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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)**

**RENEWAL OF CONTINUING CONNECTED  
TRANSACTIONS IN RELATION TO FRAMEWORK  
LOAN AGREEMENT**

References are made to the announcement of the Company dated 2 March 2023 and the circular of the Company dated 27 March 2023 in relation to the Existing Framework Loan Agreement.

The Existing Framework Loan Agreement will expire on 31 December 2025 and it is expected that the Group will continue to enter into similar transactions contemplated under the Existing Framework Loan Agreement from time to time thereafter. Accordingly, on 20 October 2025 (after trading hour), the Company and Jiangyao entered into the New Framework Loan Agreement, pursuant to which Jiangyao agrees to provide a loan facility not exceeding the maximum limit as authorised by the statutory approval authorities of both parties to the Group for a term of three years commencing from 1 January 2026.

**IMPLICATION UNDER THE LISTING RULES**

As at the date of this announcement, Jiangyao is a controlling shareholder of the Company, interested in 51,470,000 H Shares, representing approximately 47.66% of the total issued share capital of the Company. Pursuant to the Listing Rules, Jiangyao is a connected person of the Company. Accordingly, the New Framework Loan Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios in respect of the Annual Caps for the New Framework Loan Agreement are expected to be higher than 5%, the New Framework Loan Agreement and the Annual Caps are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

**INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on, among other things, whether or not the terms of the New Framework Loan Agreement and the Annual Caps are in the interest of the Company and

are fair and reasonable so far as the Independent Shareholders are concerned and whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group. Kingsway Capital Limited has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders regarding the New Framework Loan Agreement and the Annual Caps.

## **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the New Framework Loan Agreement and the Annual Caps. As Jiangyao is a connected person, Jiangyao and its associates will abstain from voting on the resolutions to approve the New Framework Loan Agreement and the Annual Caps at the EGM.

Mr. Yan Jingbin, Ms. Fu Zheng and Mr. Xu Fei are considered to have material interests by virtue of their employment and senior management in Jiangyao Group. In addition, pursuant to the board level irrevocable undertaking dated 13 September 2022 executed by Mr. Yao Chuanglong, Ms. Zheng Yuyan and Ms. Zhang Hanzi, they have irrevocably and unconditionally undertaken to exercise their voting rights at the Board level strictly consistent with those of the Directors nominated or recommended by Jiangyao Group, in respect of the matters concerning the daily operations and the material decisions of the Company and they would abstain from matters which the Directors related to Jiangyao are required to abstain. Accordingly, the Abstained Directors have abstained from voting on the Board resolutions to approve the New Framework Loan Agreement and the Annual Caps.

A circular containing, among other things, (i) further information on the New Framework Loan Agreement and the Annual Caps; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee; and (iv) a notice of the EGM is expected to be published on or before 24 November 2025.

References are made to the announcement of the Company dated 2 March 2023 and the circular of the Company dated 27 March 2023 in relation to the Existing Framework Loan Agreement.

The Existing Framework Loan Agreement will expire on 31 December 2025 and it is expected that the Group will continue to enter into similar transactions contemplated under the Existing Framework Loan Agreement with Jiangyao Group from time to time thereafter. Accordingly, on 20 October 2025 (after trading hour), the Company and Jiangyao entered into the New Framework Loan Agreement, pursuant to which Jiangyao agrees to provide a loan facility not exceeding the maximum limit as authorised by the statutory approval authorities of both parties to the Group for a term of three years commencing from 1 January 2026.

## **NEW FRAMEWORK LOAN AGREEMENT**

|         |                          |
|---------|--------------------------|
| Date    | 20 October 2025          |
| Parties | The Company, as borrower |

|                       |                                                                                                                                                                                                                                                                    |
|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Effective period      | Jiangyao, as lender<br>From 1 January 2026 to 31 December 2028                                                                                                                                                                                                     |
| Principal amount      | The loan amount shall not exceed the maximum limit as authorised by the statutory approval authorities of both parties                                                                                                                                             |
| Interest rate         | The interest rate shall be determined by the parties with reference to the Company's cost of financing from banks or financial institutions in the same period                                                                                                     |
| Repayment arrangement | Repayment arrangements shall be agreed by the parties and stated in the individual loan agreement                                                                                                                                                                  |
| Early repayment       | In the case of early repayment by the Company, interest shall be paid according to the actual duration of drawdown.                                                                                                                                                |
| Default               | If the Company fails to repay the principal and accrued interests of the loan or commits any of the default events as specified under the individual loan agreement, the lender shall have the right to recover that particular loan on demand                     |
| Security              | In accordance with Jiangyao's financial and credit approval requirements, the Company shall provide Jiangyao with its or its subsidiaries' inventories as a collateral, the specific ratio depends on the negotiation between the parties and the actual situation |
| Condition Precedent   | The Framework New Loan Agreement is subject to both parties obtaining their respective internal approval in relation to the entering of the Framework New Loan Agreement and the transaction contemplated thereunder                                               |

