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If you are in any doubt as to any aspect of this circular, or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Charmacy Pharmaceutical Co., Ltd. (創美藥業股份有限公司) (the "Company"), you should at once hand this circular and the accompanying proxy form and reply slip to the purchaser(s) or transferee(s) or to the bank, stockbroker or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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創美·CH'MEI

**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)**

- (1) CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING;  
(2) AMENDMENTS TO THE ARTICLES OF ASSOCIATION;  
(3) PROPOSALS FOR PROFIT DISTRIBUTION PLAN AND  
DECLARATION OF FINAL DIVIDENDS FOR THE YEAR 2016;  
(4) PROPOSAL FOR CHANGE OF AUDITORS;  
AND  
(5) NOTICE OF ANNUAL GENERAL MEETING**

A letter from the Board is set out on pages 3 to 14 of this circular. A notice convening the annual general meeting of the Company (the "AGM") to be held at the Conference Room on 3rd Floor, No. 235, Song Shan North Road, Longhu District, Shantou City, Guangdong Province, PRC at 9:00 a.m. on Saturday, 10 June 2017, is set out on pages 15 to 21 of this circular.

Shareholders who intend to attend the AGM should complete the reply slip and return it by hand or by post to the H share registrar of the Company (for holders of H shares of the Company) or to the headquarters in the PRC of the Company (for holders of domestic shares of the Company) on or before Sunday, 21 May 2017.

Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a Shareholder. In order to be valid, the proxy form for the AGM must be deposited by hand or post, for holders of H shares of the Company, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and, for holders of domestic shares of the Company, to the headquarters in the PRC of the Company not less than 24 hours (not later than 9:00 a.m. on Friday, 9 June 2017) before the time for holding the AGM (or any adjournment thereof) for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the AGM or any adjourned meetings should they so wish.

25 April 2017

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## DEFINITIONS

*In this circular, unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:*

“AGM”	the annual general meeting of the Company to be convened and held on Saturday, 10 June 2017 at 9 a.m. at the Conference Room on 3rd Floor, No. 235, Song Shan North Road, Longhu District, Shantou City, Guangdong Province, PRC, notice of which is set out on pages 15 to 21 of this circular, and any adjournment thereof
“Articles of Association”	the articles of association of the Company as amended, modified or otherwise supplemental from time to time
“Approved Mainland Audit Firms”	the Mainland audit firms approved by the Ministry of Finance of the People’s Republic of China and the China Securities Regulatory Commission
“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)
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to Mr. Yao Chuanglong
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	director(s) of the Company
“Domestics Shares”	ordinary share(s) issued by the Company in the PRC with a nominal value of RMB1.00 each, which are subscribed for or credited as paid up in RMB by PRC natural persons or entities established under the laws of the PRC
“Global Offering”	the public offer and international offer of the Company’s H Shares for the listing on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries

## DEFINITIONS

“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 April 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, modified or otherwise supplemental from time to time
“PRC”	The People’s Republic of China which shall, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Accounting Standards”	PRC Accounting Standards for Business Enterprises
“Prospectus”	Prospectus of the Company dated 2 December 2015 in relation to the Global Offering
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the Domestic Share(s) and the H Share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SHINEWING”	SHINEWING Certified Public Accountants(LLP)
“SHINEWING(HK)”	SHINEWING (HK) CPA Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

LETTER FROM THE BOARD



創美·CH'MEI

**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)**

*Executive Directors:*

Mr. Yao Chuanglong (*Chairman*)

Ms. Zheng Yuyan

Mr. Fan Jianbo

Mr. Lin Zhixiong

*Non-executive Director:*

Ms. You Zeyan

*Independent Non-executive Directors:*

Mr. Wan Chi Wai Anthony

Mr. Zhou Tao

Mr. Guan Jian (also known as Guan Suzhe)

*Registered Office and*

*Headquarters in the PRC:*

No. 235

Song Shan North Road

Longhu District, Shantou City

Guangdong Province, PRC

*Principal Place of*

*Business in Hong Kong:*

18/F, Tesbury Centre

28 Queen's Road East

Wanchai, Hong Kong

25 April 2017

*To the Shareholders*

Dear Sir or Madam,

- (1) CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING;  
(2) AMENDMENTS TO THE ARTICLES OF ASSOCIATION;  
(3) PROPOSALS FOR PROFIT DISTRIBUTION PLAN AND  
DECLARATION OF FINAL DIVIDENDS FOR THE YEAR 2016;  
(4) PROPOSAL FOR CHANGE OF AUDITORS;  
AND  
(5) NOTICE OF ANNUAL GENERAL MEETING**

**I. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information on, among other things, the proposals for (i) change in use of proceeds from the Global Offering; (ii) amendments to the Articles of Association; (iii) profit distribution plan and declaration of final dividends for the year 2016; (iv) change of auditors; and the other matters contained in the notices of AGM, so that the Shareholders may make an informed decision on voting in respect of the resolutions to be tabled at the AGM.

