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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 BUSINESS CONTRACT

THE BUSINESS CONTRACT

On 19 April 2019, the Company and the Implementor entered into the Business Contract, pursuant to which the implementation of the Project is awarded to the Implementor. The consideration of the Business Contract amounted to RMB37.40 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the transaction contemplated under the Business Contract would exceed 5% but less than 25%, the transaction contemplated under the Business Contract constitutes 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 BUSINESS CONTRACT

On 19 April 2019, the Company and the Implementor entered into the Business Contract, pursuant to which the implementation of the Project is awarded to the Implementor. The consideration of the Business Contract amounted to RMB37.40 million (tax inclusive).

Principal terms of the Business Contract are summarised below:

Date: 19 April 2019

Parties: The Company; and
the Implementor

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

Scope of contracting services: The Implementor is responsible for the integration and implementation of the Project, including the technical solutions design, supply of equipment and installation and debugging, logistic equipment integration, staff training and technical services integration.

Contract period: Eight months after the date when the Implementor received the Prepayment of the consideration paid by the Company.

Consideration: RMB37.40 million (tax inclusive), which is comprised of:

- 1) equipment fees (inclusive of transportation fees) of RMB34.68 million; and
- 2) technical service, installation and debugging fees of RMB 2.72 million.

Payment terms: The consideration shall be paid in the following manner:

- 1) RMB7.48 million, representing 20% of the contract sum, shall be paid as prepayment (the "**Prepayment**") within five business days from the date on which the Business Contract is signed;
- 2) RMB 11.22 million, representing 30% of the contract sum, shall be paid within five business days after the first batch of Equipment is delivered to the Company;
- 3) RMB7.48 million, representing 20% of the contract sum, shall be paid within five business days after system installation and debugging and before trial run;
- 4) RMB9.35 million, representing 25% of the contract sum, shall be

paid within five business days after final acceptance of the system;
and

- 5) RMB1.87 million, representing 5% of the remaining contract sum, as the warranty deposit, shall be paid within ten business days after the end of the warranty period.

Warranty period: One year beginning from the day of system trial run.

INFORMATION OF THE COMPANY

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

INFORMATION OF THE IMPLEMENTOR

The Implementor is a company incorporated in the PRC with limited liability. Its principal operating activities include, among others, technical development, technical advisory, technical service, software development, sales of mechanical equipment and self-developed products.

REASONS FOR AND BENEFITS OF ENTERING INTO THE BUSINESS CONTRACT

The Company selected the implementor of the Business Contract with reference to their qualifications, prices, qualities and services. The terms of the Business Contract were determined after arm's length negotiations with reference to the costs involved and the prevailing rates charged by other implementors in comparable contracting service scope. The Directors are of the view that the terms of the Business Contract are no less favourable to the Company than the terms available from Independent Third Parties.

The Board considered that the Business 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 RULES IMPLICATIONS

As one or more of the applicable percentage ratios of the transactions contemplated under the Business Contract would exceed 5% but less than 25%, the transaction 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
“Business Contract”	the agreement entered into between the Company and the Implementor on 19 April 2019 in relation to the contracting of the implementation of the Project
“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 transaction”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equipment”	the equipment supplied by the Implementor under the Business Contract, which includes, among others, Automated Storage and Retrieval Systems (“AS/RS”), ASRS racking systems, carton conveyor systems, tray elevating systems, electronic labelling systems and integrated logistic management system hardware.
“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
“Implementor”	Beijing Vstrong Intelligent Technology Co., Ltd. * (北京伍強智能科技有限公司), a company incorporate in the PRC with limited liability, being the Implementor to the Project under the Business Contract
“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
“Project”	the Charmacy (Guangzhou) Pharmaceutical Sorting and Distribution Center Logistic System Integration Project
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Shantou, the PRC, 19 April 2019

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