

Dated 14 June 2024

**SINOPHARM TECH HOLDINGS LIMITED**

國藥科技股份有限公司

and

**QUANTUM WORLDWIDE INVESTMENT LIMITED**

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**LOAN CAPITALISATION AGREEMENT**

relating to

**SINOPHARM TECH HOLDINGS LIMITED**

國藥科技股份有限公司

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**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) **QUANTUM WORLDWIDE INVESTMENT LIMITED**, a company incorporated in the British Virgin Islands and having its corresponding address at 21/F., 88 Gloucester Road, Wanchai, Hong Kong (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 wholly-owned by Mr. YAM Tak Cheung (“**Mr. Yam**”).
- (C) On 8 November 2023, the Company as borrower and the Investor as lender entered into a loan agreement for a term loan facility of HK\$20,000,000 to the Company (the “**Loan Agreement**”). Up to the date of this Agreement, the total outstanding principal under the Loan Agreement is HK\$15,000,000, of which HK\$10,000,000 and HK\$5,000,000 are due for repayment on 8 May 2024 and 1 August 2024 respectively under the Loan Agreement.
- (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.
- (F) The Company also intends to enter into the IAM Loan Capitalisation Agreement on or around the same date of this Agreement for other loan capitalisation arrangements with IAM. As at the date of this Agreement, IAM is a substantial shareholder of the

Company holding approximately 11.8% of all issued Ordinary Shares of the Company. IAM 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:-

“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;
“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 the IAM Loan Capitalisation Agreement and this 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;
“CPSs”	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;

“Debt”	the total amount of HK\$15,000,000 being the outstanding principal amount of HK\$15,000,000 under the Loan Agreement as at the date of this Agreement;
“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 IAM 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”	Integrated Asset Management (Asia) Limited, a BVI business company incorporated with limited liability and is wholly and beneficially owned by Mr. Yam;
“IAM CPSs”	an aggregate of 932,541,460 CPSs to be allotted and issued to IAM pursuant to the terms and conditions of the IAM Loan Capitalisation Agreement;
“IAM Debt”	the total amount of HK\$123,254,146, being the outstanding principal and accrued interests under the convertible bonds held by IAM up to 31 December 2023;
“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 IAM Debt pursuant to the terms and conditions of the IAM Loan Capitalisation Agreement;

“IAM Loan Capitalisation Agreement”	the loan capitalisation agreement dated [*] 2024 entered into between the Company and IAM in respect of the IAM Loan Capitalisation;
“IAM Shares”	an aggregate of 300,000,000 Ordinary Shares to be allotted and issued to IAM pursuant to the terms and conditions of the IAM Loan Capitalisation Agreement;
“Independent Shareholders”	Shareholders other than (i) IAM, the Investor, 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;
“Ordinary Shares”	ordinary shares 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;
“Quantum Shares”	an aggregate of 150,000,000 Ordinary Shares to be allotted and issued to the Investor pursuant to the terms and conditions of this Agreement;
“Repayment Date”	has the meaning given to it under the Loan Agreement;
“SFC”	Securities and Futures Commission of Hong Kong;
“Share(s)”	share(s) in the share capital of the Company;
“Shareholders”	holders of the 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, which shall be satisfied in the manner under Clause 2(B);
“Subscription Shares”	150,000,000 Ordinary Shares 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 IAM to make a mandatory general offer for all the securities of the Company not already owned or acquired by IAM, the Investor, 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 the IAM Loan Capitalisation Agreement and this 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. The Investor as lender under the Loan Agreement 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 under the Loan Agreement, and is

an acceptable means of repayment under clause 6.3 of the Loan Agreement.

- (C) Subject to Clause 3(D), the parties agree that the Repayment Date of the Debt shall be changed or deferred to the Completion Date pursuant to clause 6.1 of the Loan Agreement.
- (D) For the avoidance of doubt, termination of this Agreement or Completion under this Agreement shall not affect the validity of the Loan Agreement unless otherwise specified herein.

### 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 IAM 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, IAM Shares and IAM CPSs, whether under the GEM Listing Rules, the Takeovers Code or otherwise;
  - (iv) approval by the Stock Exchange of the listing of, and permission to deal in, the Subscription Shares 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 Subscription Shares (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 IAM 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 IAM the Whitewash Waiver, and any conditions attaching to the Whitewash Waiver having been satisfied, and the approval of the Whitewash Wavier 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) (“**Long Stop Date**”), 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.
- (D) In the event that this Agreement is terminated pursuant to Clause 3(C) above, the parties agree that the respective Repayment Dates of any principal amount of the Debt shall be deferred to the next Business Day after the Long Stop Date or any other date as may be agreed by the parties hereto in writing. For the avoidance of doubt, the parties acknowledge and agree that any repayment of the Debt or any part of it pursuant to this Clause after its original Repayment Date under the Loan Agreement shall not constitute an Event of Default as defined under the Loan Agreement.

#### 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; 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) In the event that the Completion occurs before any original Repayment Date of any part of the Debt under the Loan Agreement, repayment of the Debt upon Completion shall not be regarded as early repayment under clause 7 of the Loan Agreement.

- (F) Any outstanding interest accrued from the Debt under the Loan Agreement shall be paid by the Company on such date and by such means to be agreed by the parties, and needs not be paid on the Interest Payment Date as defined under the Loan Agreement.

**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 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 the Ordinary 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 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 date of Completion;
  - (c) there shall be a sufficient number of unissued Ordinary Shares in the 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 date of Completion;
  - (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.: 2209-2211  
Email address: --  
For the attention: Ms. Edwardine Kwok

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 5<sup>th</sup> 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 )  
QUANTUM WORLDWIDE )  
INVESTMENT LIMITED )  
in the presence of:- )



The Schedule

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, QUANTUM WORLDWIDE INVESTMENT LIMITED, hereby apply for a total of 150,000,000 new ordinary shares (“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  
QUANTUM WORLDWIDE INVESTMENT LIMITED

\_\_\_\_\_  
Director/Authorised Signatory

Name: