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**JIANGXI JIANGZHONG PHARMACEUTICAL
COMMERCIAL OPERATION CO., LTD.***

江西江中醫藥商業運營有限責任公司
(A limited liability company established in the People's
Republic of China)



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)

JOINT ANNOUNCEMENT

ADDITIONAL IRREVOCABLE UNDERTAKINGS NOT TO ACCEPT THE OFFER BY NEW NON-ACCEPTING SHAREHOLDERS

Reference is made to the joint announcement (the “**Joint Announcement**”) of the Jiangxi Jiangzhong Pharmaceutical Commercial Operation Co., Ltd.* (江西江中醫藥商業運營有限責任公司) (the “**Offeror**”) and Charmacy Pharmaceutical Co., Ltd. (the “**Company**”) dated 28 September 2022 in respect of, among other things, the Offer. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Joint Announcement.

ADDITIONAL IRREVOCABLE UNDERTAKINGS NOT TO ACCEPT THE OFFER

In addition to the unconditional irrevocable undertakings not to accept the Offer provided to the Offeror as set out in the paragraph headed “Possible Unconditional Mandatory Cash Offer - Undertakings not to accept the Offer” in the Joint Announcement, four additional Shareholders, namely, RAYS Capital Partners Limited (“**RAYS Capital**”), Zhang Sudan* (張蘇丹), Yu Haiyuan* (余海遠) and Tan Shurong* (譚淑容) (the “**New Non-Accepting Shareholders**”) have irrevocably undertaken to the Offeror not to accept the Offer in respect of their respective non-accepting Shares as set out in the table below, which amounted to 8,081,000 Shares in aggregate (the “**New Non-Accepting Shares**”), representing approximately 7.49% of the entire issued share capital of the Company as at the date of this joint announcement.

The following table sets out the details of all unconditional irrevocable undertakings not to accept the Offer provided by the Non-Accepting Shareholders (which the New Non-Accepting Shareholders now form part thereof) in respect of the Non-Accepting Shares (which the New Non-Accepting Shares now form part thereof) as at the date of this joint announcement, according to the information provided to the Offeror:

No.	Beneficial owner(s), general partner(s) or investment manager of the Non-Accepting Shareholder (based on information known to the Offeror)	Name of Non-Accepting Shareholders	Number of Non-Accepting Shares	Approximate shareholding percentage (%)
1	Not applicable	Wang Yonghui* (王永輝)	3,488,000	3.23
2	Kingworld Medicines Group Limited ⁽¹⁾	Kingworld Medicines Health Management Limited* (金活醫藥健康管理有限公司) (“ Kingworld Health ”)	2,302,000	2.13
3	Zeng Ni* (曾霓) ⁽²⁾	Shantou Meizhi Investment Management Limited Partnership* (汕頭市美智投資管理合夥企業 (有限合夥)) (“ Meizhi Investment ”)	3,200,000	2.96
4	Liu Yilin* (劉藝麟) ⁽³⁾	Shantou Zhichuang Investment Management Limited Partnership* (汕頭市智創投資管理合夥企業 (有限合夥)) (“ Zhichuang Investment ”)	1,800,000	1.67
5	Wang Xiangling* (王湘玲) ⁽⁴⁾	Shantou Youran Investment Management Limited Partnership* (汕頭市悠然投資管理合夥企業 (有限合夥)) (“ Youran Investment ”)	1,700,000	1.57
6	RAYS Capital ⁽⁵⁾	RAYS Capital	5,364,000	4.97
7	Not applicable	Zhang Sudan* (張蘇丹)	1,343,000	1.24
8	Not applicable	Yu Haiyuan* (余海遠)	1,055,000	0.98
9	Not applicable	Tan Shurong* (譚淑容)	319,000	0.30
	Total:		20,571,000	19.05

Notes:

