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**CHARMACY PHARMACEUTICAL CO., LTD.**  
**創美藥業股份有限公司**

*(a joint stock limited liability company established in the People's Republic of China)*  
**(Stock code: 2289)**

**VOLUNTARY ANNOUNCEMENT**  
**LETTER OF INTENT IN RELATION TO**  
**POSSIBLE ACQUISITION OF PROPERTY**

This announcement is made by the board of directors (the “**Board**”) of Charmacy Pharmaceutical Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

**POTENTIAL ACQUISITION OF PROPERTY**

The Board hereby announces that on 12 June 2017 (after trading hours), the Company as the purchaser entered into a non-legally binding letter of intent (the “**LOI**”) with the potential vendor in relation to the potential acquisition of a property located at Guangzhou City, Guangdong Province, the People’s Republic of China (the “**Target Property**”).

To the best knowledge, information and belief of the Board after having made all reasonable enquiries, the potential vendor is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

**PRINCIPAL TERMS OF THE LOI**

**Earnest Money**

The Company will pay earnest money of RMB1 million for the acquisition (the “**Earnest Money**”) to the potential vendor within 1 business day upon signing of the LOI. Upon signing of the definite contract in relation to the sales and purchase of the Target Property by both parties, the Earnest Money will become part of the consideration paid by the Company.

In the event that the potential vendor fails to obtain the approval for sales and purchase of the Target Property from its decision-making body after consideration within 30 days upon signing of the LOI, the potential vendor shall refund the Earnest Money in full to the Company without interest within 3 days after the expiration of the abovementioned period.

If any of the following circumstances occurs, the potential vendor will not refund the Earnest Money and will be entitled to sell the Target Property to others:

- (1) the potential vendor has obtained the approval for sales and purchase of the Target Property from its decision-making body after consideration but the Company rejects to sign the definite contract with the potential vendor;
- (2) the Company fails to obtain the approval for sales and purchase of the Target Property from its decision-making body after consideration within 30 days upon signing of the LOI.

If the general conditions of the Target Property do not conform to the requirements agreed in the LOI, the Company is entitled to choose:

- (1) to reject the signing of the definite contract with the potential vendor and require the potential vendor to refund the Earnest Money within 3 days; or
- (2) to sign the definite contract after the re-negotiation on the purchasing price and/or other transaction terms with the potential vendor.

## **REASONS AND BENEFITS FOR THE POSSIBLE ACQUISITION**

The Group is mainly engaged in the distribution of pharmaceuticals with two large pharmaceutical logistics centers in Shantou and Foshan respectively. In order to intensively engage itself in the Southern China market and broaden its pharmaceutical distribution network, the Group has been proactively seeking new logistics centers. By acquisition of the Target Property as the new logistics center, it is expected that the Group will be able to enhance its market positioning and widen the coverage of the Company in the end market, which in turn will enhance the value of the Company and will be beneficial to the Company and its shareholders as a whole.

## **GENERAL**

This framework agreement is merely a framework agreement of intent designed to setting out the initial intent of collaboration between both parties. Save for the relevant clauses about Earnest Money and confidentiality, the other terms of the LOI are non-legally binding.

The LOI may or may not lead to the entering into of a formal and legally binding agreement in relation to the potential acquisition of property. The Board wishes to emphasize that the potential acquisition of property may or may not proceed and the Company has not entered into any binding agreement in relation to the potential acquisition of property as at the date of this announcement. As the potential acquisition of property may or may not materialise or eventually be consummated, shareholders and potential investors of the Company are urged to exercise caution when dealing in the shares of the Company and/or other securities of the Company.

Should the potential acquisition materialise, it may constitute a notifiable transaction for the Company under the Rules Governing the Listing of Securities on the Stock Exchange. Further announcement will be made by the Company in this regard as and when appropriate in accordance with the Listing Rules.

By Order of the Board  
**Charmacy Pharmaceutical Co., Ltd.**  
**Yao Chuanglong**  
*Chairman*

Hong Kong, 13 June 2017

*As at the date of this announcement, the executive directors of the Company are Mr. Yao Chuanglong, Ms. Zheng Yuyan, Mr. Fan Jianbo and Mr. Lin Zhixiong; the non-executive directors of the Company are Ms. You Zeyan and Mr. Li Weisheng; and the independent non-executive directors of the Company are Mr. Wan Chi Wai Anthony, Mr. Zhou Tao and Mr. Guan Jian (also known as Guan Suzhe).*