## LETTER FROM THE BOARD

### II. CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

#### Use of proceeds

The actual net proceeds from the listing of H Shares of the Company on the Stock Exchange on 14 December 2015 (pursuant to the actual offer price of HK\$8.6 per H Share after deducting the underwriting commissions and other estimated expenses payable by the Company in connection with the Global Offering) were approximately RMB158.91 million, among which:

- (a) approximately RMB55.62 million or approximately 35% will be used to strengthen, expand and integrate our existing distribution network and capabilities, the details of which are set out below:
  - approximately RMB33.05 million or approximately 20.8% will be used for upgrading the logistic facilities of our logistic centres, such as the acquisition and installation of various logistic facilities (including conveyor system, barcode scanning equipment and forklifts);
  - approximately RMB12.24 million or approximately 7.7% will be used for the acquisition of approximately 89 refrigerated transportation vehicles for our logistic centres in Shantou and Foshan; and
  - approximately RMB10.33 million or approximately 6.5% will be used for upgrading our information systems.
- (b) approximately RMB15.89 million or approximately 10% will be used to enhance and promote our B2B e-commerce platform, the details of which are set out below:
  - approximately RMB7.63 million or approximately 4.8% will be used for enhancing the system of our B2B e-commerce platform; and
  - approximately RMB8.26 million or approximately 5.2% will be used for promotional activities of our B2B e-commerce platform including (i) periodic distribution of pharmaceutical industry and self-promotional magazine to existing and potential customers, and (ii) provision of sales discounts on selected products available on the e-commerce platform;
- (c) approximately RMB47.67 million or approximately 30% will be used for repayment of our bank borrowings;

## LETTER FROM THE BOARD

- (d) approximately RMB23.84 million or approximately 15% will be used to acquire a pharmaceutical distribution business in Southern China region; and
- (e) approximately RMB15.89 million or approximately 10% will be used for our working capital requirement and general corporate purposes.

As at the Latest Practicable Date, approximately RMB69.23 million of the net proceeds has not been utilized.

### Proposed change in use of proceeds

The breakdown of use of proceeds as set out in the Prospectus and the proposed revised allocation of actual net proceeds are summarized as below:

	Initial allocation of net proceeds <i>(Approximately RMB million)</i>	Amount utilized as at the Latest Practicable Date <i>(Approximately RMB million)</i>	Allocation of net proceeds after proposed allocation <i>(Approximately RMB million)</i>	The remaining balance of allocation of net proceeds after proposed allocation as at the Latest Practicable Date <i>(Approximately RMB million)</i>
To acquire pharmaceutical distribution business in Southern China region	23.84	2.52	37.84	35.32
To strengthen, expand and integrate our distribution network development and capabilities	55.62	15.74	45.62	29.88
Including: To upgrade logistic facilities of logistic centers	33.05	1.47	11.05	9.59
To increase transportation vehicles	12.24	3.94	12.24	8.30
To upgrade information system	10.33	10.33	22.33	12.00
To enhance and promote B2B platform	15.89	7.86	11.89	4.03
Including: To upgrade and renovate B2B platform	7.63	7.63	9.63	2.00
Promotional activities	8.26	0.23	2.26	2.03
To repay bank borrowings	47.67	47.67	47.67	-
For the working capital requirement and general corporate purposes	15.89	15.89	15.89	-
	158.91	89.68	158.91	69.23
Total	158.91	89.68	158.91	69.23

## LETTER FROM THE BOARD

### **Reasons for the proposed changes in use of proceeds**

The proceeds allocated for upgrading logistic facilities of logistic centres and promotional activities of our B2B e-commerce platform have not been fully utilized. As the investment capital requirement for upgrading logistic facilities of logistic centres and promotional activities of our B2B e-commerce platform is less than those of initially expected, for the purpose of enhancing the utilization efficiency of the actual net proceeds from the Global Offering of the Company, the Board resolved: (1) to reallocate the unused actual net proceeds initially allocated for upgrading logistic facilities of logistic centres, from which approximately RMB12 million will be used for upgrading information systems of the Company in order to speed up the intelligence and internet-based transformation of our corporate operation and management, and enhance team working efficiency; approximately RMB10 million will be used for acquisition of pharmaceutical distribution business of the companies in Southern China region so as to expand our distribution network, extend the customer base and boost the turnover; (2) to reallocate the unused actual net proceeds initially allocated for promotional activities of our B2B e-commerce platform, from which approximately RMB2 million will be used for enhancing the system of our B2B e-commerce platform and optimization of customers' application in order to provide premium online ordering experiences for end-users; approximately RMB4 million will be used for acquisition of pharmaceutical distribution business of the companies in Southern China region so as to expand the distribution network, extend the customer base and boost our turnover.

