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

(A joint stock limited liability company incorporated in the People's Republic of China)

(Stock Code: 2289)

**DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF PROPERTIES**

Reference is made to the announcement of the Company dated 13 June 2017 in relation to the LOI entered into between the Company as the purchaser and the Vendor for the proposed Acquisition.

The Board is pleased to announce that on 12 July 2017, after trading hours, the Company as the purchaser has entered into the Sale and Purchase Agreement with the Vendor, an Independent Third Party, pursuant to which the Company has agreed to purchase and the Vendor has agreed to sell, the Properties (including the land use rights attached to the Properties and occupied land) at an aggregate cash consideration of RMB131,000,000 (tax included).

As one or more of the applicable percentage ratios calculated in respect of the Acquisition under the Sale and Purchase Agreement are more than 5% but less than 25%, the Acquisition is a discloseable transaction for the Company and is subject to the reporting and announcement requirements, but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Reference is made to the announcement of the Company dated 13 June 2017 in relation to the LOI entered into between the Vendor and the Company for the proposed Acquisition.

The Board is pleased to announce that on 12 July 2017, after trading hours, the Company as the purchaser has entered into the Sale and Purchase Agreement with the Vendor, an Independent Third Party, pursuant to which (including the land use rights attached to the Properties and occupied land) the Company has agreed to purchase and the Vendor has agreed to sell, the Properties at an aggregate cash consideration of RMB131,000,000 (tax included), or approximately RMB118,018,000 (tax excluded).

SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out as below:

Date : 12 July 2017 (after trading hours)

Parties : (a) Company (as the purchaser); and
(b) the Vendor (as the vendor)

To the best of the Directors' knowledge, information and belief and having all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

Properties : the factory and the dormitory situated at No. 33, Liyu Street, Dongyong Zhen, Nansha District, Guangzhou City, the PRC

Consideration : RMB131,000,000 (tax included) or approximately RMB118,018,000 (tax excluded) (the "**Consideration**"), including but not limited to the management fees, water utility fees, telephone bills, internet bills and television installation fees incurred by the Properties prior to the date of the Delivery.

Payment terms : The consideration for the sale and purchase of the Properties shall be RMB131,000,000, of which RMB1,000,000 has been paid to the Vendor as earnest money pursuant to the LOI and has been applied as part payment of the Consideration immediately upon signing of the Sale and Purchase Agreement, payable in cash by the Company to the Vendor in the following manner:

- (i) RMB26,000,000 to be paid within 10 business days upon signing of the Sale and Purchase Agreement;
- (ii) RMB38,500,000 to be paid within 20 days upon the verbal confirmation from the competent property registration authority on the completeness of ownership registration documents submitted in relation to the Properties and the acknowledgment of ownership registration;
- (iii) RMB31,500,000 to be paid within 15 days upon the acceptance by the competent property registration authority of the ownership registration of the Properties and the receipt of the relevant ownership certificates of the Properties (the "**Property Ownership Certificates**") by the Company; and

- (iv) the remaining balance of the Consideration, being RMB34,000,000, to be paid within 60 days upon receipt of the Property Ownership Certificates by the Company.

The Consideration was arrived after arm's length negotiations between the Company and the Vendor and by reference to the prevailing market value of similar properties in the nearby areas. The Acquisition will be financed by internal resources of the Group.

Delivery : the Vendor should deliver the Properties to the Company or the third party designated by it on the day the Vendor received the second installment of RMB38,500,000 as mentioned in (ii) above from the Company (the “**Delivery**”)

REASONS AND BENEFITS FOR THE ACQUISITION

The Group is mainly engaged in the distribution of pharmaceuticals with two large pharmaceutical logistics centres in Shantou and Foshan, the PRC, 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 Properties as the new logistics centre, 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.

The Board is of the view that the terms of the Sale and Purchase Agreement and the Acquisition are on normal commercial terms, fair and reasonable and in the interests of the Company and the shareholders of the Company as a whole.

INFORMATION OF THE PROPERTIES

The Properties comprise of (i) the factory which has a total gross floor area of approximately 15,300 square metres; and (ii) the dormitory which has a total gross floor area of approximately 4,900 square metres, both of which erected on the land with a site area of approximately 31,000 square metres. The Group intends to use the factory and the dormitory comprised in the Properties for building its new logistic centre.

INFORMATION OF THE PARTIES

The Company

The Company is one of the leading pharmaceutical distributors in Southern China with two large self-owned pharmaceutical logistics centres in Shantou and Foshan, the PRC, respectively and a pharmaceutical logistics centre in Zhuhai, the PRC.

The Vendor

The Vendor is a company established in the PRC with limited liability, which is mainly engaged in production of jewellery and related items. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are independent third parties of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated in respect of the Acquisition under the Sale and Purchase Agreement are more than 5% but less than 25%, the Acquisition is a discloseable transaction for the Company and is subject to the reporting and announcement requirements, but is exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Acquisition”	the acquisition of the Properties by the Company from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of directors of the Company
“Company”	Charmacy Pharmaceutical Co., Ltd. (創美藥業股份有限公司), a joint stock company established in the PRC with limited liability, whose H Shares are listed and traded on the Stock Exchange (stock code: 2289)
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which is/are listed and traded on the Stock Exchange
“Independent Third Party(ies)”	individual(s) or company(ies) who or which is/are independent of and not connected with (within the meaning of the Listing Rules) any member of the Group, the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and their respective associates

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LOI”	the letter of intent entered into between the Company and the Vendor on 12 June 2017 in relation to the proposed Acquisition
“percentage ratios”	has the meaning ascribed thereto under Chapter 14 of the Listing Rules
“PRC”	The People’s Republic of China
“Properties”	the factory and the dormitory situated at No. 33, Liyu Street, Dongyong Zhen, Nansha District, Guangzhou City, the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	The sale and purchase agreement entered into between the Company as the purchaser and the Vendor in respect of the Acquisition on 12 July 2017 (after trading hours)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	KTL (Guangzhou) Jewellery Limited* (雅和(廣州)首飾有限公司), a company established in the PRC with limited liability, a wholly-owned subsidiary of KTL International Holdings Group Limited, a company incorporated in the Cayman Islands with limited liability, whose shares are listed and traded on the Stock Exchange (stock code: 442)

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

Hong Kong, 12 July 2017

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

* For identification purpose only