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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 incorporated in the People's Republic of China)*

**(Stock Code: 2289)**

## **DISCLOSABLE TRANSACTION CONSTRUCTION CONTRACT**

### **CONSTRUCTION CONTRACT**

On 4 August 2018, the Company and Guangdong JZH entered into the Construction Contract in relation to the Transactions. The amount of consideration of the Construction Contract is approximately RMB95.5 million.

### **LISTING RULES IMPLICATIONS**

As at least one of the applicable percentage ratios of the Transactions contemplated under the Construction Contract would exceed 5% but less than 25%, the Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **THE TRANSACTIONS**

On 4 August 2018, the Company and Guangdong JZH entered into the Construction Contract in relation to the Transactions, pursuant to which Guangdong JZH would provide certain construction services to the Company on the principal terms as set out below:

## THE CONSTRUCTION CONTRACT

**Date:** 4 August 2018

**Parties:**

1. The Company; and
2. Guangdong Jin Zhong Hai Construction Engineering Co., Ltd. \* (廣東金中海建設工程有限公司)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, Guangdong JZH and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Scope of construction services:** Distribution workshops of the construction project of Charmacy (Guangzhou) Pharmaceutical Sorting and Distribution Center

**Location of construction:** No. 33, Liyu Street, Dongyong Zhen, Nansha District, Guangzhou City

**Expected timing for completion:** 10 October 2019

**Consideration:** approximately RMB95.5 million

**Payment terms:**

- (1) 25% of the contract sum shall be paid as prepayment within 15 days from the date on which the contract is signed;
- (2) 85% of progress billing for the month shall be paid on a monthly basis according to the progress billing application form, and deducting the prepayment originally paid based on 25% of the progress billing for the month;
- (3) the remaining fees of the total consideration shall be paid upon the completion and final settlement of the construction;
- (4) This includes the fee of civilized construction, which shall be paid 50% upon completion of the preliminary safety supervision and inspection of the construction project, 25% upon completion of the main project and 25% upon completion of the safety acceptance.

**Defect liability period:** 24 months upon completion and acceptance of construction works

## **INFORMATION OF THE COMPANY**

The Company is one of the leading pharmaceutical distributors in Southern China with four pharmaceutical logistics centres established in Shantou, Foshan, Zhuhai and Guangzhou, the PRC, respectively.

## **INFORMATION OF GUANGDONG JZH**

Guangdong JZH is a company incorporated in the PRC with limited liability. Its principal business activities include industrial and civil construction.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

Guangdong JZH was selected as the contractor for the Construction Contract by way of tender, under which bidders were assessed with reference to their qualifications, prices, qualities and services. The terms of the Construction Contract were determined after arm's length negotiations with reference to the costs involved and the prevailing rates charged by other contractors in comparable construction works. The Directors are of the view that the terms of the Construction Contract are no less favourable to the Company than the terms available from independent third parties.

The entering into of the Construction Contract by the Company is for the construction of distribution workshops of large pharmaceutical sorting and distribution center in Guangzhou so as to expand the Group's service scope, improve the warehousing and distribution capacity and service capability in the Pearl River Delta.

The Board considered that the Construction Contract, which was determined after arm's length negotiations, was entered into on normal commercial terms and the terms are fair and reasonable, and the Transactions contemplated thereunder are in the interests of the Company and its shareholders as a whole.

## **LISTING RULE IMPLICATIONS**

As at least one of the applicable percentage ratios of the Transactions contemplated under the Construction Contract would exceed 5% but less than 25%, the Transactions constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“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)
“Construction Contract”	the construction contract dated 4 August 2018 entered into between the Company and Guangdong JZH for the provision of construction services on distribution workshops of the construction project of Charmacy (Guangzhou) Pharmaceutical Sorting and Distribution Center, subject to the terms therein
“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
“Guangdong JZH”	Guangdong Jin Zhong Hai Construction Engineering Co., Ltd. * (廣東金中海建設工程有限公司)
“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
“percentage ratios”	has the meaning ascribed to any of the five percentage ratios under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions contemplated under the Construction Contract
“%”	Percent

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

Shantou, the PRC, 4 August 2018

*As at the date of this announcement, the executive Directors of the Company are Mr. Yao Chuanglong, Ms. Zheng Yuyan and Mr. Lin Zhixiong; the non-executive Director of the Company is 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).*

\* *for identification purpose only*