The above proposed changes in use of net proceeds will be beneficial for the Company to better utilize its financial resources, and the Board considered that those changes will provide the Company with more business development opportunities in the future, be more in line with the current business needs of the Company and is beneficial to the continuing and rapid development of the Group, so as to strengthen the overall market position of the Group.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and considers that the above proposed changes in use of net proceeds is in the best interests of the Company and its Shareholders as a whole.



## LETTER FROM THE BOARD

### III. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A special resolution will be proposed at the AGM to approve the amendments of Articles 1.1, 2.2, 10.1, 16.6 and 16.7 of the Articles of Association, details of which are set out as follows:

#### Article 1.1

**which originally read as:**

“CHARMACY CO., LTD. (hereinafter referred to as the “**Company**”) is incorporated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies Promulgated by the State Council of the People’s Republic of China (hereinafter referred to as the “**Special Regulations**”) and other relevant laws and regulations of the PRC.

The Company was established by way of promotion on 5th May 2015 and registered with Shantou Administration for Industry and Commerce on 28th May 2015. Its business license number is 440500000024328.

The promoters of the Company are Yao Chuanglong, Yao Xizhen, Shantou Meizhi Investment Management Limited Partnership\* (汕頭市美智投資管理合夥企業(有限合夥)), Shantou Youran Investment Management Limited Partnership\* (汕頭市悠然投資管理合夥企業(有限合夥)) and Shantou Zhichuang Investment Management Limited Partnership\* (汕頭市智創投資管理合夥企業(有限合夥)).”

**is amended as follows:**

“CHARMACY PHARMACEUTICAL CO., LTD. (hereinafter referred to as the “**Company**”) is incorporated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies Promulgated by the State Council of the People’s Republic of China (hereinafter referred to as the “**Special Regulations**”) and other relevant laws and regulations of the PRC.

The Company was established by way of promotion on 5th May 2015 and registered with Shantou Administration for Industry and Commerce on 28th May 2015. The unified social credit code in the business license of the Company is 91440500722414635C.

The promoters of the Company are Yao Chuanglong, Yao Xizhen, Shantou Meizhi Investment Management Limited Partnership\* (汕頭市美智投資管理合夥企業(有限合夥)), Shantou Youran Investment Management Limited Partnership\* (汕頭市悠然投資管理合夥企業(有限合夥)) and Shantou Zhichuang Investment Management Limited Partnership\* (汕頭市智創投資管理合夥企業(有限合夥)).”

## LETTER FROM THE BOARD

### Article 2.2

#### **which originally read as:**

“The business scope of the Company: pharmaceutical business; medical device business; distribution of health products and food; freight transport business; domestic freight forwarder; third-party pharmaceutical products and medical devices logistics business; commodity information consultancy; management and planning service for pharmaceutical enterprises; logistics information consulting service; advertising business; distribution of sterilizing and bactericidal equipments and instruments, cosmetics, sanitary products, detergent, daily provisions and chemical products; purchasing and initial processing of agricultural by-products, seafood and local specialties; private warehouses locating at 1F and 2F No. 235 Song Shan North Road, Shantou City.

The business scope of the Company is subject to the same being approved by the authority in which the Company registered.

The Company may adjust its business scope and go through the relevant adjustment formalities based on changes in market conditions at home and abroad, its own business needs and self-capability.”

#### **is amended as follows:**

“The business scope of the Company: pharmaceutical business; medical device business; distribution of health products and food; freight transport business; domestic freight forwarder; third-party pharmaceutical products and medical devices logistics business; commodity information consultancy; management and planning service for pharmaceutical enterprises; logistics information consulting service; advertising business; lease of properties; distribution of sterilizing and bactericidal equipments and instruments, cosmetics, sanitary products, detergent, daily provisions and chemical products (excluding hazardous chemicals); purchasing and initial processing of agricultural by-products, seafood and local specialties; private warehouses locating at 1F and 2F No. 235 Song Shan North Road, Shantou City.

The business scope of the Company is subject to the same being approved by the authority in which the Company registered.

The Company may adjust its business scope and go through the relevant adjustment formalities based on changes in market conditions at home and abroad, its own business needs and self-capability.”

## LETTER FROM THE BOARD

### Article 10.1

#### **which originally read as:**

“The Company shall establish a Board, which shall be accountable to and report to the Shareholders’ general meeting. The Board shall consist of eight Directors. The external Directors (hereinafter referred to directors who do not hold any office within the Company) shall represent not less than 50 percent of the members of the Board of Directors, of which 3 directors shall be independent non-executive Directors (hereinafter referred to directors who are independent to the Shareholders and do not hold any office within the Company).

The Board of Directors shall have one chairman and one vice chairman.”

#### **is amended as follows:**

“The Company shall establish a Board, which shall be accountable to and report to the Shareholders’ general meeting. The Board shall consist of not less than eight Directors, of which the external Directors (hereinafter referred to directors who do not hold any office within the Company) shall represent not less than 50 percent of the members of the Board of Directors. Independent non-executive Directors (hereinafter referred to directors who are independent to the Shareholders and do not hold any office within the Company) shall represent at least one-third of the members of the Board of Directors.

The Board of Directors shall have one chairman and one vice chairman.”

### Article 16.6

#### **originally read as:**

“Apart from the PRC accounting standards and regulations, the financial statements of the Company shall also conform to international accounting standards and the accounting standards of overseas areas where the Shares are listed. In the event of any major discrepancy between the financial statements prepared in accordance with the two accounting standards, such difference shall be provided in the notes to the financial statements. As to the distribution of after-tax profits of the Company in a fiscal year, the after-tax profits indicated on the two financial statements, whichever is lower, shall prevail.”

#### **is amended as follows:**

“The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations, with reference to international accounting standards or the accounting standards of overseas areas where the Shares are listed (if necessary).”

## LETTER FROM THE BOARD

### Article 16.7

#### originally read as:

“The Company’s interim results or financial information published or disclosed by the Company shall at the same time be prepared in accordance with PRC accounting standards, regulations, international accounting standards as well as the accounting standards of the overseas areas in which the Shares are listed.”

#### is amended as follows:

“The Company’s interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, with reference to international accounting standards or the accounting standards of overseas areas where the Shares are listed (if necessary).”

The above amendment to Article 1.1 of the Articles of Association is to reflect the unified social credit code of the Company shown on the new business license obtained by the Company as a result of completing the “Combination of Three Licenses into One” procedures for its business license, organisation code certificate and tax registration certificate while the amendment to Article 2.2 is to ensure the Company complies with, and the operation is within, the business scope as registered with the Administration for Industry and Commerce of the PRC.

The above amendment to Article 10.1 of the Articles of Association is to reflect the structure, size and composition of the Board of the Company, and ensure the proportion of its independent non-executive Directors to the members of the Board in compliance with PRC laws and regulations and the Listing Rules.

Upon the revision of Article 10.1, the Company will enter into a formal letter of appointment with Mr. Li Weisheng, to appoint him as a non-executive Director of the Company for a term that will commence on the date of approving the revision of the Articles of Association at the AGM and expire upon the conclusion of the first session of the Board in 2018. Mr. Li receives no director emoluments.

The above amendments to Articles 16.6 and 16.7 are to reflect the amendment to accounting policies of the Company, in order to simplify work procedures, improve work efficiency and reduce costs and expenses, which constitute good corporate governance.

## LETTER FROM THE BOARD

### IV. PROPOSED PROFIT DISTRIBUTION PLAN AND DECLARATION OF FINAL DIVIDENDS FOR THE YEAR 2016

According to the annual results announcement of the Company for the year ended 31 December 2016 dated 21 March 2017, the Board proposed the payment of a final dividend of RMB0.2 (tax inclusive) per Share for the year ended 31 December 2016 (the “**2016 Final Dividend**”) to the Shareholders whose names appear on the register of members of the Company on 20 June 2017. Based on the number of issued Shares of 108,000,000 Shares as at the Latest Practicable Date, the 2016 Final Dividend, if approved and paid, will amount to an aggregate amount of RMB21.6 million (tax inclusive). For distribution of the 2016 Final Dividend, dividends on Domestic Shares will be paid in Renminbi and dividends on H Shares will be paid in Hong Kong Dollars (at the average medium price of the related foreign exchange rate as announced by the People’s Bank of China for a calendar week immediately prior to the date of AGM). The proposed payment of 2016 Final Dividend is subject to the approval by the Shareholders at the AGM.

Pursuant to the Corporate Income Tax Law of the PRC and its implementation rules and relevant regulations including Guo Shui Han [2008] No. 897 issued by China’s State Administration of Taxation, where the Company distributes the 2016 Final Dividend to non-resident enterprise Shareholders whose names appear on the register of members for H Shares, it is obliged to withhold corporate income tax at the tax rate of 10%. Any H Shares registered in the name of non-individual registered Shareholders, including HKSCC Nominees Limited, other nominees or trustees, or other organisations or groups, will be treated as Shares being held by non-resident enterprise Shareholders, and consequently the dividends received will be subject to the withholding of the corporate income tax. Pursuant to the PRC Individual Income Tax Law and its implementation regulations and relevant regulations including Guo Shui Han [2011] No. 348 issued by China’s State Administration of Taxation, the Company is required to withhold non-resident individual income tax for non-resident individual Shareholders of H Shares. The overseas resident individual Shareholders who hold the shares issued in Hong Kong by the domestic non-foreign-invested enterprises are entitled to relevant tax concessions pursuant to the provisions in the tax treaties between the country(ies) in which they are domiciled and the PRC, and the tax arrangements between the Mainland and Hong Kong (Macau). As for the individual Shareholders of H Shares, the Company will generally withhold the individual income tax of the dividends at the tax rate of 10%, except for the other requirements of the tax regulations and relevant tax treaties.

## LETTER FROM THE BOARD

### PROPOSAL FOR CHANGE OF AUDITORS

On 13 April 2017, the Board announced that SHINEWING (HK) will retire as the auditors of the Group due to the expiry of their current term of engagement, effective from the conclusion of the AGM.

According to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong published by the Stock Exchange in December 2010, Mainland incorporated issuers listed in Hong Kong are allowed to prepare their financial statements by adopting PRC Accounting Standards, and Approved Mainland Audit Firms are allowed to serve such issuers by adopting Mainland auditing standards.

According to the recommendation of the audit committee and given that the Stock Exchange accepts Mainland accounting and auditing standards and Approved Mainland Audit Firms, in order to simplify work procedures, improve work efficiency and reduce costs and expenses, the Board proposed to change the standard of preparing the financial statements of the Company to PRC Accounting Standards and regulations, with reference to international accounting standards or those of overseas areas where the Company is listed (if necessary); the Board also proposed to appoint SHINEWING (one of the Approved Mainland Audit Firms) as the auditors of the Group for the year 2017. The proposed appointment of SHINEWING is subject to the approval of the shareholders of the Company at the AGM.

The Company has received a letter from SHINEWING (HK), confirming that there are no matters in relation to their retirement that need to be brought to the attention of the shareholders of the Company. The Board and the audit committee recognize the change of auditors as good corporate governance, and have confirmed that SHINEWING (HK) has no matters in respect of the proposed change of auditors which need to be brought to the attention of the shareholders of the Company.

The Company believes that the change of the standard of preparing its financial statements and the proposed change of its auditors will not affect the publication of the Company's interim results as at 30 June 2017.

### V. CLOSURE OF BOOKS

In order to determine the Shareholders who are entitled to attend the AGM, the register of members of the Company will be closed from Thursday, 11 May 2017 to Saturday, 10 June 2017 (both days inclusive), during which period no transfer of Shares can be registered. In order to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the headquarters in the PRC of the Company at No. 235, Song Shan North Road, Longhu District, Shantou City, Guangdong Province, PRC (for holders of Domestic Shares) for registration not later than 4:30 p.m. on Wednesday, 10 May 2017. Shareholders whose names appear on the register of members of the Company at the close of business on Wednesday, 10 May 2017 are entitled to attend and vote at the AGM.

## LETTER FROM THE BOARD

In order to determine the Shareholders who are entitled to receive the 2016 Final Dividend, the register of members of the Company will be closed from Thursday, 15 June 2017 to Tuesday, 20 June 2017 (both days inclusive), during which period no transfer of Shares can be registered. In order to be qualified to receive the 2016 Final Dividend, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the headquarters in the PRC of the Company at No. 235, Song Shan North Road, Longhu District, Shantou City, Guangdong Province, PRC (for holders of Domestic Shares) for registration not later than 4:30 p.m. on Wednesday, 14 June 2017. Shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 20 June 2017 are entitled to receive the 2016 Final Dividend. The proposed 2016 Final Dividend will be paid on or about Monday, 17, July 2017 following the approval at the AGM.

### VI. AGM

A notice convening the AGM of the Company to be held at No. 235, Song Shan North Road, Longhu District, Shantou City, Guangdong Province, PRC at 9:00 a.m. on Saturday, 10 June 2017, is set out on pages 15 to 21 of this circular.

Shareholders who intend to attend the AGM should complete the reply slip and return it by hand, by mail or by fax to the H share registrar of the Company (for holders of H shares of the Company) or to the headquarters in the PRC of the Company (for holders of Domestic Shares of the Company) on or before Sunday, 21 May 2017.

Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a Shareholder. In order to be valid, the proxy form for the AGM must be deposited by hand or post, for holders of H shares of the Company, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and, for holders of Domestic Shares of the Company, to the headquarters in the PRC of the Company not less than 24 hours (not later than 9:00 a.m. on Friday, 9 June 2017) before the time for holding the AGM (or any adjournment thereof) for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the AGM or any adjourned meetings should they so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the AGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

## LETTER FROM THE BOARD

### **Responsibility Statement**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein misleading.

### **Recommendations**

The Directors consider that the proposed resolutions set out in the notice of the AGM, including (i) the change of use of proceeds from the Global Offering; (ii) amendments to the Articles of Association; (iii) profit distribution plan and declaration of final dividends for the year 2016; and (iv) change of auditors, are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors, together with their associates, intend to vote in favour of the relevant resolutions in respect of their respective shareholdings in the Company and recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

### **Miscellaneous**

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully  
For and on behalf of the Board  
**Charmacy Pharmaceutical Co., Ltd.**  
**Yao Chuanglong**  
*Chairman*



## NOTICE OF ANNUAL GENERAL MEETING



創美·CH'MEI

### 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)**

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an annual general meeting (the “**AGM**”) of Charmacy Pharmaceutical Co., Ltd. (the “**Company**”) will be held at 9:00 a.m. on 10 June 2017 at the Conference Room on 3rd Floor, No. 235 Song Shan North Road, Longhu District, Shantou City, Guangdong Province, the PRC for the purpose of considering and, if thought fit, passing the following resolutions:

### AS ORDINARY RESOLUTIONS

1. to consider and, if thought fit, approve the report of the board (the “**Board**”) of directors (the “**Directors**”) of the Company for the year ended 31 December 2016;
2. to consider and, if thought fit, approve the report of supervisory committee of the Company for the year ended 31 December 2016;
3. to consider and, if thought fit, approve the report of the auditors and the audited financial statements of the Company for the year ended 31 December 2016;
4. to consider and, if thought fit, approve the change of auditors and the appointment of SHINEWING Certified Public Accountants (LLP) as the auditors of the Company for the year 2017, to hold office until the conclusion of the next AGM of the Company and to authorise the Board to fix its remuneration;
5. to authorise the Board to fix the remuneration of the Directors and supervisors;
6. to consider and, if thought fit, approve the change in use of proceeds from the Global Offering;
7. to consider and, if thought fit, approve the Company’s profit distribution plan and declaration of final dividends for the year ended 31 December 2016;

## NOTICE OF ANNUAL GENERAL MEETING

8. to consider and approve granting to the Board an authorization to impose in its absolute discretion the relevant financing matters of the Company and its subsidiaries within the financing scope amounting to an addition of RMB500 million (including but not limited to loans, facilities, trusts, and financing leases, etc);
9. to consider and approve granting to the Board an authorization to provide assistance (including but not limited to guarantees, credit supports, etc) in its absolute discretion to the financing matters of the Company's subsidiaries within the financing scope amounting to an addition of RMB500 million (including but not limited to loans, facilities, trusts, and financing leases, etc);

### AS SPECIAL RESOLUTION

10. to consider and, if thought fit, approve the proposed amendments to the Articles of Association of the Company (details of which are set out in the circular of the Company dated 25 April 2017) (please see Appendix 1), and that any Director be and is hereby authorised to modify the wordings of such amendments as appropriate (such amendments will not be required to be approved by the Shareholders of the Company) and execute all such documents and/or do all such acts as the Directors may, in their absolute discretion, deem necessary or expedient and in the interest of the Company in order to deal with other related issues arising from the amendments to the Articles of Association of the Company.

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

Hong Kong, 25 April 2017

*Notes:*

1. All resolutions at the meeting will be taken by poll pursuant to the Listing Rules. The results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited and the Company in accordance with the Listing Rules.
2. The register of members of the Company will be closed from Thursday, 11 May 2017 to Saturday, 10 June 2017 (both days inclusive), during which period no transfer of shares of the Company can be registered. In order to qualify to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H shares of the Company) or the headquarters in the PRC of the Company (for holders of domestic shares of the Company), no later than 4:30 p.m. on Wednesday, 10 May 2017.
3. Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a Shareholder.

## NOTICE OF ANNUAL GENERAL MEETING

4. In order to be valid, the proxy form for the AGM must be deposited by hand or post, for holders of H shares of the Company, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong and, for holders of domestic shares of the Company, to the headquarters in the PRC of the Company not less than 24 hours (not later than 9:00 a.m. on 9 June 2017) before the time for holding the AGM (or any adjournment thereof) for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarial copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude shareholders from attending and voting in person at the AGM or any adjourned meetings should they so wish.

If the proxy is a legal person, its legal representative or any representative authorised by a resolution of its board of directors or by other governing body shall attend the above meeting of the Company on its behalf. If the shareholder is a recognised clearing house (or its proxy) defined by the Hong Kong relevant Ordinance from time to time, the shareholder may authorise one or more persons it considers appropriate as its representative(s) at the above meeting; however, if more than one person are authorised, the power of attorney shall contain the number and class of shares for which such persons are authorised, and shall be signed by an authorised personnel of the recognised clearing house. The person(s) so authorised can represent the recognised clearing house (or its proxy) to attend the meeting and exercise its right, as if the persons are the Company's individual shareholders, and shall not be required to produce evidence of shareholding, the notarised power of attorney and/or further evidence to prove that he/she/they have been duly authorised.

A vote provided in according to the instruments in such proxy forms shall be valid, notwithstanding the previous death or loss of capacity of the appointer or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares with respect to which the proxy is given, provided that no notice in writing of such matters shall have been received by the Company prior to the above meeting.

5. Shareholders or their proxies shall provide their identity documents when attending the AGM.
6. Shareholders who intend to attend the AGM should complete the reply slip and return it by hand, by mail or by fax to the H share registrar of the Company (for holders of H shares of the Company) or to the headquarters in the PRC of the Company (for holders of domestic shares of the Company) on or before 21 May 2017.
7. In case of joint shareholder for any share, only the person whose name is at the first place on the register of shareholders has the rights to receive the certificate of relevant shares and notice from the Company and to attend or exercise all of the votes relating to the shares.
8. The address of the headquarters in the PRC of the Company is No. 235, Song Shan North Road, Longhu District, Shantou City, Guangdong Province, PRC.

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

# NOTICE OF ANNUAL GENERAL MEETING

## Appendix 1

The special resolution on the amendment of the Articles of Association, details of which are set out as follows:

### **Article 1.1**

**which originally read as:**

“CHARMACY CO., LTD. (hereinafter referred to as the “**Company**”) is incorporated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies Promulgated by the State Council of the People’s Republic of China (hereinafter referred to as the “**Special Regulations**”) and other relevant laws and regulations of the PRC.

The Company was established by way of promotion on 5th May 2015 and registered with Shantou Administration for Industry and Commerce on 28th May 2015. Its business license number is 440500000024328.

The promoters of the Company are Yao Chuanglong, Yao Xizhen, Shantou Meizhi Investment Management Limited Partnership \* (汕頭市美智投資管理合夥企業(有限合夥)), Shantou Youran Investment Management Limited Partnership\* (汕頭市悠然投資管理合夥企業(有限合夥)) and Shantou Zhichuang Investment Management Limited Partnership\* (汕頭市智創投資管理合夥企業(有限合夥)).”

**is amended as follows:**

“CHARMACY PHARMACEUTICAL CO., LTD. (hereinafter referred to as the “**Company**”) is incorporated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “**Company Law**”), the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies Promulgated by the State Council of the People’s Republic of China (hereinafter referred to as the “**Special Regulations**”) and other relevant laws and regulations of the PRC.

The Company was established by way of promotion on 5th May 2015 and registered with Shantou Administration for Industry and Commerce on 28th May 2015. The unified social credit code in the business license of the Company is 91440500722414635C.

The promoters of the Company are Yao Chuanglong, Yao Xizhen, Shantou Meizhi Investment Management Limited Partnership\* (汕頭市美智投資管理合夥企業(有限合夥)), Shantou Youran Investment Management Limited Partnership \* (汕頭市悠然投資管理合夥企業(有限合夥)) and Shantou Zhichuang Investment Management Limited Partnership\* (汕頭市智創投資管理合夥企業(有限合夥)).”

## NOTICE OF ANNUAL GENERAL MEETING

### Article 2.2

#### **which originally read as:**

“The business scope of the Company: pharmaceutical business; medical device business; distribution of health products and food; freight transport business; domestic freight forwarder; third-party pharmaceutical products and medical devices logistics business; commodity information consultancy; management and planning service for pharmaceutical enterprises; logistics information consulting service; advertising business; distribution of sterilizing and bactericidal equipments and instruments, cosmetics, sanitary products, detergent, daily provisions and chemical products; purchasing and initial processing of agricultural by-products, seafood and local specialties; private warehouses locating at 1F and 2F No. 235 Song Shan North Road, Shantou City.

