

Dated 14 June 2024

SINOPHARM TECH HOLDINGS LIMITED

國藥科技股份有限公司

and

INTEGRATED ASSET MANAGEMENT (ASIA) LIMITED

LOAN CAPITALISATION AGREEMENT

relating to

SINOPHARM TECH HOLDINGS LIMITED

國藥科技股份有限公司

THIS AGREEMENT is made on 14 June 2024

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 Third Floor, Century Yard, Cricket Square, P. O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and whose principal office in Hong Kong is situated at Unit 1802, 18/F, Ruttonjee House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong (the “**Company**”); and
- (2) **INTEGRATED ASSET MANAGEMENT (ASIA) LIMITED**, a company incorporated in the British Virgin Islands whose registered office is situated at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (the “**Investor**”).

RECITALS:-

- (A) As at the date hereof, the Company has the authorised share capital of HK\$200,000,000 divided into 640,000,000 Ordinary Shares of par value of HK\$0.3125 each. 183,693,055 Ordinary Shares are in issue and fully paid up. The Ordinary Shares (stock code 8156) are listed on GEM of the Stock Exchange.
- (B) As at the date of this Agreement, the Investor is a substantial shareholder of the Company holding approximately 11.8% of all issued Ordinary Shares in the share capital of the Company. The Investor is wholly-owned by Mr. YAM Tak Cheung (“**Mr. Yam**”).
- (C) On 17 January 2014, the Company has issued unlisted convertible bonds with the principal sum of HK\$89,625,000 (the “**Convertible Bonds**”) to the Investor. After the fifth amendment to the principal terms of the Convertible Bonds in 2021, the maturity date was extended to 17 January 2022 and the interest rate was increased to 10% per annum. Up to the date of this Agreement, the conversion period has already expired and the Investor has not exercised the conversion rights under the Convertible Bonds. The total outstanding amount under the Convertible Bonds of HK\$123,254,146, comprising the outstanding principal of HK\$89,625,000 (“**Principal Amount**”) and the outstanding interest of HK\$33,629,146 up to 31 December 2023, has been due and remained outstanding.
- (D) The Company intends to restructure its authorised share capital so that its authorised share capital will be HK\$200,000,000 divided into 12,800,000,000 ordinary shares of par value of HK\$0.0125 each and 3,200,000,000 convertible preference shares of par value of HK\$0.0125 each (“**Capital Reorganisation**”).

- (E) For the purpose of repayment of the Debt, the Company intends to allot and issue, and the Investor intends to subscribe for, the Subscription Shares at Completion, subject to the terms and conditions of this Agreement (“**Loan Capitalisation**”).
- (F) The Company also intends to enter into the Quantum Loan Capitalisation Agreement on or around the same date of this Agreement for other loan capitalisation arrangements with Quantum. Quantum is wholly owned by Mr. Yam.
- (G) The parties have agreed to enter into this Agreement to set out the terms on which the Investor will subscribe for the Subscription Shares.

AND NOW IT IS HEREBY AGREED AS FOLLOWS:-

1. INTERPRETATION

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

“Board”	the board of directors of the Company;
“Business Day”	a day on which licensed banks are generally open for banking business in Hong Kong, other than Saturdays, Sundays and any day on which a tropical cyclone warning No. 8 or above or “extreme conditions” caused by super typhoons is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a black rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon;
“Companies Act”	the Companies Act (As Revised), Cap. 22 of the Cayman Islands and any amendments thereto or re-enactments thereof for the time being in force and includes every other law incorporated therewith or substituted therefor;
“Completion”	the completion of the subscription of the Subscription Shares;
“Completion Date”	the date of Completion;
“Connected Shares”	collectively the IAM Shares and the Quantum Shares;

“Connected Specific Mandate”	a specific mandate to allot, issue or otherwise deal in the issue of Connected Shares and IAM CPSs under this Agreement and the Quantum Loan Capitalisation Agreement, and the additional Shares to be sought from the Independent Shareholders to satisfy the allotment and issue of the conversion shares upon exercise of the conversion rights of the IAM CPSs;
“Conversion Notice”	a notice served by any holder of CPSs during the Conversion Period stating that such holder wishes to exercise the Conversion Right in respect of one or more CPSs held by such holder, in substantially the form prescribed by the Company from time to time;
“Conversion Period”	the period of 10 years starting from the Date of Issue and ending on the 10th anniversary of the Date of Issue;
“Conversion Right”	the right, subject to the provisions of paragraph 1 of Schedule 1 hereof, of the holders of CPSs to convert any CPSs into Ordinary Shares during the Conversion Period;
“Converting Shareholder”	a holder of CPSs all or some of whose CPSs are being or have been converted into Ordinary Shares;
“CPS(s)”	the non-voting convertible preference share(s) of par value of HK\$0.0125 each (after the Capital Reorganisation becomes effective) in the share capital of the Company;
“CPSs Meeting”	a separate general meeting of the holders of the CPSs duly convened in accordance with the articles of association of the Company and/or Schedule 1 hereof (as the case may be) to consider any matter relating to the CPSs and/or their terms;
“Date of Issue”	the date that the relevant CPS(s) is/are issued by the Company;
“Debt”	the total amount of HK\$123,254,146 being the outstanding Principal Amount and accrued interest under the Convertible Bonds as at 31 December 2023;

“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, this Agreement and the Quantum Loan Capitalisation Agreement (including the transactions contemplated thereunder and the Connected Specific Mandate) and the Whitewash Waiver;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s);
“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;
“IAM CPSs”	an aggregate of 932,541,460 CPSs to be allotted and issued to the Investor pursuant to the terms and conditions of this Agreement;
“IAM Loan Capitalisation”	the proposed allotment and issue of the Ordinary Shares and CPSs at the subscription price of HK\$0.1 per Ordinary Share / CPS by capitalising the Debt pursuant to the terms and conditions of this Agreement;
“IAM Shares”	an aggregate of 300,000,000 Ordinary Shares to be allotted and issued to the Investor pursuant to the terms and conditions of this Agreement;
“Independent Shareholders”	Shareholders other than (i) the Investor, Quantum, Mr. Yam and any parties acting in concert with any of them; and (ii) any Shareholders involved or interested in the IAM Loan Capitalisation or the Quantum Loan Capitalisation or the Whitewash Waiver and the respective transactions contemplated thereunder;

“Majority Vote”	majority consisting of more than 50% of the votes cast on a poll by such shareholders as, being entitled so to do, vote in person or by proxy or in the cases of shareholders which are corporations, by their respective duly authorised representatives at a general meeting of which notice has been duly given in accordance with the articles of association of the Company and/or Schedule 1 hereof (as the case may be);
“Ordinary Share(s)”	ordinary share(s) in the share capital of the Company with current par value of HK\$0.3125 each; the par value of the ordinary share(s) will be HK\$0.0125 each once the Capital Reorganisation becomes effective;
“Public Float Requirement”	the requirement under the GEM Listing Rules applicable to the Company that not less than a specified percentage of the shares which are listed on the Stock Exchange shall be held by the public for the purpose of the GEM Listing Rules;
“Quantum”	Quantum Worldwide Investment Limited, a BVI business company incorporated with limited liability and is wholly and beneficially owned by Mr. Yam;
“Quantum Debt”	an amount of HK\$15,000,000 being the outstanding principal under the Quantum Loan Agreement;
“Quantum Loan Agreement”	a loan agreement dated 8 November 2023 entered into between the Company as borrower and Quantum as lender for a term loan facility of HK\$20,000,000 to the Company;
“Quantum Loan Capitalisation”	the proposed allotment and issue of the Ordinary Shares at the subscription price of HK\$0.1 by capitalising the Quantum Debt pursuant to the terms and conditions of the Quantum Loan Capitalisation Agreement;
“Quantum Loan Capitalisation Agreement”	the loan capitalisation agreement dated on or around the date of this Agreement entered into between the Company and Quantum in respect of the Quantum Loan Capitalisation;

“Quantum Shares”	an aggregate of 150,000,000 Ordinary Shares to be allotted and issued to Quantum pursuant to the terms and conditions of the Quantum Loan Capitalisation Agreement;
“Relevant Event”	any liquidation, winding-up or dissolution of the Company, whether voluntary or involuntary;
“SFC”	Securities and Futures Commission of Hong Kong;
“Share(s) ”	the share(s) in the share capital of the Company, including the Ordinary Share(s) and CPSs, or either one of them as the context may require;
“Shareholders”	holders of any shares in the issued share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	HK\$0.1 per Subscription Share (whether it is an Ordinary Share or CPSs), which shall be satisfied in the manner under Clause 2(B);
“Subscription Shares”	300,000,000 Ordinary Shares and 932,541,460 CPSs to be issued by the Company, credited as fully paid up, to the Investor as referred to in Clause 2(A), each a “Subscription Share”;
“Takeovers Code”	The Code on Takeovers and Mergers (as amended, modified and supplemented from time to time); and
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 on Dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Investor to make a mandatory general offer for all the securities of the Company not already owned or acquired by the Investor, Quantum, Mr. Yam and parties acting in concert with any of them under Rule 26 of the Takeovers Code which would otherwise arise as a result of the issue of IAM Shares and Quantum Shares under this Agreement and Quantum Loan Capitalisation Agreement, respectively.

- (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 Listing Rules.

2. THE SUBSCRIPTION

- (A) Subject to Clause 3, the Company hereby agrees to allot and issue to the Investor and the Investor, relying on the warranties set out in Clause 5(A), agrees to subscribe or procure its nominees to subscribe for the Subscription Shares at the Subscription Price at Completion.
- (B) The Company and the Investor agree that the Subscription Price shall be satisfied by off-setting against the Debt owed by the Company to the Investor. Among the Debt, the amount of HK\$30,000,000 is set off by the issuance of the Ordinary Shares and the remaining balance is set off by the issuance of CPSs. The Investor as holder of the Convertible Bonds acknowledges and confirms that the allotment and issue of the Subscription Shares shall constitute a full and absolute discharge of the repayment obligations of the Company of the Debt.
- (C) As part of the Loan Capitalisation arrangement contemplated herein, the Company and the Investor agree that (a) the interest accrued on the Principal Amount from the maturity date (i.e. 17 January 2022) up to 31 December 2023 shall be calculated at the rate of 10% per annum on a simple interest and daily basis; and (b) the interest accrued on the Principal Amount from 1 January 2024 shall be calculated at the rate of 5% per annum on a simple interest and daily basis (“**Outstanding Interest**”). For the avoidance of doubt, this Clause shall be void and shall not be regarded as an amendment or variation of the Convertible Bonds in the event that this Agreement is terminated under Clause 3(C).

- (D) The CPSs to be allotted and issued shall be subject to the terms as set out in Schedule 1.

3. **CONDITIONS PRECEDENT**

- (A) Completion of the Subscription is conditional upon:-

- (i) the Company having completed the Capital Reorganisation, including but not limited to, capital reduction and sub-division of shares of the Company;
- (ii) the approval of the Independent Shareholders by way of a special resolution of the Company approving that the memorandum and articles of association of the Company be amended to, among others, (i) incorporate the relevant terms of the CPSs and (ii) reflect the Capital Reorganisation; and that such amendments to the memorandum and articles of association of the Company have become legally effective;
- (iii) the compliance of all requirements imposed by the Stock Exchange and/or the SFC in relation to this Agreement, the Quantum Loan Capitalisation Agreement and the transactions contemplated thereunder (including the grant of the Connected Specific Mandate) and the allotment and issue of the Subscription Shares and Quantum Shares, whether under the GEM Listing Rules, the Takeovers Code or otherwise;
- (iv) the approval by the Stock Exchange of the listing of, and permission to deal in, the IAM Shares and the Ordinary Shares to be allotted and issued upon conversion of the IAM CPSs in relation to this Agreement;
- (v) all necessary corporate approvals and consents and third party consents, including the approval of the governmental authorities of the Cayman Islands to the issue of the IAM Shares and IAM CPSs (if necessary) for the transactions contemplated under this Agreement being obtained;
- (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;
- (vii) the approval of this Agreement, the Quantum Loan Capitalisation Agreement and the transactions contemplated thereunder and the Connected Specific Mandate by more than 50% of the Independent Shareholders at the EGM by way of poll; and

- (viii) the Executive having granted to the Investor the Whitewash Waiver, and any conditions attaching to the Whitewash Waiver having been satisfied, and the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll.
- (B) The Company and the Investor hereby undertake to use their best endeavours to procure that the conditions in Clause 3(A) are fulfilled on or before 31 December 2024 (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 3(A) has not been satisfied on or before 31 December 2024 (or such later date as agreed by the parties hereto in writing), this Agreement shall be terminated forthwith and 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.

4. **COMPLETION**

- (A) Completion shall take place within 7 Business Days following the satisfaction of all the conditions precedent referred to in Clause 3 (which shall be no later than 10 January 2025 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) the Company shall convene a board meeting to approve the allotment and issue of the Subscription 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 sign all documents and instructions to the branch share registrar of Hong Kong for the allotment and issue of the Subscription Shares; and
 - (iii) the Investor shall deliver to the Company:
 - (a) certified copies (certified by a director of the Investor) of the resolution of the board of directors and the shareholders' resolution of the Investor approving this Agreement and the transactions contemplated herein;

- (b) applications completed by himself and/or his nominee for the allotment of the Subscription Shares to be subscribed hereunder substantially in the form set out in the Schedule 2; and
 - (c) a confirmation acknowledging that all Debt have been settled and discharged by the Company in full.
- (C) In the event that any of the business referred to in Clause 4(B)(i) or (ii) is not transacted to the satisfaction of the Investor, the Investor shall have the right:
 - (i) to defer Completion in respect of the Subscription 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 terminate its obligations hereunder in respect of its subscription for the Subscription Shares whereupon all obligations of the Investor to subscribe for the Subscription Shares shall forthwith lapse and shall be of no effect.
- (D) In the event that any of the business referred to in Clause 4(B)(iii) is not transacted to the satisfaction of the Company, the Company shall have the right:-
 - (i) to defer Completion in respect of the Subscription 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 terminate its obligations hereunder in respect of its issuance of the Subscription Shares whereupon all obligations of the Company to issue the Subscription Shares shall forthwith lapse and shall be of no effect.
- (E) Without prejudice to Clause 4(F) below, the Convertible Bonds shall be terminated simultaneously upon the Completion (“**Termination**”) and the Investor as holder of the Convertible Bonds releases and discharges the Company as issuer from all claims and demands under or in connection with the Convertible Bonds upon Termination.
- (F) Regardless of the Termination, the Company undertakes to settle the Outstanding Interest within 12 months from the Completion Date or any other date to be agreed by both parties in writing. For the avoidance of doubt, Termination of the Convertible Bonds shall not affect the validity of this Clause.

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 Subscription Shares, comprising of Ordinary Shares and CPSs, shall be allotted and issued in accordance with the memorandum and 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 such class of Shares as defined and set forth in the memorandum and articles of association of the Company and shall otherwise rank *pari passu* in all respects *inter se* and with all other Ordinary Shares and CPSs (as the case may be) in the issued share capital of the Company as at the date of issue;
 - (b) the Subscription 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 Completion Date;
 - (c) there shall be a sufficient number of unissued Ordinary Shares and CPSs in the share capital of the Company for the allotment and issue of the Subscription Shares prior to Completion;
 - (d) 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;
 - (e) the Company has power under its memorandum and articles of association to allot and issue the Subscription Shares without any further sanction or consent by members of the Company;
 - (f) the information set out in Recital (A) to this Agreement is accurate in all respects and that no change will be made in the issued share capital of the Company prior to the Completion Date;
 - (g) there has been no material change in the financial condition or operations of the Group taken as a whole since 30 June 2023;
 - (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) it/ he has the full power to enter into this Agreement and to exercise its/ his rights and perform its/ his obligations hereunder, (ii) (where relevant) all corporate and other actions required to authorise its entering into and execution of this Agreement and its performance of 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. FORCE MAJEURE

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

- (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 subscription of the Subscription 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 subscription of the Subscription 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 request 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 their respective rights hereunder, or sub-contract or otherwise delegate any of 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 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 in respect of the allotment and issue of the Subscription Shares.

14. ENTIRE AGREEMENT

This Agreement (together with its Schedules) 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 or email:-

- (i) to the Company:-

Address: Unit 1802, 18/F, Ruttonjee House
Ruttonjee Centre
11 Duddell Street, Central
Central, Hong Kong
Facsimile No.: 2741-8038
Email address: ken_ho@sinopharmtech.com.hk
For the attention of : Mr. Ho Kam Kin

(ii) to the Investor:-

Address: 21/F, 88 Gloucester Road, Wanchai, Hong Kong
Facsimile No.: N/A
Email address: adamyip@inasset.com
For the attention: Mr. Adam Yip

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; if served by post on the 5th Business Day following the day of posting; if sent by facsimile transmission at the time of receipt by the printed confirmation of despatch by the relevant fax machine; and if sent by email, at the time of despatch without receipt of “undelivered” message.

16. **GOVERNING LAW**

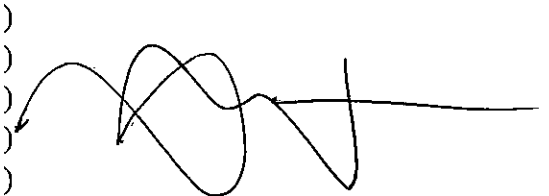
This Agreement is governed by and shall be interpreted in accordance with Hong Kong law and all the parties hereto hereby submit to the non-exclusive jurisdiction of the Hong Kong Courts in connection with any matters arising hereunder.

IN WITNESS whereof the parties have executed this Agreement the day and year first above written.

SIGNED by HO Kam Kin)
for and on behalf of)
SINOPHARM TECH HOLDINGS LIMITED)
國藥科技股份有限公司)
in the presence of:-)



SIGNED by YAM Tak Cheung)
for and on behalf of)
INTEGRATED ASSET MANAGEMENT (ASIA))
LIMITED)
in the presence of:-)



Schedule 11. Conversion Rights

- 1.1 The CPSs shall be convertible at the option of the holder(s) during the Conversion Period without the payment of any additional consideration therefor, into such number of fully-paid Ordinary Shares as determined in accordance with the ratio of 1:1. Holder of any CPS is not entitled to exercise any Conversion Right after the Conversion Period. For the avoidance of doubt, any CPS that has not been converted, redeemed or cancelled during the Conversion Period shall remain as CPS in the share capital of the Company and the holder of such CPS shall not have any right in respect of any Ordinary Share of the Company as a holder of CPS after the Conversion Period.
- 1.2 Notwithstanding the generality of the foregoing, in respect of any conversion of the CPSs, the Converting Shareholders shall be entitled to such preferred distribution under paragraph 2 of this Schedule that has accrued thereon up to the date immediately prior to the service of a Conversion Notice on the Company. Any preferred distribution that has been accrued but remain unpaid as at the date of service of a Conversion Notice shall remain payable to the Converting Shareholders.
- 1.3 Notwithstanding anything to the contrary in this Schedule, if the issue of Ordinary Shares following the exercise by a holder of the CPSs of the Conversion Rights relating to any of the CPSs held by such holder thereof would result in the Company not meeting the Public Float Requirement immediately after the conversion, then the number of Ordinary Shares to be issued pursuant to such conversion shall be restricted to the maximum number of Ordinary Shares issuable by the Company which would not in the reasonable opinion of the Company result in a breach of the Public Float Requirement.
- 1.4 Conversion of the CPSs to Ordinary Shares shall be subject to (i) the condition that any CPSs holders and/or the parties acting in concert with any of them and/or their respective associates being interested in such issued share capital of the Company will not trigger a mandatory general offer obligation under Rule 26 of the Takeovers Code upon exercise of the Conversion Right, except that the relevant waiver for making such mandatory general offer has been granted by the Executive pursuant to the Takeovers Code; (ii) the compliance of all requirements imposed by the Stock Exchange and/or the SFC in relation to the allotment and issue of any new Ordinary Shares due to conversion, whether under the GEM Listing Rules, the Takeovers Code or otherwise; (iii) the approval by the Stock Exchange of the listing of, and permission to deal in, the new Ordinary Shares arising from conversion; and (iv) the condition that the conversion of the CPSs to Ordinary Shares shall not reduce the public float of the Shares to less than 25% (or any given percentage as required by the GEM Listing Rules) of the issued Shares in breach of the Public Float Requirement.

1.5 If and whenever the Ordinary Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or sub-division shall be effected on the CPSs, in which case the conversion ratio shall remain as one CPSs for one Ordinary Share (as consolidated or sub-divided, as the case may be).