The following table sets out the historical transaction amount of the Existing Framework Loan Agreement for each of the years ended 31 December 2023 and 2024, and for the nine months ended 30 September 2025, the annual caps for each of the three years ending 2025, and the Annual Caps under the New Framework Loan Agreement:

|                         | Historical transaction amount  |                          |                                        | Annual caps                           |                    |                    |
|-------------------------|--------------------------------|--------------------------|----------------------------------------|---------------------------------------|--------------------|--------------------|
|                         | For the year ended 31 December |                          | For the nine months ended 30 September | For the year ended/ending 31 December |                    |                    |
|                         | 2023<br><i>(audited)</i>       | 2024<br><i>(audited)</i> | 2025<br><i>(unaudited)</i>             | 2023                                  | 2024               | 2025               |
|                         | <i>RMB million</i>             | <i>RMB million</i>       | <i>RMB million</i>                     | <i>RMB million</i>                    | <i>RMB million</i> | <i>RMB million</i> |
| Existing Framework Loan | 92                             | 150                      | 150                                    | 500                                   | 500                | 500                |

## Agreement

|                              | Annual Caps                     |                    |                    |
|------------------------------|---------------------------------|--------------------|--------------------|
|                              | For the year ending 31 December |                    |                    |
|                              | 2026                            | 2027               | 2028               |
|                              | <i>RMB million</i>              | <i>RMB million</i> | <i>RMB million</i> |
| New Framework Loan Agreement | 500                             | 500                | 500                |

The Annual Caps for the three years ending 31 December 2028 for the transactions contemplated under the New Framework Loan Agreement were determined after considering, among other things, the need for sufficient working capital due to (i) the Group's accelerated expansion of its pharmaceutical business, focusing on building a comprehensive retail network in Guangdong Province and surrounding areas; (ii) the anticipated increase in direct purchases from branded pharmaceutical manufacturers, which will require adequate funding to support larger procurement and inventory turnover, enabling the Group to enhance its product line and strengthen channel control; (iii) the ongoing healthcare reforms that are creating new market opportunities, especially in non-public healthcare institutions and retail terminal market, with Guangdong projected to maintain significant growth, necessitating funds to capitalize on these developments; and (iv) the importance of maintaining liquidity to navigate the cyclical nature of the pharmaceutical industry and market fluctuations, ensuring the Group can respond to strategic acquisition opportunities and support its growth objectives.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FRAMEWORK LOAN AGREEMENT

The signing of the New Framework Loan Agreement demonstrates the continuous financial support provided by Jiangyao, as the controlling shareholder of the Company, to the Group, and enables the Group to secure scalable, stable and reliable funding support to meet its operation needs. The terms of the New Framework Loan Agreement, including the applicable interest rate, are agreed upon by the parties after arm's length negotiations, taking into account, among others, the prevailing market interest rates and practices.

Taking into account (i) the financial situation of the Group; (ii) the cash level to be maintained for the daily operation of the Group; and (iii) the available sources of fundings, the Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) are of the view that the New Framework Loan Agreement was entered into on normal commercial terms, and the terms are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## INTERNAL CONTROL MEASURES

In order to ensure the terms of the New Framework Loan Agreement are on normal commercial terms and fair and reasonable to the Company and the Shareholders and are no less favourable to the Group than terms offered available to or from the Independent Third Parties, the Company has formulated the following internal control policies and adopted the following internal control measures:

- (i) the designated staff of the capital management department of the Company will closely monitor the outstanding loan balances to be repaid under the New Framework Loan Agreement and report the latest status of the loans granted under the New Framework Loan Agreement to the capital management department of the Company on a monthly basis to ensure that the outstanding loan balances will not exceed the Annual Caps;
- (ii) the capital management department of the Company will report to the senior management on a monthly basis and the Directors (including the independent non-executive Directors) on a half-yearly basis in relation to the transaction status;
- (iii) before the signing of each individual loan agreement under the New Framework Loan Agreement, the financing officer of capital management department of the Company will (a) check the benchmark lending interest rate published by the People's Bank of China; (b) compare the interest rate of the individual loan with at least two major commercial banks that are principal bankers of the Group to confirm the interest rate charged by Jiangyao is in line with the market rates and the individual loan agreements are entered into on normal commercial terms and would be no less favourable to the Group than those available from independent third parties; and (c) compare the specific ratio of security to be provided by the Group with the collateral value of the loans granted by two major commercial banks that are principal bankers of the Group; and the comparison result would be passed to the inspector general of the capital management department for further approval before further submitted to Mr. Yao Chuanglong, the chief executive officer of the Company for final approval. Such multi-level approval process ensures that the terms of the individual loan agreement, including the specific ratio of security to be provided by the Group, would be fair and reasonable and no less favourable to the Company than those available from independent third parties;
- (iv) the Company's external auditor will conduct an annual review of the transactions entered into under the New Framework Loan Agreement to ensure that the transactions amount is within the Annual Caps and the transactions is in accordance with the terms set out in the New Framework Loan Agreement; and
- (v) the Company's independent non-executive Directors will conduct an annual review of the status of the transactions contemplated under the New Framework Loan Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

In view of the internal control measures above, the Directors are of the view that appropriate measures are in place to ensure that the transactions contemplated under the New Framework Loan Agreement will be conducted on normal commercial terms and within the Annual Caps, and not prejudicial to the interest of the Company and its Shareholders.

## **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, Jiangyao is a controlling shareholder of the Company, interested in 51,470,000 H Shares, representing approximately 47.66% of the total issued share capital of the

Company. Pursuant to the Listing Rules, Jiangyao is a connected person of the Company. Accordingly, the New Framework Loan Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company.

As one or more of the applicable percentage ratios in respect of the Annual Caps for the New Framework Loan Agreement are expected to be higher than 5%, the New Framework Loan Agreement and the Annual Caps are subject to the reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

## **INFORMATION OF THE PARTIES**

The Company is a joint-stock company incorporated in the PRC with limited liability, whose H Shares are listed on the Main Board of the Stock Exchange. The Group is principally engaged in the pharmaceutical distribution business. It mainly distributes western medicine, Chinese patent medicine and healthcare products to downstream distributors and retail terminals, as well as provides consultation service on pharmaceutical products.

Jiangyao is a company incorporated in the PRC with limited liability. It is principally engaged in the wholesale and retail of medicines and the sales of food, disinfection equipment and Class III medical devices. It is a Jiangxi provincial state-owned enterprise, owned as to (i) 30.50% by Jiangxi State Capital Operation Holding Group Co., Ltd.\* (江西省國有資本運營控股集團有限公司) and its subsidiary Jiangxi State Holding Capital Co., Ltd.\* (江西國控資本有限公司), which is ultimately controlled by State-owned Assets Supervision and Administration Commission of Jiangxi Province\* (江西省國有資產監督管理委員會) and (ii) 69.50% by seventeen minority shareholders. Based on the information available to the Company and to the best knowledge of the Directors, none of the seventeen minority shareholders individually controlled more than 20% shareholding of Jiangyao.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

An Independent Board Committee, comprising all the independent non-executive Directors, has been established to advise the Independent Shareholders on, among other things, whether or not the terms of the New Framework Loan Agreement and the Annual Caps are in the interest of the Company and are fair and reasonable so far as the Independent Shareholders are concerned and whether the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group. Kingsway Capital Limited has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders regarding the New Framework Loan Agreement and the Annual Caps.

## **GENERAL**

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve the New Framework Loan Agreement and the Annual Caps. As Jiangyao is a connected person, Jiangyao and its associates will abstain from voting on the resolutions to approve the New Framework Loan Agreement and the Annual Caps at the EGM.

Mr. Yan Jingbin, Ms. Fu Zheng and Mr. Xu Fei are considered to have material interests by virtue of

their employment and senior management in Jiangyao Group. In addition, pursuant to the board level irrevocable undertaking dated 13 September 2022 executed by Mr. Yao Chuanglong, Ms. Zheng Yuyan and Ms. Zhang Hanzi, they have irrevocably and unconditionally undertaken to exercise their voting rights at the Board level strictly consistent with those of the Directors nominated or recommended by Jiangyao Group, in respect of the matters concerning the daily operations and the material decisions of the Company and they would abstain from matters which the Directors related to Jiangyao are required to abstain. Accordingly, the Abstained Directors have abstained from voting on the Board resolutions to approve the New Framework Loan Agreement and the Annual Caps.