- (1) Kingworld Health is a wholly-owned subsidiary of Kingworld Medicines Group Limited (stock code: 1110).
- (2) Zeng Ni is the general partner of Meizhi Investment, which is a shareholding platform and mainly consisted of employees of the Company.
- (3) Liu Yilin is the general partner of Zhichuang Investment, which is a shareholding platform and mainly consisted of employees of the Company.
- (4) Wang Xiangling is the general partner of Youran Investment, which is a shareholding platform and mainly consisted of employees of the Company.
- (5) Among the 5,364,000 Shares, 5,062,500 Shares are held by Asian Equity Special Opportunities Portfolio Master Fund Limited (“**Asian Equity**”) and 301,500 Shares are held by Asian Healthcare Discovery Master Fund (“**Asian Healthcare**”). Asian Equity and Asian Healthcare are both open-end investment companies incorporated in the Cayman Islands with limited liability; and both are managed by RAYS Capital, an independent third party, licensed to carry out type 4 and type 9 regulated activities (as defined under the SFO). Apart from the aforesaid Shares, RAYS Capital manages 35,000 Shares in a separate discretionary account, which Shares are not subject to any irrevocable commitment to accept or reject the Offer.

In the event that (i) the Offer, under the circumstances permitted under the Takeovers Code, lapses or is withdrawn or the offer period in respect of the Offer ends; or (ii) the Offer Price made by the Offeror is higher than the consideration per Sale Share, the unconditional irrevocable undertakings provided by the Non-Accepting Shareholders (including the New Non-Accepting Shareholders) to the Offeror in respect of the above and in respect of the following matters shall cease to bind them:

- (i) not to sell, transfer, charge, pledge, grant any option over, or otherwise dispose of or create any encumbrances in respect of any of its respective Non-Accepting Shares or any interests in its respective Non-Accepting Shares during the offer period in respect of the Offer;
- (ii) not to enter into any agreement in respect of voting or other rights attaching to any of its respective Non-Accepting Shares (including entering into any swap agreement or other arrangement for the transfer to another party of all or part of the economic consequences of, or rights incidental to, ownership of its respective Non-Accepting Shares or interests in its respective Non-Accepting Shares);
- (iii) not to accept or give any undertaking (whether conditional or not) to accept or agree to any offer, scheme of arrangement, acquisition, merger made or proposed to be made by any person in respect of any of its respective Non-Accepting Shares or to do any act which would or might prejudice the success of the Offer;
- (iv) not to participate in or reach any discussions, negotiations, agreements or arrangements or take up any obligations (or permit the aforementioned circumstances to occur) in relation to its respective Non-Accepting Shares or the actions referred to in (i), (ii) or (iii) above; or enable any person (other than the Offeror and any other person authorised by it) to obtain any information in relation to the foregoing.

REVISED VALUE OF THE OFFER

There are 108,000,000 Shares in issue as at the date of this joint announcement. On the basis of the Offer Price of HK\$7.29 per Share and 108,000,000 Shares in issue as at the date of this joint announcement, the entire issued share capital of the Company would be valued at HK\$787,320,000. The number of Sale Shares under the Share Transfer Agreement is 9,720,000 and the aggregate amount payable by the Offeror for the Sale Shares upon Completion is HK\$70,858,800.

As the Offeror's Concert Group will hold in aggregate 73,300,000 Shares immediately after Completion and the Non-Accepting Shareholders hold in aggregate 20,571,000 Non-Accepting Shares, 14,129,000 Shares will be subject to the Offer. As at the date of this joint announcement, save for the unconditional irrevocable undertakings provided by the Non-Accepting Shareholders not to accept the Offer, none of the Offeror nor any person acting in concert with it has received any irrevocable commitment to accept or not to accept or reject the Offer. Based on the Offer Price of HK\$7.29 per Share, the maximum consideration of the Offer would be HK\$103,000,410, on the basis of 14,129,000 Offer Shares. The Company has not declared and has no intention of declaring any dividend or making any distribution before the close of the Offer.

CONFIRMATION OF FINANCIAL RESOURCES AVAILABLE

The Offeror intends to finance the consideration payable under the Share Transfer Agreement upon Completion amounting to HK\$70,858,800 and the maximum consideration payable upon full acceptance of the Offer (other than the Non-Accepting Shares and the Shares already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) amounting to HK\$103,000,410, assuming there is no change in the issued share capital of the Company from the date of this joint announcement up to the close of the Offer and based on the offer price of HK\$7.29 per Share, by way of the revised Facility (amounting to HK\$200,037,410) granted under the Facility Agreement (as supplemented) and internal resources.

Guotai Junan Capital, being the financial adviser to the Offeror in respect of the Acquisition and the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy the consideration payable under the Share Transfer Agreement on Completion and the consideration payable upon full acceptance of the Offer (other than in respect of the Non-Accepting Shares).

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this joint announcement, the issued share capital of the Company was RMB108,000,000 divided into 108,000,000 ordinary Shares. The Company does not have any outstanding options, warrants, derivatives or convertible rights affecting the Shares.

Set out below is the shareholding structure of the Company (i) immediately prior to Completion; and (ii) immediately after Completion and before the Offer (taking into account all irrevocable undertakings not to accept the Offer as set out in the paragraph headed “Additional Irrevocable Undertakings Not To Accept The Offer” provided as at the date of this joint announcement):

	Immediately prior to Completion		Immediately after Completion and before the Offer	
	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>	<i>No. of Shares</i>	<i>Approximate % of issued Shares</i>
The Offeror’s Concert Group (including the Transferor)				
The Offeror Group	29,050,000	26.90	38,770,000	35.90 ⁽¹⁾
The Transferor	44,250,000	40.97	34,530,000	31.97
The Offeror’s Concert Group (including the Transferor)	73,300,000	67.87	73,300,000	67.87
Non-Accepting Shares held by Non-Accepting Shareholders				
Wang Yonghui	3,488,000	3.23	3,488,000	3.23
Kingworld Health	2,302,000	2.13	2,302,000	2.13
Meizhi Investment	3,200,000	2.96	3,200,000	2.96
Zhichuang Investment	1,800,000	1.67	1,800,000	1.67
Youran Investment	1,700,000	1.57	1,700,000	1.57
RAYS Capital ⁽²⁾	5,364,000	4.97	5,364,000	4.97
Zhang Sudan	1,343,000	1.24	1,343,000	1.24
Yu Haiyuan	1,055,000	0.98	1,055,000	0.98
Tan Shurong	319,000	0.30	319,000	0.30
Sub-total of Non-Accepting Shares held by Non-Accepting Shareholders	20,571,000	19.05	20,571,000	19.05
Other Shareholders	14,129,000	13.08	14,129,000	13.08
Total	108,000,000	100.00	108,000,000	100.00

Notes:

- (1) Immediately upon Completion, (i) the Offeror Group will own 38,770,000 Shares, representing 35.90% of the entire issued share capital of the Company as at the date of this joint announcement; and (ii) the Offeror Group would have acquired or controlled approximately 39.60% of the voting rights of the Company (comprising the voting rights of existing Shares it currently held, the Sale Shares and the Entrusted Shares, which represent approximately 26.90%, 9.00% and 3.70% of the entire issued share capital of the Company respectively as at the date of this joint announcement).
- (2) The 35,000 Shares, which are (i) managed by RAYS Capital in a separate discretionary account and (ii) not subject to any irrevocable commitment to accept or reject the Offer, are not included.

WARNING

Shareholders and potential investors of the Company should note that the Offer is a possible unconditional mandatory cash offer and will only be made if Completion takes place. As Completion is subject to the satisfaction of the conditions precedent set out in the Share Transfer Agreement, it may or may not take place and the Offer may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If Shareholders and potential investors are in any doubt about their position, they should consult their professional advisers.

By Order of the board of directors of
**Jiangxi Jiangzhong Pharmaceutical Commercial
Operation Co., Ltd.***
Yan Jingbin
Director and Legal Representative

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

Shantou, the PRC, 18 November 2022

As at the date of this joint announcement, the directors of the Offeror are Mr. Liu Weiquan, Mr. Yan Jingbin, Mr. Wu Xiaohong, Mr. Huang Xingzhi, Mr. Chen Yong, Mr. Lin Xingyao, Ms. Luo Yi, Mr. Cheng Wang and Mr. Xu Zhengqing.

As at the date of this joint announcement, the executive Directors are Mr. Yao Chuanglong, Ms. Zheng Yuyan and Ms. Zhang Hanzhi; the non-executive Directors are Mr. Li Weisheng, Mr. Yan Jingbin and Ms. Fu Zheng; and the independent non-executive Directors are Mr. Wan Chi Wai Anthony, Mr. Zhou Tao and Mr. Guan Jian (also known as Guan Suzhe).

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than the information relating to the Transferor, the Directors and the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror's Concert Group (for this purpose, excluding the Transferor)) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than that expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.

In the case of inconsistency, the English version of this joint announcement shall prevail over the Chinese version.

** For identification purpose only*