The business scope of the Company is subject to the same being approved by the authority in which the Company registered.

The Company may adjust its business scope and go through the relevant adjustment formalities based on changes in market conditions at home and abroad, its own business needs and self-capability.”

#### **is amended as follows:**

“The business scope of the Company: pharmaceutical business; medical device business; distribution of health products and food; freight transport business; domestic freight forwarder; third-party pharmaceutical products and medical devices logistics business; commodity information consultancy; management and planning service for pharmaceutical enterprises; logistics information consulting service; advertising business; lease of properties; distribution of sterilizing and bactericidal equipments and instruments, cosmetics, sanitary products, detergent, daily provisions and chemical products (excluding hazardous chemicals); purchasing and initial processing of agricultural by-products, seafood and local specialties; private warehouses locating at 1F and 2F No. 235 Song Shan North Road, Shantou City.

The business scope of the Company is subject to the same being approved by the authority in which the Company registered.

The Company may adjust its business scope and go through the relevant adjustment formalities based on changes in market conditions at home and abroad, its own business needs and self-capability.”

## NOTICE OF ANNUAL GENERAL MEETING

### Article 10.1

#### **which originally read as:**

“The company shall establish a board, which shall be accountable to and report to the shareholders’ general meeting. The board shall consist of eight directors. The external directors (hereinafter referred to directors who do not hold any office within the Company) shall represent not less than 50 percent of the members of the Board of Directors, of which 3 directors shall be independent non-executive directors (hereinafter referred to directors who are independent to the shareholders and do not hold any office within the Company).

The Board of Directors shall have one chairman and one vice chairman.”

#### **is amended as follows:**

“The company shall establish a board, which shall be accountable to and report to the shareholders’ general meeting. The board shall consist of not less than eight directors, of which the external directors (hereinafter referred to directors who do not hold any office within the Company) shall represent not less than 50 percent of the members of the Board of Directors. Independent non-executive directors (hereinafter referred to directors who are independent to the shareholders and do not hold any office within the Company) shall represent at least one-third of the members of the Board of Directors.

The Board of Directors shall have one chairman and one vice chairman.”

### Article 16.6

#### **originally read as:**

“Apart from the PRC accounting standards and regulations, the financial statements of the Company shall also conform to international accounting standards and the accounting standards of overseas areas where the Shares are listed. In the event of any major discrepancy between the financial statements prepared in accordance with the two accounting standards, such difference shall be provided in the notes to the financial statements. As to the distribution of after-tax profits of the Company in a fiscal year, the after-tax profits indicated on the two financial statements, whichever is lower, shall prevail.”

#### **is amended as follows:**

“The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations, with reference to international accounting standards or the accounting standards of overseas areas where the Shares are listed (if necessary).”

## NOTICE OF ANNUAL GENERAL MEETING

### Article 16.7

#### originally read as:

“The Company’s interim results or financial information published or disclosed by the Company shall at the same time be prepared in accordance with PRC accounting standards, regulations, international accounting standards as well as the accounting standards of the overseas areas in which the Shares are listed.”

#### is amended as follows:

“The Company’s interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, with reference to international accounting standards or the accounting standards of overseas areas where the Shares are listed (if necessary).”

The above amendment to Article 1.1 of the Articles of Association is to reflect the unified social credit code of the Company shown on the new business license obtained by the Company as a result of completing the “Combination of Three Licenses into One” procedures for its business license, organisation code certificate and tax registration certificate while the amendment to Article 2.2 is to ensure the Company complies with, and the operation is within, the business scope as registered with the Administration for Industry and Commerce of the PRC.

The above amendment to Article 10.1 of the Articles of Association is to reflect the structure, size and composition of the Board of the Company, and ensure the proportion of its independent non-executive Directors to the members of the Board in compliance with Chinese laws and regulations and the Listing Rules.

Upon the revision of Article 10.1, the Company will enter into a formal letter of appointment with Mr. Li Weisheng, to appoint him as a non-executive Director of the Company for a term that will commence on the date of approving the revision of the Articles of Association at the annual general meeting and expire upon the conclusion of the first session of the Board in 2018. Mr. Li receives no director emoluments.

The above amendments to Articles 16.6 and 16.7 are to reflect the amended accounting policies of the Company, simplify work procedures, improve work efficiency and reduce costs and expenses, which constitute good corporate governance.