VCP and applicable legislation. If there is any inconsistency between those rules and the legislation and this letter and the Decision Form, the rules of the VCP and the applicable legislation will prevail. Nothing in this letter or the Scheme Document serves to vary the rules of the VCP or to extend the life of any Options which have lapsed or may lapse under the rules of the VCP. The information relating to taxation given in this document is given by way of guidance only.
15. The vesting of your Options pursuant to the Scheme is subject to the Scheme being sanctioned by the Court. If the Scheme is not sanctioned by the Court, your Options will not vest early and will continue to subsist on the terms of the VCP.
16. The accidental omission to despatch this letter, or the accompanying Decision Form to, or any failure to receive the same by, any person to whom the Proposal is made, or should be made, shall not invalidate the Proposal in any way.
17. Receipt of documents will not be acknowledged. All documents sent by or to you will be sent at the your own risk. If you have received this letter and the Decision Form in electronic form, you may request that copies of those documents be sent to you in hard copy form and that all future documents be sent to you in hard copy form. Requests should be submitted to Alan Olby at Sinclair.
18. The Proposal (and acceptances and elections in respect of the Decision Form) shall be governed by and construed in accordance with English law.
19. A copy of this letter will be available to view (subject to any applicable restrictions relating to persons resident in Restricted Jurisdictions) on Huadong's website at [http://www.eastchinapharm.com/En/News/Sinclair\\_Notice](http://www.eastchinapharm.com/En/News/Sinclair_Notice) and Sinclair's website at <https://www.sinclairpharma.com/investors/recommended-offer-for-the-company>.

## Appendix

### Singapore Tax Treatment

Summarised below are the generally applicable Singapore tax implications for holders of Options who work, and are resident for tax purposes only in Singapore and who exercise their Options using the Proposal or otherwise prior to the Scheme Record Time. This summary is for guidance only. The precise consequences will depend on your particular circumstances and, if you are in any doubt, you should consult an appropriate independent professional adviser. If you are resident, domiciled or work in a jurisdiction other than Singapore, you should consult a suitably qualified professional adviser to determine your tax position.

The following assumes that you have been employed in Singapore from the date of grant of your Options up to the date of exercise. The following is based on current legislation as at September 2018.

#### 1. OPTIONS

##### 1.1 ***Will I have to pay income tax or CPF contributions when I receive Sinclair Shares on exercise of my Options?***

You will be subject to income tax on the exercise of your Options by reference to the amount by which the aggregate Acquisition Price payable for the Sinclair Shares that you acquire on exercise of your Options exceeds the aggregate Exercise Price.

You will be required to report the gain or profit made on the exercise of your Options in your annual individual tax return (Appendix 8B of your Return of Employee's Remuneration Form IR8A). Your employer will not account for the income tax payable by you to the tax authorities.

You will not be subject to Central Provident Fund (CPF) contributions on the exercise of your Options.

##### 1.2 ***Will I incur any further tax liability when my Sinclair Shares are sold to Huadong?***

No, any gains from the sale of your Sinclair Shares should be treated as a capital gain and therefore not taxable in Singapore.

**ANY OPTION HOLDER WHO IS IN ANY DOUBT ABOUT HIS OR HER TAX POSITION SHOULD CONSULT HIS OR HER INDEPENDENT PROFESSIONAL ADVISER IMMEDIATELY.**

# Sinclair Pharma plc 2011 Value Creation Plan (VCP)

## Decision Form

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the contents of this Decision Form or the actions you should take, you should immediately consult an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom, or, if not, you should consult another appropriately authorised independent financial adviser.

This Decision Form (and accompanying Terms & Conditions) should be read in conjunction with the accompanying letter from the Company dated 1 October 2018 (**Letter**) and the Scheme Document. Terms and expressions used in this Decision Form shall have the same meaning as in the Letter and the Scheme Document, unless otherwise defined herein.

**The completed and signed Decision Form should be scanned and a copy sent by email as soon as possible to JTate@sinclairpharma.com AND the original sent to Jason Tate at Sinclair Pharmaceuticals Limited, Eden House, Lakeside, Chester Business Park, Chester, CH4 9QT. The completed Decision Form must be received by email no later than 5pm on 22 October 2018, and an original should follow in the post so as to be received by no later than 26 October 2018.**

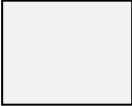
### SECTION 1 – DETAILS OF PARTICIPANT

Please insert/amend your details below, including a telephone number, should we need to contact you regarding your Decision Form.

<b>Name</b>	
<b>Address (including postcode)</b>	
<b>Telephone number</b>	

### SECTION 2 - EXERCISE OF OPTIONS

Please place a tick in the box below if you wish to exercise your Options.

 <b>Tick the box</b>	By placing a tick in the box alongside, I hereby: (a) irrevocably exercise any Options held by me in full, with effect from the time at which the Scheme is sanctioned by the Court; (b) undertake to pay the total Exercise Price required to exercise my Options to Sinclair, and confirm that I wish to use the Cashless Exercise Facility (as described in the Letter) by way of satisfaction of this undertaking.
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**SECTION 4 – DECLARATION AND SIGNATURE OF PARTICIPANT**

*Please complete the following in the presence of an independent witness (a person who is aged 18 or more and who is not your spouse, or a member of your immediate family).*

I confirm that by signing this Decision Form:

- 1. I have read and understood the Letter and understand and irrevocably agree to the Terms & Conditions set out in this Decision Form; and
- 2. I confirm that if I only sign below and leave the rest of this Decision Form blank, I will be deemed to have agreed to exercise all of my Options in full with effect from Court sanction of the Scheme.

Signed and delivered as a deed by: ..... (insert name in capitals)	
Signature:	On Date:
In the presence of:	
Witness' Name:	
Witness' Address:	
Witness' Signature:	



## TERMS & CONDITIONS

1. By completing, signing and returning this Decision Form duly executed in respect of my Options, I hereby:
  - (a) confirm that I have had an opportunity to read the Letter and these Terms & Conditions and that I understand and accept them;
  - (b) confirm that I have had an opportunity to obtain independent advice in relation to the decisions set out in this Decision Form;
  - (c) confirm that I am entitled to exercise the Options in accordance with the rules of the VCP;
  - (d) confirm that the Options are valid and have not lapsed and are free from all liens, mortgages and third party interests of any nature whatsoever, and I acknowledge that any award certificates in respect of the Options shall become void once my Options have been exercised;
  - (e) understand that the exercise of my Options pursuant to this Decision Form is conditional upon and subject to the Scheme being sanctioned by the Court and that if the Scheme is not sanctioned by the Court, this Decision Form shall have no effect and my Options will remain in existence and continue to be governed by, and subject to, the rules of the VCP, even if I have completed and submitted this Decision Form prior to the time that the Scheme was expected to be sanctioned by the Court;
  - (f) understand that if my Options have lapsed or lapse before exercise takes effect, completion of this Decision Form will be of no effect in relation to those lapsed Options;
  - (g) confirm that all decisions made in this Decision Form are irrevocable and cannot be withdrawn or altered;
  - (h) acknowledge that neither Sinclair nor HMC nor Huadong will be responsible for any consequential loss if this Decision Form is incorrectly completed or where it has not been possible to obtain clarification of my instructions; and
  - (i) authorise that all correspondence and any other items in connection with the acquisition of any Sinclair Shares which I acquire on the exercise of the Options may be sent to me at my own risk at the address set out in Section 1 of this Decision Form.
  
2. I hereby irrevocably:
  - (a) agree that, provided that the Scheme is sanctioned by the Court, my Options shall be exercised immediately following the sanction of the Scheme by the Court to the extent set out in the Decision Form;
  - (b) waive any entitlement I may have to receive a share certificate in respect of the Sinclair Shares acquired by me on exercise of my Options;
  - (c) agree that any Sinclair Shares which are acquired by me on exercise of my Options will be transferred to Huadong Medicine Aesthetics Investment (HongKong) Limited pursuant to the Scheme for an amount equal to the Acquisition Price multiplied by the number of Sinclair Shares acquired by me on exercise of my Options (**Sale Proceeds**);
  - (d) agree that Huadong or its nominee be and is hereby authorised and instructed to pay my Sale Proceeds to Sinclair to pay on to me;

- (e) agree that Sinclair be and is hereby authorised and instructed to receive the Sale Proceeds on my behalf;
  - (f) agree that Sinclair be and is hereby authorised and instructed to withhold the aggregate Exercise Price payable by me on the exercise of my Options from the Sale Proceeds and to retain such Exercise Price;
  - (g) indemnify Sinclair and my employer in respect of any income tax or Central Provident Fund (CPF) contributions for which Sinclair or my employer may be liable to account;
  - (h) appoint any director of Sinclair and Huadong or any person nominated by them as my agent and attorney and authorise such agent and attorney to execute, complete, sign and submit any documents and deliver any document (including deeds) and do any act or thing which the agent and attorney in his absolute and unfettered discretion, considers necessary or desirable on my behalf in order to give effect to my instructions in this Decision Form, or otherwise in connection with the Scheme; and
  - (i) agree that all powers of attorney and authorities on the terms conferred by this Decision Form are given by way of security for the performance of my obligations and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971. I undertake to confirm and ratify any action properly or lawfully taken on my behalf by any attorney appointed by or pursuant to this Decision Form.
3. The delivery of this Decision Form duly signed, may, if Sinclair determines it appropriate, be as effective as if it were duly completed and received, notwithstanding that it is not completed or received strictly in accordance with the terms set out this Decision Form.
4. This Decision Form shall be governed by and construed in accordance with the laws of England and Wales.