A circular containing, among other things, (i) further information on the New Framework Loan Agreement and the Annual Caps; (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation from the Independent Board Committee; and (iv) a notice of the EGM is expected to be published on or before 24 November 2025.

## DEFINITIONS

|                       |                                                                                                                                                                                                                               |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Abstained Directors” | Mr. Yan Jingbin, Mr. Yao Chuanglong, Ms. Zheng Yuyan, Ms. Zhang Hanzi, Ms. Fu Zheng and Mr. Xu Fei, , who have abstained from voting on the Board resolutions to approve the New Framework Loan Agreement and the Annual Caps |
| “Annual Caps”         | the proposed maximum annual aggregate transaction values in respect of the transactions contemplated under the New Framework Loan Agreement for the three years ending 31 December 2028, as the case may be                   |
| “associate(s)”        | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                        |
| “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)                            |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                        |

|                                     |                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “EGM”                               | the extraordinary general meeting of the Company to be convened for the purpose of, if thought fit, to approve the New Framework Loan Agreement and the transactions contemplated thereunder and the Annual Caps by the Independent Shareholders                                                                       |
| “Existing Framework Loan Agreement” | the framework loan agreement dated 2 March 2023 entered into between the Company and Jiangyao in relation to the grant of loan facility not exceeding the maximum limit as authorised by the statutory approval authorities of both parties by Jiangyao to the Group for a term of three years ending 31 December 2025 |
| “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                                                                                                                                                          |
| “Hong Kong”                         | the Hong Kong Special Administrative Region of the PRC                                                                                                                                                                                                                                                                 |
| “Independent Board Committee”       | a board committee of the Company comprising all the independent non-executive Directors, namely Mr. Li Hanguo, Mr. Wan Chi Wai Anthony and Mr. Guan Jian (also known as Guan Suzhe)                                                                                                                                    |
| “Independent Shareholders”          | the Shareholders other than Jiangyao and its associates, who, if they hold Shares, are required to abstain from voting on the resolutions to approve the New Framework Loan Agreement and the Annual Caps at the EGM                                                                                                   |
| “Independent Third Party(ies)”      | third party(ies) independent of and not connected with the Company, its connected persons and their respective associates                                                                                                                                                                                              |
| “Jiangyao”                          | Jiangyao Group Co., Ltd* (江藥集團有限公司) (formerly known as Jiangxi Jiangzhong Yishang Operation Co., Ltd.* (江西江中醫藥商業運營有限責任公司)), a company incorporated in the PRC and a controlling shareholder (as defined under the Listing Rules) of the Company                                                                        |
| “Jiangyao Group”                    | Jiangyao and its subsidiaries                                                                                                                                                                                                                                                                                          |
| “Listing Rules”                     | the Rules Governing the Listing of Securities on the Stock Exchange as amended, modified or otherwise supplemental from time to time                                                                                                                                                                                   |

|                           |      |                                                                                                                                                                                                                                                                                                                             |
|---------------------------|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “New Framework Agreement” | Loan | the framework agreement dated 20 October 2025 entered into between the Company and Jiangyao in relation to the grant of loan facility not exceeding the maximum limit as authorised by the statutory approval authorities of both parties by Jiangyao to the Group for a term of three years commencing from 1 January 2026 |
| “PRC”                     |      | The People’s Republic of China which shall, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan                                                                                                                                                         |
| “RMB”                     |      | Renminbi, the lawful currency of the PRC                                                                                                                                                                                                                                                                                    |
| “Shares(s)”               |      | the H Share(s)                                                                                                                                                                                                                                                                                                              |
| “Shareholder(s)”          |      | holder(s) of the Share(s)                                                                                                                                                                                                                                                                                                   |
| “Stock Exchange”          |      | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                                                                                     |
| “%”                       |      | per cent                                                                                                                                                                                                                                                                                                                    |

By Order of the Board  
**Charmacy Pharmaceutical Co., Ltd.**  
**Yan Jingbin**  
*Chairman*

Shantou, the PRC, 20 October 2025

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

*\* For identification purpose only*