

Dated 27 July 2022

SINOPHARM TECH HOLDINGS LIMITED

and

CHAN TING

AGREEMENT
relating to
the loan capitalisation of
SINOPHARM TECH HOLDINGS LIMITED

THIS AGREEMENT is made on 27 July 2022

BETWEEN:-

- (1) **SINOPHARM TECH HOLDINGS LIMITED** 國藥科技股份有限公司, a company incorporated in the Cayman Islands whose registered office is situated at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and whose principal place of business in Hong Kong is situated at Units 01-03, 25/F., Corporation Park, 11 On Lai Street, Shatin, New Territories, Hong Kong (the “**Company**”); and
- (2) CHAN TING 陳霆, holder of HKID V003625(0), of Units 01-03, 25/F., Corporation Park, 11 On Lai Street, Shatin, New Territories, Hong Kong (the “**Investor**”).

WHEREAS:-

- (A) As at the date hereof, the authorised capital of the Company is HK\$200,000,000 divided into 16,000,000,000 Shares of HK\$0.0125 each which 4,537,688,780 Shares are in issue and fully paid up. The Shares (with stock code 8156) are listed on GEM of the Stock Exchange.
- (B) The Company intends to allot and issue, and the Investor intends to subscribe for, the Loan Capitalisation Shares at Completion, subject to the terms and conditions of this Agreement.
- (C) The parties have agreed to enter into this Agreement to set out the terms on which the Investor will subscribe for the Loan Capitalisation Shares.

AND NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. INTERPRETATION

- (A) In this Agreement, including the Recitals and the Schedule hereto, save where the context requires otherwise, the following expressions have the following meanings:-

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| “Business Day” | a day (other than a Saturday, Sunday and public holidays) on which commercial banks in Hong Kong are open for general banking transactions; |
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| “Completion” | the completion of the Loan Capitalisation; |
| “Completion Date” | the 10th Business Day following the day on which all the conditions precedent as set out in this Agreement have been satisfied or such other date as the Company and the Investor may agree in writing; |
| “GEM” | GEM of the Stock Exchange; |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM of the Stock Exchange; |
| “Group” | the Company and its subsidiaries and "Group Company" shall be construed accordingly; |
| “HK\$” | Hong Kong dollars; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China; |
| “LC Subscription Price” | the issue price of HK\$0.28 per Loan Capitalisation Share for the Loan Capitalisation; |
| “Loan” | HK\$15,298,533 which includes all obligations, liabilities and debts owing or incurred by the Company to the Investor on or at any time prior to Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion; |
| “Loan Capitalisation” | the allotment and issue of the Loan Capitalisation Shares at the LC Subscription Price pursuant to the terms and conditions of this Agreement; |
| “Loan Capitalisation Share(s)” | 54,637,617 Shares to be issued by the Company, credited as fully paid up, to the Investor as referred to in Clause 3(A); |
| “Shareholders” | holders of Shares; |
| “Shares” | ordinary shares of HK\$0.0125 per share in the capital of the Company; and |

- (B) In this Agreement, including the Recitals and the Schedule hereto:-
- (i) references to Clauses, Recitals and Schedule are to clauses of and recitals and schedule to this Agreement;
 - (ii) words importing the singular include the plural and vice versa, words importing one gender include both genders and the neuter and references to persons include bodies corporate or unincorporated;
 - (iii) references to statutory provisions shall be construed as references to those provisions as respectively amended or re-enacted (whether before or after the date hereof) from time to time and shall include any provision of which they are re-enactments (whether with or without modification) and any subordinate legislation made under provisions; and
 - (iv) references to “holding company” and “subsidiary” shall bear the meanings ascribed thereto in the GEM Listing Rules.

2. CONDITIONS PRECEDENT

- (A) Completion of the Loan Capitalisation is conditional upon:-
- (i) approval by the Stock Exchange of the listing of, and permission to deal in, the Loan Capitalisation Shares;
 - (ii) the passing by the Shareholders who are entitled to vote and not required to be abstained from voting under the GEM Listing Rules in the extraordinary general meeting of the Company to be held and convened approving, inter alia, the issue of the Loan Capitalisation Shares;
 - (iii) all necessary corporate approvals and consents and third party consents, including the approval of the Cayman Islands Monetary Authority to the issue of the Loan Capitalisation Shares (if necessary) for the transactions contemplated under this Agreement being obtained on or before Completion;
 - (iv) the Investor being satisfied that the warranties set out in Clause 5(A) are true and accurate in all respects as at the date of this Agreement and at Completion;

- (v) the allotment and issue of the Loan Capitalisation Shares do not trigger the obligations to make a mandatory general offer under The Code on Takeovers and Mergers and Share Buy-backs; and
 - (vi) there is no indication from the Stock Exchange that the listing status of the securities of the Company will be revoked by the Stock Exchange as a result of the implementation of the transactions contemplated under this Agreement.
- (B) The Company hereby undertakes to use its best endeavours to procure that the conditions in Clause 2(A) are fulfilled on or before 30 November 2022 (or such later date as agreed by the parties hereto in writing).
- (C) In the event that any of the conditions set out in Clause 2(A) has not been satisfied on or before 30 November 2022, the rights and obligations of the parties hereto shall cease and determine and thereafter none of the parties shall have any claim against the other save and except in respect of any then accrued rights and liabilities of the parties.

3. THE LOAN CAPITALISATION

- (A) Subject to Clause 2, the Company hereby agrees to allot and issue to the Investor and the Investor, relying on the warranties set out in Clause 5(A), agree to subscribe or procure his nominees to subscribe for the Loan Capitalisation Shares at the LC Subscription Price, at Completion. Subject to Clause 2, the LC Subscription Price for the Loan Capitalisation Shares shall be satisfied by setting off the full amount of the Loan on Completion.
- (B) Upon Completion and following issuance of the Loan Capitalisation Shares to the Investor, the Company shall be released from its obligation and liabilities under the Loan.

4. COMPLETION

- (A) Completion shall take place within 10th Business Days following the satisfaction of all the conditions precedent referred to in Clause 2 (or such later date as may be agreed by all the parties hereto in writing) at the principal place of business of the Company, or other such place as may be agreed between the parties in Hong Kong.
- (B) At Completion, all (but not part only) of the following business shall be transacted:-
- (i) (if the same has not been done before Completion) the Company shall convene a board meeting to approve the allotment and issue of the Loan Capitalisation Shares to the Investor or his nominee and the issue of the share certificates and

entry of the particulars of Investor or his nominee into the register of members of the Company;

- (ii) the Company shall deliver to the Investor or his nominee all documents which are required to be submitted to the branch share registrar for the allotment and issue of the Loan Capitalisation Shares; and
- (iii) the Investor shall deliver to the Company:-
 - (a) applications completed by himself and/or his nominee for the allotment and issue of the Loan Capitalisation Shares to be subscribed hereunder substantially in the form set out in the Schedule;
 - (b) such other documents as may be requested by the branch share registrar of the Company for the purpose of allotment and issue of the Loan Capitalisation Shares;
 - (c) unless the Company and the Investor agree otherwise, a cashier order or cheque in respect of payment for the Loan Capitalisation Shares at the LC Subscription Price to the Company or as it may direct provided that notice shall be given by the Company to the Investor three Business Day prior to Completion.

(C) In the event that any of the business referred to in Clause 4(B) are not transacted to the satisfaction of the Investor, the Investor shall have the right:-

- (i) to defer Completion in respect of the Loan Capitalisation Shares to a date not more than 30 days thereafter and so that the provisions of Clauses 4(A) to (B) of this Agreement shall apply to the completion as so deferred; or
- (ii) to proceed to Completion in respect of the Loan Capitalisation Shares, subject to his rights to claim for damages; or
- (iii) to terminate his obligations hereunder in respect of the Loan Capitalisation Shares whereupon all obligations of the Investor in respect of the Loan Capitalisation Shares shall forthwith lapse and shall be of no effect.

5. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

(A) The Company hereby warrants and represents to and undertakes with the Investor that as at the date hereof and on each day up to and including Completion that:-

- (a) the Loan Capitalisation Shares shall be allotted and issued in accordance with the Articles of Association of the Company and in compliance with all relevant laws of Hong Kong and the Cayman Islands and shall have all the rights of the Shares as defined and set forth in the Articles of Association of the Company and shall otherwise rank *pari passu* in all respects *inter se* and with all other Shares in the issued share capital of the Company as at the date of issue;
 - (b) the Loan Capitalisation Shares shall be allotted and issued fully paid up, free from any liens, claims, equities, pre-emptive rights, charges, encumbrances or third party rights of whatsoever nature and together with all rights attaching thereto at the date of Completion;
 - (c) the Loan Capitalisation Shares represent approximately 1.2 per cent of the existing issued share capital of the Company as at the date of this Agreement;
 - (d) there shall be sufficient number of unissued Shares in the capital of the Company for the allotment and issue of the Loan Capitalisation Shares prior to Completion;
 - (e) subject to the approval of the Shareholders and the Stock Exchange, the Company is fully capable of entering into this Agreement and performing all obligations and duties hereunder without the consent, approval, permission, licence or concurrence of any third party;
 - (f) the Company has power under its memorandum of association and Articles of Association to issue the Loan Capitalisation Shares without any further sanction or consent by members of the Company;
 - (g) the information set out in Recital (A) to this Agreement is accurate in all respects and that no change will be made in the authorised or issued share capital of the Company prior to the date of Completion;
 - (h) the Company will not, and will procure that no company in the Group will, do or omit to do any thing which would cause any of the aforesaid warranties to be untrue at any time prior to or on the Completion Date; and
 - (i) the whole of the issued share capital of the Company will continue to be listed and dealt in on the Stock Exchange up to and including the Completion Date.
- (B) The Company undertakes with the Investor that upon its becoming aware of the occurrence of any event which would cause or constitute a material breach of any of the warranties set out in Clause 5(A), it will promptly give written notice thereof to the

Investor and, if so requested by the Investor, use its best endeavours promptly to prevent or remedy the same.

- (C) Each of the warranties set out in Clause 5(A) shall be construed as a separate and independent representation or warranty or undertaking (as the case may be) to the intent that the Investor shall have a separate claim and right of action in respect of every breach.
- (D) Each of the parties hereby represents and warrants to the other parties that (i) he/it has the full power to enter into this Agreement and to exercise his/its rights and perform his/its obligations hereunder, (ii) (where relevant) save and except the approval of the Shareholders and the Stock Exchange, all corporate and other actions required to authorise his/its entering into and execution of this Agreement and his/its performance of his/its obligations hereunder and/or thereunder have been duly taken, (iii) this Agreement will, when executed, be a legal, valid and binding agreement on the party who executed it, enforceable in accordance with the terms thereof.

6. TERMINATION

If at any time prior to 5:00 p.m. on the date of Completion :-

- (a) there develops, occurs or comes into force :-
 - (i) any new law or government regulation or other occurrence of any nature whatsoever which in the reasonable opinion of the Investor adversely and materially affects or will adversely and materially affect the business of the Group or any part thereof or is adverse in the context of the Loan Capitalisation Shares; or
 - (ii) any change in local, national, international, financial, political or economic conditions which in the reasonable opinion of the Investor is materially adverse in the context of the Loan Capitalisation Shares; or
- (b) there comes to the notice of the Investor any matter or event showing any of the representations and warranties referred to in Clause 5 to be untrue or inaccurate in any material respects,

then and in any such case the Investor may (after such consultation with the Company and/or its advisers as the circumstances shall admit) by notice in writing to the Company rescind this Agreement and thereupon all obligations of the Investor hereunder will cease and determine and no party will have any claim against any other party in respect of any matter or thing arising out of or in connection with this

Agreement.

7. FURTHER ASSURANCE

The parties hereto, shall on demand of the other party, sign or execute any document or do any deed, act or thing as may be necessary or expedient to give full force and effect to the terms of this Agreement.

8. CONTINUING EFFECT OF AGREEMENT

Except as otherwise provided herein, all provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters then already performed.

9. WAIVER AND SEVERANCE

- (A) The failure of any party hereto at any time to require performance or observance by any other party of any provision of this Agreement shall in no way affect the right of such first party to require performance of that provision and any waiver by any party of any breach of any provision of this Agreement shall not be construed as a waiver of any continuing or succeeding breach of such provision, a waiver of the provision itself or a waiver of any right under this Agreement.
- (B) Should any provision of this Agreement be declared null and void by any competent government agency or court, this shall not affect the other provisions of this Agreement which are capable of severance and which shall continue unaffected.

10. SUCCESSORS AND ASSIGNS

This Agreement is personal to the parties hereto and save as expressly provided herein, none of them may assign, mortgage, charge or sublicense any of his/its respective rights hereunder, or sub-contract or otherwise delegate any of his/its obligations hereunder, except with the prior written consent of the other parties hereto. This Agreement is binding on and shall enure for the benefit of each party's successors and permitted assigns and personal representatives (as the case may be).

11. COUNTERPARTS

This Agreement may be executed in any number of copies or counterparts and by the different parties hereto on separate copies or counterparts and which together shall constitute one agreement.

12. TIME OF ESSENCE

Time shall be of the essence of this Agreement and this Clause shall apply to any extensions of time referred to in this Agreement as may be agreed by the parties hereto.

13. COST AND EXPENSES

- (A) Each party shall bear his/its own legal and professional fees, costs and expenses in relation to the negotiation, preparation and completion of and any other transactions incidental to and/or contemplated by this Agreement.
- (B) The Company shall bear all capital and/or stamp duty (if any) in respect of the allotment and issue of the Loan Capitalisation Shares.

14. ENTIRE AGREEMENT

This Agreement (together with its schedule) sets forth the entire agreement and understanding between the parties or any of them in relation to the subject matter of this Agreement and supersedes and cancels in all respects all previous agreements, letters of intent, correspondence, understandings, agreements and undertakings (if any) between the parties with respect to the subject matter hereof, whether written or oral.

15. NOTICES

- (A) Any notice required to be given under this Agreement shall be in writing and shall be deemed duly served if left at or sent by registered or recorded delivery post or sent by facsimile transmission:-

- (i) to the Company:-

Address: Unit 01-03, 25/F Corporation Park, 11 On Lai Street,
Shatin, New Territories, Hong Kong
Facsimile No.: (852)27418038

For the attention of : Board of Directors

(ii) to the Investor:-

Address: Flat B, 17/F., Tower 5, Sky Tower, 38 Sung Wong Toi Road, Tokwawan, Kowloon, Hong Kong

Facsimile No.:

or such other address as may have been last notified by or on behalf of such party to the other parties hereto.

(B) Any such notice shall be deemed to be served at the time when the same is left at the address of the party to be served and if served by post on the 5th Business Day following the day of posting and if sent by facsimile transmission at the time of receipt by the printed confirmation of despatch by the relevant fax machine.

16. GOVERNING LAW

This Agreement is governed by and shall be interpreted in accordance with Hong Kong law and all the parties hereto hereby submit to the non-exclusive jurisdiction of the Hong Kong courts in connection with any matters arising hereunder.

17. RIGHTS OF THIRD PARTY

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) and the consent of any person who is not a party is not required to rescind or vary this Agreement at any time.