2. Preferred Distribution

2.1 Subject to the compliance with the articles of association of the Company, the Companies Act and all applicable laws, and so long as the Company has not redeemed all of its CPSs pursuant to paragraph 5 of this Schedule, the Company may pay any preferred distribution to the holders of CPSs pursuant to the terms under this Schedule.

2.2 During the first five years from the Date of Issue, each holder of issued CPS has the right to receive a preferred distribution at the fixed rate of 5.0% per annum on the aggregate issue price of the CPSs paid by the initial subscriber for its initial subscription, payable annually in arrears on each anniversary of the Date of Issue (each, an “**Annual Payment Date**”) until the 5th anniversary of the Date of Issue, subject to the sole discretion of the Company to defer any such payment for a maximum period of 10 years from the date when such payment falls due by giving written notice to the holders of CPSs prior to the relevant Annual Payment Date. Each of such preferred distributions is cumulative. The holders of CPSs do not have any right to receive any preferred distribution after the 5th anniversary of the Date of Issue, except for any unpaid distribution accrued during the first five anniversary years.

2.3 No preferred distribution shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution including share premium.

2.4 No interest shall be accrued on any unpaid preferred distribution.

2.5 If the Board elects to defer a preferred distribution pursuant to paragraph 2.2 above, the Company shall not (i) pay any dividends, distributions or make any other payment on any other Shares or (ii) redeem, cancel, repurchase or acquire for any consideration any other Shares, unless at the same time it pays to the holders of the CPSs any deferred or declared but unpaid preferred distribution which was scheduled to be paid on a day falling in the same financial year in respect of which payment of such dividends, distributions or other payments on such other Shares are made.

3. Dividend

3.1 Save for the right conferred on the holders of the CPSs to receive a preferred distribution as set out in paragraph 2 above in this Schedule, holders of CPSs have no right to other dividend or distribution prior to its conversion into Ordinary

Share.

4. Transferrability

- 4.1 The CPSs (and each of them) may be transferred by the holder thereof after the respective dates of issue of the CPSs which are to be transferred without restriction, provided that the holder thereof shall give prior notice to the Company and (if applicable) the Stock Exchange where the transferee is a connected person of the Company (as defined in the GEM Listing Rules). The Company shall facilitate any such assignment or transfer of the CPSs, including making any necessary applications to the Stock Exchange or any other regulatory authority for the said approval (if so required) at the cost of such holder of the CPSs.

5. Redemption

- 5.1 The Company may, at any time at its sole discretion, by written notice of not less than 10 days to the holders of CPSs whose CPSs are to be redeemed and subject to compliance with the Companies Act, request to redeem part or all of the CPSs at a price equivalent to the Subscription Price of such CPSs, so long as such CPSs have not been previously converted, redeemed or cancelled.
- 5.2 For the avoidance, the holders of CPSs do not have any right to request or demand the Company to redeem any CPSs.

6. Ranking

- 6.1 Save as expressly provided in this Schedule, each CPS shall have the same rights as each of the Ordinary Share. The Company shall not, for so long as any CPSs remain outstanding, issue, without obtaining the consent of the holders of the CPSs by Majority Vote at a CPSs Meeting, any Shares ranking senior or in priority to the CPSs as regards the order of distribution of assets of the Company upon the occurrence of a Relevant Event, but the Company may create, issue or repurchase, without obtaining the consent of the holders of the CPSs, any further Ordinary Shares.

7. Return of capital

Upon the occurrence of a Relevant Event, the assets of the Company available for distribution among the shareholders shall, subject to applicable laws, be applied in the following order of priority:

- (a) firstly, to the holders of CPSs, pari passu as between themselves, an amount equal to the aggregate nominal amount paid up or credited as paid up

on all issued and outstanding CPSs (so long as the Company has not redeemed such CPSs, or such CPSs remain non-converted), on a basis pro-rata to the aggregate of the nominal amounts of the CPSs held by each of the holders of CPSs; and

- (b) secondly, to the holders of the Ordinary Shares, *pari passu* as between themselves, an amount equal to the aggregate nominal amount paid up or credited as paid up on all issued and outstanding Ordinary Shares, on a basis pro-rata to the aggregate of the nominal amounts of the Ordinary Shares held by each of the holders of the Ordinary Shares; and
- (c) the remaining balance of such assets shall belong to and be distributed on a *pari passu* basis among the holders of all classes of shares including the CPSs, other than any other shares not entitled to participate in such assets, by reference to the aggregate nominal amounts of shares held by them respectively.

8. Voting rights

- 8.1 The holders of the CPSs shall have the right to receive notice of and to attend a general meeting of the holders of Ordinary Shares of the Company. However, the CPSs shall not confer on the holders thereof the right to vote at a general meeting of holders of Ordinary Shares of the Company.
- 8.2 Where holders of the CPSs are entitled to vote on any resolution at the relevant CPSs Meeting, all resolutions put to the vote at the CPSs Meeting must be decided by way of poll and every holder of the CPSs who is present in person or by proxy or (being a corporation) by its duly authorised representative shall have one vote for each CPS held by him which is fully paid or credited as fully paid (but so that no amount paid or credited as paid on a share in advance of calls or instalments shall be treated for the purposes of this paragraph as paid on the share).
- 8.3 Unless otherwise specified herein, the holders of the CPSs may requisition a CPSs Meeting amongst themselves to be convened in accordance with Article 72 of the articles of association of the Company which shall *mutatis mutandis* apply but so that reference to the share capital of the Company therein should be read as the paid up share capital of the CPSs. The proceedings of a separate general meeting for considering a variation of share rights as set out in article 6 of the articles of association of the Company shall apply to CPSs Meeting as if the same had been incorporated herein save that where a resolution is to be proposed which if passed would not amount to a variation or abrogation of the rights or privileges of the holders of the CPSs, the following shall apply:

- (a) at least 14 days' notice of any CPSs Meetings shall be given to the holders of the CPSs;
 - (b) two or more persons or entities holding CPSs (or, in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy in the aggregate of not less than 10% of the nominal value of the issued CPSs for the time being shall form a quorum for the transaction of business and no business (other than the choosing of a chairman) shall be transacted at any meeting unless the requisite quorum be present at the commencement of business and if within half an hour from the time appointed for any CPSs Meeting a quorum is not present, the meeting will be dissolved. If the Company has only one holder of CPSs, one holder present in person or by proxy shall be a quorum for all purposes;
 - (c) every question submitted to a CPSs Meeting shall be decided by passing by a Majority Vote;
 - (d) save as the Company, its legal and financial advisors and the holders of CPSs, no person or entity shall be entitled to attend, speak or vote at any CPSs Meetings or to join with others in requesting the convening of such a meeting; and
 - (e) the decision by a Majority Vote shall be binding upon all holders of CPSs, whether present or not present at such meeting, and each of the holder of the CPSs shall be bound to give effect thereto accordingly.
- 8.4 Save and except as amended in paragraph 8.3 above, the provisions of articles 2, 70 to 96 of the articles of association of the Company in relation to general meetings of the Company shall apply to the CPSs Meeting as if the same had been incorporated herein.
9. Listing
- 9.1 The CPSs will not be listed on any stock exchange.
- 9.2 An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Ordinary Shares to be allotted and issued upon conversion of the CPSs.

Schedule 2

To: Sinopharm Tech Holdings Limited (the “Company”)

Dated:

Dear Sirs,

Application to subscribe for new Shares

Reference is made to the loan capitalisation agreement dated _____ entered into between the Company and us (“Agreement”). Capitalized terms used herein shall have the same meaning given to them under the Agreement unless otherwise specified.

We, INTEGRATED ASSET MANAGEMENT (ASIA) LIMITED, hereby apply for a total of 300,000,000 Ordinary Shares and 932,541,460 CPSs (“Subscription Shares”) in the share capital of the Company for a subscription price of HK\$0.1 per Subscription Share, which will be satisfied by off-setting the Debt owed by the Company to us.

We request you to allot and issue the Subscription Shares fully paid up to us as the holder of such shares subject to the memorandum and articles of association of the Company upon Completion under the Agreement.

Yours faithfully,

For and on behalf of
INTEGRATED ASSET MANAGEMENT (ASIA) LIMITED

Director/Authorised Signatory
Name: