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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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 form of proxy 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) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO FRAMEWORK LOAN AGREEMENT;**  
**(2) ABOLITION OF BOARD OF SUPERVISORS, PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED AMENDMENTS TO THE RELATED CORPORATE GOVERNANCE POLICES;**  
**(3) PROPOSED CHANGE OF AUDITORS; AND**  
**(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**SUNWAH** KINGSWAY  
**新華滙富**

**Kingsway Capital Limited**

A letter from the Board is set out on pages 4 to 14 of this circular. A notice convening the extraordinary general meeting of the Company (the “**EGM**”) to be held at the conference room, on 2nd Floor, No. 33, Liyu Street, Dongchong Town, Nansha District, Guangzhou City, Guangdong Province, PRC at 3:00 p.m. on Friday, 12 December 2025, is set out on pages EGM-1 to EGM-3 of this circular.

Shareholders who are entitled to attend and vote at the EGM 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 EGM 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 not less than 24 hours (i.e. not later than 3:00 p.m. on Thursday, 11 December 2025) before

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the time for holding the EGM (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 EGM or any adjourned meetings should they so wish.

24 November 2025

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## DEFINITIONS

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

“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
“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Board of Supervisors”	the board of supervisors 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“EGM”	the extraordinary general meeting of the Company to be convened and held on Friday, 12 December 2025 at 3:00 p.m. at the conference room, on the 2nd floor, No. 33 Liyu Street, Dongchong Town, Nansha District, Guangzhou City, Guangdong Province, PRC and any adjournment thereof
“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

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## DEFINITIONS

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	Anthony and Mr. Guan Jian (also known as Guan Suzhe)
“Independent Financial Adviser”	Kingsway Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser advising the Independent Board Committee and the Independent Shareholders in respect of the transactions contemplated under the New Framework Loan Agreement
“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
“Latest Practicable Date”	20 November 2025, being the latest practicable date prior to the publication of this circular for ascertaining certain information containing herein
“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 Loan Agreement”	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 circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Rules of Procedures for Board Meetings”	the rules of procedures for Board meetings of the Company
“Rules of Procedures for Board of Supervisors’ Meetings”	the rules of procedures for Board of Supervisors’ meeting of the Company
“Rules of Procedures for General Meetings”	the rules of procedures for general meetings of the Company

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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

*\*For identification purpose only*

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LETTER FROM THE BOARD

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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)**

***Executive Directors:***

Mr. Yao Chuanglong (*Vice chairman*)

Ms. Zheng Yuyan

Ms. Zhang Hanzi

***Non-executive Directors:***

Mr. Yan Jingbin (*Chairman*)

Ms. Fu Zheng

Mr. Xu Fei

***Registered Office and Headquarters in the PRC:***

No. 235 Song Shan North Road

Longhu District, Shantou City

Guangdong Province, the PRC

***Principal Place of Business in Hong Kong:***

40th Floor, Dah Sing Financial Centre 248

Queen's Road East, Wanchai, Hong Kong

***Independent non-executive Directors:***

Mr. Li Hanguo

Mr. Wan Chi Wai Anthony

Mr. Guan Jian (also known as Guan Suzhe)

24 November 2025

*To the Shareholders*

Dear Sir or Madam,

- (1) RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN  
RELATION TO FRAMEWORK LOAN AGREEMENT;  
(2) ABOLITION OF BOARD OF SUPERVISORS, PROPOSED  
AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND  
PROPOSED AMENDMENTS TO THE RELATED CORPORATE  
GOVERNANCE POLICES;  
(3) PROPOSED CHANGE OF AUDITORS; AND  
(4) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to the Company's announcements dated 20 October 2025 in respect of, among other things, (i) the New Framework Loan Agreement; and (ii) the proposed abolition of the Board of Supervisors and amendments to the Articles of Association and related corporate governance policies, and the Company's

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## LETTER FROM THE BOARD

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announcement dated 6 November 2025 in respect of the proposed change of auditors.

The purpose of this circular is to provide the Shareholders with information on, among other things: (i) 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 in respect of the New Framework Loan Agreement; (iii) the recommendations from the Independent Board Committee in respect of the New Framework Loan Agreement; (iv) the proposed abolition of the Board of Supervisors and amendments to the Articles of Association and related corporate governance policies; (v) the proposed change of auditors of the Company; and (vi) a notice convening the EGM.

### **2. RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RELATION TO 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.

#### **(a) New Framework Loan Agreement**

Date	20 October 2025
Parties	The Company, as borrower Jiangyao, as lender
Effective period	From 1 January 2026 to 31 December 2028
Principal amount	The loan amount shall not exceed RMB500 million, being the maximum limit as authorised by the statutory approval authorities of both parties (i.e. their respective board meetings and shareholders' meetings)
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

## LETTER FROM THE BOARD

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 New Framework Loan Agreement is subject to both parties obtaining their respective internal approval in relation to the entering of the New Framework Loan Agreement and the transaction contemplated thereunder

### (b) The proposed Annual Caps and basis of determination of Annual Caps

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 <i>(audited)</i>	2024 <i>(audited)</i>	2025 <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 Agreement	92	150	150	500	500	500

	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 represent the highest total principal amount of the facility outstanding at any point of time during the year. The utilisation rates of the annual caps for each of the three years ending 2025 were relatively low primarily because (i) benefiting from enhanced operational efficiency and optimised collection cycles, the Group's operating cash flow continued to improve. The Group recorded net cash inflow from operating activities of RMB106.0 million for the year ended 31 December 2024, as compared to net cash outflow from operating activities of RMB96.5 million for the year ended 31 December 2023. The Group's net operating cash outflow further decreased from RMB174.7 million for the six months ended 30 June 2024 to RMB24.6 million for the six months ended 30 June 2025, representing a year-to-year decrease in cash outflow of 85.9%; and (ii) in order to address market uncertainties and maintain financial flexibility for potential future strategic investment opportunities (such as technology upgrades, mergers and acquisitions or market expansion), the Company maintained cash reserves at levels higher than those required for day-to-day operations. The Group's ample credit facilities also enable it to capture market opportunities swiftly, while borrowings from Jiangyao Group do not require a lengthy loan approval process.

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## LETTER FROM THE BOARD

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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. In particular, the Group's selling expenses amounted to RMB120.44 million in 2024, representing a compound annual growth rate (CAGR) of 9.24% in the past five years;
- (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. In particular, the deepening of national and provincial healthcare reform policies is bringing structural opportunities to terminal channels such as standalone retail pharmacies and private hospitals. The Group considers the following trends and developments to be of particular relevance:
  - (a) emerging value of retail pharmacy channels – Recent policies such as the Notice of the Guangdong Medical Security Bureau on Promoting the Inclusion of Centrally Procured Drugs into Primary Medical Institutions, Private Medical Institutions and Retail Pharmacies (Yue Yi Bao Han [2025] No. 208) (《廣東省醫療保障局關於推動集採藥品進基層醫療機構、進民營醫療機構、進零售藥店的通知》粵醫保函[2025] 208號) actively encourage the transfer of common and chronic disease prescriptions to conveniently located community pharmacies, aiming to improve patient access to medication. This trend is expected to result in more stable customer traffic and sales growth for retail pharmacies, thereby driving revenue for pharmaceutical distribution enterprises;
  - (b) continuous growth of the online pharmacy market – According to data from Menet.com.cn, total retail terminal drug sales (including physical and online pharmacies) reached RMB574.0 billion in 2024, representing a year-on-year increase of 3.7%. Drug sales through online pharmacies amounted to RMB75.8 billion in 2024, representing a year-on-year increase of 14.4% compared to 2023. Instant retail sales through pharmacy platforms (including pharmaceutical and non-pharmaceutical products) reached RMB48.7 billion, representing an increase of 31.3% year-on-year. The continued expansion of online medical insurance payment channels, together with the release of hospital prescription outflows and the deepening integration of online and offline channels, is expected to sustain the rapid growth momentum of the online pharmacy market; and
  - (c) rising demand for drug distribution to primary-level institutions – With the government's ongoing efforts to promote the downward allocation of medical resources, pharmaceutical supply demand from primary medical institutions and retail pharmacies is expected to increase substantially. However, existing logistics and service networks still face constraints in coverage and efficiency, giving rise to greater market space for professional pharmaceutical distribution services.

Against this backdrop, Guangdong Province, as one of the major pharmaceutical retail markets in China,

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## LETTER FROM THE BOARD

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is projected to maintain significant growth in the coming years. This will require the Group to reserve adequate funding to seize opportunities arising from policy support, market expansion, and integration of new retail channels within the healthcare reform framework; 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.

The Company will renew the annual cap or set a new annual cap in accordance with Rule 14A.53 of the Listing Rules before the expiry of the Annual Caps on 31 December 2028.

### **(c) Securities by way of floating charge**

As the Group's major assets, such as property, plant and its land use rights, have already been pledged to other banks as securities for other banking facilities, inventory possesses a relatively high book value among the Group's assets. Therefore, in line with market practice and after negotiation with Jiangyao Group, the parties have decided to secure the loan by way of floating charge over the inventories of the Group. The specific ratio of security value (i.e. the inventory value to be subject to floating charge arrangement) over the individual loan amount depends on the negotiation between the parties and the actual situation. The Group and Jiangyao Group will negotiate the specific ratio for each individual loan agreement to determine the actual inventory level to be provided as securities of the individual loan, based on, among other things, the size of the loan, the repayment schedule and the market situation at the time of entering into the individual loan agreement.

The inventories of the Group primarily comprise western medicine, Chinese patent medicine and health products. As a floating charge, no specific inventory will be charged or transferred to Jiangyao Group while the Group will maintain sufficient inventory level not less than the charged inventory value to Jiangyao Group. The floating charge can be registered to the Movables Financing Registry Portal from the Credit Reference Center of the People's Bank of China (also known as "Zhongdengwang"). The inventory level, including details of the inventory type and value, can be continuously monitored through the Group's real-time tracking system. The Company will provide regular reports to Jiangyao Group regarding the inventory level, and Jiangyao Group has the right to conduct on-site inspections for verification purposes. In case of default, Jiangyao Group has the right to conclude an agreement with the Group to have the inventories sold or auctioned. With respect to all monies received in selling or auctioning the charged inventories, priority shall be given to using the monies to make the relevant repayments to Jiangyao Group.

### **(d) 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-

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## LETTER FROM THE BOARD

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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.

### **(e) 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. If the outstanding loan balances amount to 80% of the relevant Annual Caps or above, the capital management department of the Company will promptly alert the management of the Company to ensure that the actual transaction amount will not exceed the proposed 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 on the website of the People's Bank of China; (b) obtain quotation on interest rates from at least two major commercial banks that are principal bankers of the Group, and compare the interest rate of the individual loan with such interest rates provided by the commercial banks 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 are 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.

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## LETTER FROM THE BOARD

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### **(f) Implications under the Listing Rules**

As at the Latest Practicable Date, 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.

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.

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.

### **(g) 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 third-party logistics services and 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

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## LETTER FROM THE BOARD

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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.

### **3. ABOLITION OF BOARD OF SUPERVISORS, PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND PROPOSED AMENDMENTS TO THE RELATED CORPORATE GOVERNANCE POLICIES**

In accordance with the Company Law and other Chinese laws and regulations, and with reference to the Guidelines on the Articles of Association of Listed Companies (as amended in 2025) and other norms, regulations and normative documents, to further improve corporate governance and after taking into account the actual circumstances of the Company, The Company shall abolish the Board of Supervisors, and the relevant powers of the Board of Supervisors shall be exercised by the Audit Committee, and intends to amend the Articles of Association, the Rules of Procedures for General Meetings, and the Rules of Procedures for Board Meetings. From the effective date of the amended Articles of Association, the positions of the existing supervisors of the Company shall be terminated, and the Rules of Procedures for Board of Supervisors' Meeting shall be repealed accordingly.

Before the general meeting of the Company approves the proposed amendments to the Articles of Association, the Board of Supervisors will continue to perform its duties diligently and conscientiously to safeguard the interests of the Company and the Shareholders. Details of the proposed amendments to the Articles of Association are set out in Appendix II to this circular, and details of the proposed amendments to, the Rules of Procedures for General Meetings and the Rules of Procedures for Board Meetings are set out in Appendix III to this circular.

The legal advisers to the Company as to Hong Kong laws and PRC laws have confirmed, respectively, that the proposed amendments to the Articles of Association comply with the applicable requirements of the Listing Rules and do not violate PRC laws. The Company also confirms that there is nothing unusual about the proposed amendments for a joint stock company incorporated in the PRC and listed on the Stock Exchange. The proposed amendments shall be subject to approval by Shareholders by way of special resolution at the EGM (in respect of amendments to the Articles of Association, the Rules of Procedures for General Meetings and the Rules of Procedures for Board Meetings).

### **4. PROPOSED CHANGE OF AUDITORS**

ShineWing Certified Public Accountants (Special General Partnership) (“**ShineWing**”) has served as the auditor of the Company since 2017. In accordance with the relevant regulations of the Administrative Measures for Selection and Appointment of Accounting Firms by Stated-owned Enterprise and Listed Companies (Cai Kuai [2023] No. 4) (the “**Administrative Measures**”) jointly issued by the Ministry of Finance of the PRC, State-owned Assets Supervision and Administration Commission of the State Council and China Securities Regulatory Commission, state-owned enterprises (including state-controlled listed companies) shall, in principle, continuously employ the same accounting firm for no more than eight years.

Considering that ShineWing is approaching the end of its service term as stipulated in the Administrative Measures, and in order to continue to maintain a good level of corporate governance, the Board has communicated the above consideration factors with ShineWing in relation to the proposed change of auditors and ShineWing has agreed to resign as the auditor of the Company at the conclusion of the EGM.

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## LETTER FROM THE BOARD

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ShineWing has confirmed in writing that there are no matters that need to be brought to the attention of the Shareholders. The Board and the Audit Committee have confirmed that there is no disagreement or unresolved issue between the Company and ShineWing, and there are no other matters or circumstances in respect of the resignation of ShineWing that need to be brought to the attention of the Shareholders. As at the date of this announcement, ShineWing has not commenced any audit work on the consolidated financial statements of the Group for the year ending 31 December 2025. The Board takes the view that the change of the auditors will not have any material impact on the annual audit of the Group for the year ending 31 December 2025.

The Board would like to take this opportunity to express its sincere gratitude to ShineWing for its professional and quality services rendered to the Group in the past years.

In light of ShineWing approaching the end of its service term as stipulated in the Administrative Measures as aforementioned, and in accordance with the relevant provisions of the Administrative Measures and the recommendation of the Audit Committee, the Board has proposed the appointment of Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)) (“**Pan-China**”) as the auditor of the Company following the resignation of ShineWing and to hold office until the conclusion of the next annual general meeting of the Company, subject to the approval of the Shareholders at the EGM.

The Audit Committee has considered a number of factors in assessing the appointment of Pan-China as the new auditor of the Company, including but not limited to (i) the audit proposal of Pan-China; (ii) its experience in providing audit services for companies listed on the Stock Exchange, its industry knowledge, technical competence and its familiarity with the requirements of the Listing Rules and the PRC Accounting Standards for Business Enterprises; (iii) its resources and capability including manpower and time; (iv) its independence, objectivity and integrity; and (v) the guidance issued by the Accounting and Financial Reporting Council.

Based on the aforesaid factors and after careful consideration, the Board and the Audit Committee are of the opinion that (i) Pan-China, with their industry experience and technical competence, is suited to meet the existing needs and audit requirements of the Group; (ii) the appointment of Pan-China as the new auditor of the Company will not compromise the standard and effectiveness of the audit of the Group; and (iii) the proposals provided by Pan-China aligned with the Company’s audit scope, quality standards and service requirements; (iv) Pan-China maintains a good reputation and has consistently served a number of listed companies with a business scale comparable to that of the Company; and (v) the appointment of Pan-China as the new auditor of the Company is in the interest of the Company and the Shareholders as a whole. Based on the foregoing, the Board and the Audit Committee have concluded that Pan-China is eligible and suitable to act as the new auditor of the Company for the annual audit of the Group for the year ending 31 December 2025.

The proposed appointment shall be subject to approval by Shareholders by way of ordinary resolution at the EGM.

### **5. CLOSURE OF BOOKS**

In order to determine the Shareholders who are entitled to attend the EGM, the register of members of the Company will be closed from Tuesday, 9 December 2025 to Friday, 12 December 2025 (both days inclusive), during which period no transfer of Shares can be registered. In order to be qualified to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company’s shares

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## LETTER FROM THE BOARD

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registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 December 2025. Shareholders whose names appear on the register of members of the Company at the close of business on Friday, 12 December 2025 are entitled to attend and vote at the EGM.

### 6. EGM

A notice convening the EGM to be held at the conference room, on 2nd Floor, No. 33, Liyu Street, Dongchong Town, Nansha District, Guangzhou City, Guangdong Province, PRC at 3:00 p.m. on Friday, 12 December 2025 is set out on pages EGM-1 to EGM-3 of this circular.

As Jiangyao is a connected person, Jiangyao and its associates will abstain from voting on the resolutions to approve the New Framework Agreements and the Annual Caps at the EGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than Jiangyao and its associates, no other connected person of the Company, Shareholders or their respective associate has a material interest in the transactions contemplated under the New Framework Loan Agreement and is required to abstain from voting on the relevant resolutions to be proposed at the EGM.

Shareholders who are entitled to attend and vote at the EGM 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 EGM must be deposited by hand or post, for Shareholders, to the 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 not less than 24 hours (i.e. no later than 3:00 p.m. on Thursday, 11 December 2025) before the time for holding the EGM (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 EGM or any adjourned meetings should they so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM 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.

### 7. RECOMMENDATIONS

In respect of the New Framework Loan Agreement, the Directors (including the independent non-executive Directors whose opinions are given in the letter from the Independent Board Committee) consider that 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 the transactions contemplated thereunder are on normal commercial terms or better and in the ordinary and usual course of business of the Group. Accordingly, the Directors (including the independent non-executive Directors who have taken the advice of the Independent Financial Adviser) recommend that the Independent Shareholders vote in favour of the resolutions in relation to the foregoing at the forthcoming EGM. Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the appendices to this circular.

In addition, the Directors consider that (i) the proposed amendments to the Articles of Association, the proposed amendments to the Rules of Procedures for General Meetings and the Rules of Procedures for Board Meetings; and (ii) the proposed change of auditors of the Company are in the interests of the Company and the Shareholders

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## LETTER FROM THE BOARD

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as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the aforesaid resolutions set out in the notice of the EGM.

### **8. ADDITIONAL INFORMATION**

Your attention is drawn to (i) the letter from the Independent Board Committee on pages IBC-1 of this circular containing the recommendation of the Independent Board Committee to the Independent Shareholders; (ii) the letter from the Independent Financial Adviser on pages IFA-1 to IFA-11 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders and the principal factors and reasons taken into account by the Independent Financial Adviser in arriving at its advice; and (iii) the additional information set out in the appendices to this circular.

Yours faithfully

For and on behalf of the Board

**Charmacy Pharmaceutical Co., Ltd.**

**Yan Jingbin**

*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

24 November 2025

*To the Independent Shareholders*

Dear Sir or Madam,

We refer to the circular of the Company dated 24 November 2025 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the New Framework Loan Agreement and the Annual Caps, and to advise the Independent Shareholders on whether the same are fair and reasonable so far as the Independent Shareholders are concerned and are in interests of the Company and the Shareholders as a whole. Kingsway Capital Limited has been appointed as the Independent Finance Adviser to give recommendations to the Independent Board Committee and the Independent Shareholders in respect of the above matters.

Your attention is drawn to the “Letter from the Board” and to the advice of the Independent Financial Adviser in its capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the terms of the New Framework Loan Agreement and the Annual Caps are fair and reasonable and in the interest of the Company and its Independent Shareholders as a whole, as set out in the “Letter from the Independent Financial Adviser” as well as other additional information set out in other parts of the Circular.

Having taken into account the advice of, and the principal factors and reasons considered by the Independent Financial Adviser in relation thereto as stated in its letter, we consider that (i) the New Framework Loan Agreement is entered into in the ordinary and usual course of business of the Company; and (ii) the New Framework Loan Agreement and the Annual Caps are on normal commercial terms, fair and reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution in this regard.

Yours faithfully

For and on behalf of the Independent Board Committee of

**Charmacy Pharmaceutical Co., Ltd.**

**Li Hanguo**

**Wan Chi Wai Anthony**

**Guan Jian (also known as Guan Suzhe)**

*Independent non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the letter of advice from Kingsway Capital to the Independent Board Committee and the Independent Shareholders prepared related to the continuing connected transaction for the purpose of inclusion in this circular.*



24 November 2025

*The Independent Board Committee and the Independent Shareholders of  
Charmacy Pharmaceutical Co., Ltd.*

Dear Sirs,

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

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the New Framework Loan Agreement (the “**New Framework Loan Agreement**”) together with its proposed annual caps for the three years ending 31 December 2028 (the “**Annual Caps**”), details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company dated 24 November 2025 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless specified otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

As set out in the Letter from the Board, on 20 October 2025 (after trading hour), the Company and Jiangyao have 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 the 1 January 2026.

#### **IMPLICATION UNDER THE LISTING RULES**

As at the Latest Practicable Date, 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee comprising Mr. Li Hanguo, Mr. Wan Chi Wai Anthony and Mr. Guan Jian (all being the independent non-executive Directors), has been established to advise the Independent Shareholders as to whether (i) the terms of the New Framework Loan Agreement and the Annual Caps have been determined on a fair and reasonable basis and entered into on normal commercial term and in the ordinary and usual course of business of the Company and in the interest of the Company and Shareholders as a whole; and (ii) to vote in favour of the resolutions to be proposed at the EGM. We, Kingsway Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **OUR INDEPENDENCE**

We are independent pursuant to Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the New Framework Loan Agreement and the Annual Caps. As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. Within the two years prior to the Latest Practicable Date, we have acted as independent financial adviser to the independent shareholders of the Company in relation to continuing connected transactions of the Company, details of which are set out in the circular of the Company dated 9 December 2024. Apart from normal professional fees paid to us in connection with the aforesaid appointment, no arrangements exist whereby we have received any fees or benefits from the Company or any other party to the transactions during the two years prior to the Latest Practicable Date, therefore we consider such relationship would not affect our independence.

### **BASIS OF OUR OPINION**

In formulating our recommendation to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors and the management of the Company. We have assumed that all information and representations provided by the Directors and the management of the Company, for which they are solely and wholly responsible for are true, accurate and complete in all material respects and not misleading or deceptive at the time when they were provided or made and will continue to be so as at the date of the Circular. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors and the management of the Company in the Circular were reasonably made after due enquires and careful consideration by the Directors and the management of the Company and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We have also assumed that the information referred to in the Circular will continue to be true, accurate and complete as at the date of the Circular and if there is any material change of information in the Circular up to the date of the EGM, we will inform the Shareholders as soon as practicable. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and the management of the Company nor have we conducted any independent investigation into the business, financial conditions and affairs or the prospect of the Group or any of their associates.

The Directors have collectively and individually accepted full responsibility for all information given with regard to the Company including particulars given in compliance with the Listing Rules. The Directors have confirmed, after having made all reasonable enquires, which to the best of their knowledge and belief, the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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information contained in the 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 or the Circular misleading.

This letter is issued to the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the continuing connected transactions contemplated under the Framework Loan Agreement and the Annual Caps, and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendations to the Independent Board Committee and the Independent Shareholders, we have taken the following principal factors and reasons into consideration:

#### 1. Background information of the parties to the Framework Agreements and the Annual Caps

##### *Information of the Company and the Group*

As stated in the Letter from the Board, 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.

The table below sets forth a summary of the financial highlights of the Group for the two years ended 31 December 2024 as extracted from the annual report of the Company for the year ended 31 December 2024 (the “**2024 Annual Report**”) and the six months ended 30 June 2025 as extracted from the interim report of the Company for the six months ended 30 June 2025 (the “**2025 Interim Report**”):

Item	For the year ended 31 December		For the six months ended 30 June	
	2023	2024	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	4,403,633	4,435,461	2,347,185	2,155,071
Net profit	51,345	53,284	26,747	21,739

##### *Comparison between the years ended 31 December 2023 and 2024*

The total revenue of the Group slightly increased from approximately RMB4,403.6 million for the year ended 31 December 2023 to approximately RMB4,435.5 million for the year ended 31 December 2024, representing an increase of approximately 0.7%. According to the 2024 Annual Report, the slightly increase of total revenue of the Group was because of (i) focusing on the nontendering market and intensifying the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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brand cooperation; and (ii) strengthening the supply chain advantages and enhancing the customer satisfaction.

The net profit of the Group decreased by approximately 3.6% to RMB51.3 million for the year ended 31 December 2024 from RMB53.3 million for the year ended 31 December 2023.

### *Comparison between the six months ended 30 June 2024 and 2025*

The total revenue of the Group slightly decreased from approximately RMB2,347.2 million for the six months ended 30 June 2024 to approximately RMB2,155.1 million for the six months ended 30 June 2025, representing a decrease of approximately 8.2%. According to the 2025 Interim Report, the decrease of total revenue of the Group was due to (i) a slowdown in macroeconomic growth, which exerted pressure on the business performance of both upstream and downstream industries, coupled with a relatively high base in the first quarter of 2024 and (ii) the deepening implementation of centralised drug procurement policies has led to a reduction in the end prices of certain pharmaceuticals, resulting in a contraction in the volume of some drug-related operations.

The net profit of the Group decreased by approximately 18.7% to RMB21.7 million for the six months ended 30 June 2025 from RMB26.7 million for the six months ended 30 June 2024.

### *Information of Jiangyao*

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 江西省國有資本運營控股集團有限公司 (Jiangxi State Capital Operation Holding Group Co., Ltd.\*) and its subsidiary 江西國控資本有限公司 (Jiangxi State Holding Capital Co., Ltd.\*), which is ultimately controlled by 江西省國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Jiangxi Province\*) 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.

## **2. Reasons and benefits for entering the New Framework Loan Agreement and the Annual Caps**

### *Background of the New Framework Loan Agreement*

As stated in the Letter from the Board, 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. 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 are of the view that entering into the New Framework Loan Agreement is in the interests of the Company and the Shareholders as a whole.

As discussed with the management of the Company, the Group generally obtain facility from over 15 commercial banks, but none of them grant the Group with the credit line over RMB500 million. The banking facility is normally for fixed term around one year and the success and timing of renewal would materially affect the liquidity of the Company. Hence, the Directors consider that it is appropriate to have more option to obtain

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the facility. Additionally, as discussed with the management of the Company, the entering into of the New Framework Loan Agreement is in substance the extension of the established business relationship with Jiangyao under the Existing Framework Loan Agreement which will continue to benefit the Group. The Company is generally satisfied with the loan provided by Jiangyao under the Existing Framework Loan Agreement.

Having considered that (i) external financing is essential for the Group's daily operations; (ii) the success and timing of renewal of banking facility would materially affect the liquidity of the Company; (iii) the New Framework Loan Agreement allows the Group to have more options to obtain external financing for their daily operation; (iv) Jiangyao is more familiar with the capital structure, business operations, fundings needs and cash flow pattern of the Group than independent commercial banks in the PRC; and (v) the New Framework Loan Agreement does not restrict the Group to obtain facility from other independent commercial banks; and (vi) no material disputes or complaints against Jiangyao in relation the loan provided by Jiangyao, we concur with the Directors' view that the entering into the New Framework Loan Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### 3. Principal terms of the New Framework Loan Agreement and the Annual Caps

The principal terms of the New Framework Loan Agreement are summarized as follows:

Date	:	20 October 2025 (after trading hours)
Parties	:	The Company (as borrower) and Jiangyao (as lender)
Term	:	From 1 January 2026 to 31 December 2028
Principal amount	:	The loan amount shall not exceed RMB500 million, being the maximum limit as authorised by the statutory approval authorities of both parties (i.e. their respective board meetings and shareholders' meetings)
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 security value over the individual loan amount

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

depends on the negotiation between the parties and the actual situation

Condition : The New Framework Loan Agreement is subject to both parties obtaining their  
Precedent : respective internal approval in relation to the entering of the New Framework Loan Agreement and the transaction contemplated thereunder

### *Annual caps and its basis of determination*

A summary of the historical amount under the Existing Framework Loan Agreement for the two years ended 31 December 2024 and nine months ended 30 September 2025 and the proposed annual caps under the New Framework Loan Agreement for the three years ending 31 December 2028 are set out in the table below:

Historical transaction amount			Proposed annual caps		
Year ended 31 December 2023	Year ended 31 December 2024	For the period ended 30 September 2025	Year ending 31 December 2026	Year ending 31 December 2027	Year ending 31 December 2028
(RMB'million)	(RMB'million)	(RMB'million)	(RMB'million)	(RMB'million)	(RMB'million)
92	150	150	500	500	500

As discussed with the management of the Company, the annual borrowing caps for the maximum aggregate amount which can be borrowed by the Group on any single day were determined after having considered (a) the need for sufficient working capital of the Group for business development and expansion 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. In particular, the Group's selling expenses amounted to RMB120.44 million in 2024, representing a compound annual growth rate (CAGR) of 9.24% in the past five years. We have reviewed the annual report of the Company for each of the four years ended 31 December 2024 for such increase in the selling expenses while the number of customers of the Group increased from 10,915 as at 31 December 2020 to 14,429 as at 31 December 2024; (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. In particular, the deepening of national and provincial healthcare reform policies is bringing structural opportunities to terminal channels such as standalone retail pharmacies and private hospitals. The Group considers the following trends and developments to be of particular relevance: (1) emerging value of retail pharmacy channels – Recent policies such as 《廣東省醫療保障局關於推動集採藥品進基層醫療機構、進民營醫療機構、進零售藥店的通知》粵醫保函[2025]208號 (Notice of the Guangdong Medical Security Bureau on Promoting the Inclusion of Centrally Procured Drugs into Primary Medical Institutions, Private Medical Institutions and Retail Pharmacies (Yue Yi Bao Han [2025] No. 208\*)) (the “**Notice**”) actively encourage the transfer of common and chronic disease prescriptions to conveniently located community pharmacies, aiming to improve patient access to medication. This trend is expected to result in more stable customer traffic and sales growth for retail pharmacies, thereby driving revenue for pharmaceutical distribution enterprises,

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(2) continuous growth of the online pharmacy market – According to data from [menet.com.cn](http://menet.com.cn), total retail terminal drug sales (including physical and online pharmacies) reached RMB574.0 billion in 2024, representing a year-on-year increase of 3.7%. Drug sales through online pharmacies amounted to RMB75.8 billion in 2024, representing a year-on-year increase of 14.4% compared to 2023. Instant retail sales through pharmacy platforms (including pharmaceutical and non-pharmaceutical products) reached RMB48.7 billion, representing an increase of 31.3% year-on-year. The continued expansion of online medical insurance payment channels, together with the release of hospital prescription outflows and the deepening integration of online and offline channels, is expected to sustain the rapid growth momentum of the online pharmacy market; and (3) rising demand for drug distribution to primary-level institutions – With the government’s ongoing efforts to promote the downward allocation of medical resources, pharmaceutical supply demand from primary medical institutions and retail pharmacies is expected to increase substantially. However, existing logistics and service networks still face constraints in coverage and efficiency, giving rise to greater market space for professional pharmaceutical distribution services. Against this backdrop, Guangdong Province, as one of the major pharmaceutical retail markets in China, is projected to maintain significant growth in the coming years. This will require the Group to reserve adequate funding to seize opportunities arising from policy support, market expansion, and integration of new retail channels within the healthcare reform framework; 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; and (b) the business relationship with the existing commercial banks by using their financing services, as such, the Group aims to maintain a portion of over 50% of total financing with existing commercial banks. We reviewed the maximum amount of financing of the Group on any single day in 2023, 2024 and nine months period from 1 January to 30 September 2025 of approximately RMB1,130 million, RMB1,428 million and RMB1,648 million respectively and the Annual Caps represent less than 50% to the maximum amount of financing of the Group granted by the independent commercial banks and Jiangyao to the Group on any single day in 2023, 2024 and nine months period from 1 January to 30 September 2025.

We have reviewed the Notice which was published by Healthcare Security Administration of Guangdong Province on 9 October 2025. According to the Notice, it also aim to protect the supply of medicines to rural and remote areas by strengthening the distribution and scheduling of medicines to rural and remote areas. We have also reviewed the website of [menet.com.cn](http://menet.com.cn) and noted that [menet.com.cn](http://menet.com.cn) is organized by a subsidiary of National Medical Products Administration Institute of Medical Economics which we consider the information is reliable.

In light of the above, in particular, (i) continuous growth of the pharmacy market and (ii) the purpose of maintaining business relationship with existing commercial banks by using their financing services, we concurred the view of the Director that the proposed annual caps under the New Framework Loan Agreement are determined based on reasonable estimation and after due and careful consideration and they are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

### *Interest rate*

For our due diligence purpose, we have obtained and reviewed interest rate from all contracts entered into between the Group and the Jiangyao for each of the two years ended 31 December 2024 and the nine months ended 30 September 2025 against the contracts entered into between the Group and other commercial banks for the same period. We noted that the interest rates offered by Jiangyao were

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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not higher than the interest rates offered/quoted by other independent commercial banks in the PRC for loan of similar nature and under similar terms.

Given that (i) the contracts under the Existing Framework Loan Agreement and the three contracts from other commercial banks for each of the two years ended 31 December 2024 and the nine months ended 30 September 2025; and (ii) the auditor of the Company has issued an unqualified letter mentioned that nothing has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the Company's pricing policies as mentioned in the annual report of the Company for the year ended 31 December 2024, we consider that the samples obtained were sufficient and representative and it is reasonably fair and the terms offered by Jiangyao had no less favourable than the terms offered by other commercial banks.

### *Security*

As confirmed with the management of the Company, no loan facility from Jiangyao was with inventories charged as security since 1 January 2023.

In addition, as discussed with the management of the Company, during their negotiation with the commercial banks on the security, floating charge is also an option stated in commercial bank's standard charge agreement. We have reviewed such standard charge agreement and noted the same. On the basis of our review, we note that (i) security by way of floating charge is not uncommon; and (ii) the term of use of inventories as collateral under the New Framework Loan Agreement was in line with the term offered by other independent commercial bank. As such, we consider that the terms in relation to security under the New Framework Loan Agreement is fair and reasonable and on normal commercial terms.

Furthermore, various internal control measures will be put in place within the Group to ensure compliance with the terms, including interest rate and security, under the New Framework Loan Agreement (as further discussed in the section headed "Internal control measures within the Group" below).

In light of the above, in particular, the comparison of the interest rate and security with two major commercial banks under internal control measures before the signing of each individual loan agreement under the New Framework Loan Agreement, we are of the view that the terms of the New Framework Loan Agreement and the continuing connected transactions contemplated thereunder are on normal commercial terms, fair and reasonable and on terms no less favourable to the Company than terms available from independent third parties.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Internal control measures within the Group

As disclosed in the Letter from the Board, 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 Framework Loan Agreement and report the latest status of the loans granted under the 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. If the outstanding loan balances amount to 80% of the relevant Annual Caps or above, the capital management department of the Company will promptly alert the management of the Company to ensure that the actual transaction amount will not exceed the proposed 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 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 on the website of the People's Bank of China; (b) obtain quotation on the interest rate from at least two major commercial banks that are principal bankers of the Group, and compare the interest rate of the individual loan with such interest rates provided by the commercial banks 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 manager 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 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 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 Framework Loan Agreement to ensure that the Company has complied with its internal approval process and the relevant requirements under the Listing Rules.

We have further reviewed the internal control manual regarding the continuing connected transactions between the Company and connected parties and as advised by the management of the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Company, we noted that (i) the capital management department of the Company monitors the cumulative actual transaction amounts against the approved annual caps to ensure the compliance of the terms and policy; (ii) the auditor will conduct an annual review of the continuing connected transactions of the Company to assess whether such transactions have been carried out in accordance with the relevant terms of the agreement entered into by the Company. As advised by the management of the Company, the Group will endeavour to carry out adequate supervision over the terms and policy under the New Framework Loan Agreement against the Annual Caps, with a view to ensure that necessary measures and appropriate actions for the compliance with the applicable requirements will be promptly taken.

We have also reviewed (a) the internal control procedures of the Group on all loans with Jiangyao in respect of internal control measure point (iii) above; (b) all monthly record of capital management department for the usage of the loan with Jiangyao in respect of internal control measure points (i) and (ii) above; (c) all reporting record in relation to the loans with Jiangyao from capital management department to the Directors in respect of internal control measure point (ii) above; (d) unqualified letter issued by the auditor of the Company that nothing has come to their attention that causes them to believe that the continuing connected transactions were not, in all material respects, in accordance with the Company's pricing policies as mentioned in the annual report of the Company for the two years ended 31 December 2024 in respect of internal control measure point (iv) above; and (e) the confirmation from the Company's independent non-executive Directors in relation to the continuing connected transactions of the Group for the two years ended 31 December 2024 in respect of internal control measure point (v) above and noted that (i) the Company has adequate internal control procedures as aforementioned; (ii) the loan with Jiangyao and the samples of banking facilities between the Group and the independent commercial banks, reviewed by us are consistent with the relevant internal control measures as aforementioned; (iii) the independent non-executive Directors will conduct an annual review of the transactions entered into under the New Framework Loan Agreement to ensure that the Company has complied with its internal approval process; and (iv) the auditor will conduct an annual review of the continuing connected transactions of the Company to assess whether such transactions have been carried out in accordance with the relevant terms of the agreement entered into by the Company.

In view of the above, in particular, (i) the comparison of the interest rate and security with two major commercial banks under internal control measures before the signing of each individual loan agreement under the New Framework Loan Agreement for preventing that the terms offered by Jiangyao is no less favourable than the terms offered by other commercial banks and (ii) the monitoring the outstanding loan balance for preventing any exceed caps, we consider that the internal control measure is effective, if implemented strictly by the Group, the internal control are sufficient to safeguard Shareholders' interest in conducting the New Framework Loan Agreement and the continuing connected transactions contemplated thereunder. Accordingly, we are of the view that the internal control procedures are in place and in compliance with the internal control mechanism as mentioned above.

For further details of the internal control measures adopted by the Group, please refer to the section headed "INTERNAL CONTROL MEASURES" in the Letter from the Board.

### RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that (i) the New Framework Loan Agreement is entered into in the ordinary and usual course of business of the Company; and (ii) the New Framework Loan Agreement and its respective Annual Caps are on normal commercial terms, fair and

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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reasonable insofar as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,  
For and on behalf of  
**Kingsway Capital Limited**

**Stanley Chung**  
*Managing Director*

**Jack Wan**  
*Responsible officer*

*Note:*

*Mr. Stanley Chung has been a responsible officer of Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance since 2006. Mr. Jack Wan is a responsible officer of type 6 (advising on corporate finance) regulated activities and has more than nine years of experience in corporate finance and investment banking. Both Mr. Stanley Chung and Mr. Jack Wan have participated in and completed various advisory transactions (including connected transactions of listed companies in Hong Kong).*

*The English translation of the Chinese name(s) in this letter, where indicated with \* is included for information purpose only and should not be regarded as the official English name(s) of such Chinese names.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, include 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 or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### I. Interest of Directors and chief executives

As at the Latest Practicable Date, the interests of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company, its members of the Group and/ or any of its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name of Director	Capacity/ Nature of interest	Class and number of Shares <sup>(1)</sup>	Approximate shareholding percentage of the total issued share capital <sup>(2)</sup>
Mr. Yao Chuanglong	Beneficial owner	34,530,000 H Shares (L)	31.97%

Notes:

- (1) The letter “L” denotes a person’s long position (as defined under Part XV of the SFO) in the Shares.
- (2) The calculation is based on the total number of 108,000,000 H Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, supervisors and chief executives of the Company has any other interests or short positions in the shares, underlying shares or debentures of the Company, its members of the Group or any of its associated corporations (as defined in Part XV of the SFO) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she is taken or deemed to have under such provisions of the SFO) or which are required to be entered in the register referred to therein pursuant to Section 352 of the SFO or which are required pursuant to the Model Code.

### II. Interest of Substantial Shareholders

As at the Latest Practicable Date, so far as the Directors are aware, the following persons/entities (other than any Directors, supervisors or chief executives of the Company) had or deemed to have an interest or short position in

the Shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which had entered in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholder	Capacity/ Nature of interest	Class and number of Shares <sup>(1)</sup>	Approximate shareholding percentage of the total issued share capital <sup>(2)</sup>
Ms. You Zeyan	Interest of spouse <sup>(3)</sup>	34,530,000 H Shares (L)	31.97%
Jiangyao	Beneficial owner	29,050,000 H Shares (L)	26.90%
	Interest in controlled corporation <sup>(4)</sup>	17,420,000 H Shares (L)	16.13%
	Person having a security interest in shares <sup>(5)</sup>	5,000,000 H Shares (L)	4.63%
Jiangxi Pharmaceutical Investment Co., Limited	Beneficial owner	17,420,000 H Shares (L)	16.13%

Notes:

- (1) The letter “L” refers to a person’s long position (as defined under Part XV of the SFO) in the Shares.
- (2) The calculation is based on the total number of 108,000,000 H Shares in issue as at the Latest Practicable Date.
- (3) Ms. You Zeyan is the spouse of Mr. Yao Chuanglong, the vice chairman and executive Director. Therefore, she is deemed to be interested in the Shares held by Mr. Yao Chuanglong under the SFO.
- (4) Jiangxi Pharmaceutical Investment Co., Limited is wholly owned by Jiangyao. Therefore, Jiangyao is deemed to be interested in the Shares held by Jiangxi Pharmaceutical Investment Co., Limited pursuant to the SFO.
- (5) Jiangyao has security interest over 5,000,000 Shares, representing the Shares pledged by Mr. Yao Chuanglong in favour of Jiangyao.

Save as disclosed herein, the Directors were not aware of any person who had, as at the Latest Practicable Date, an interest or short position in Shares or underlying shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

### 3. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any member of the Group other than contracts expiring or by the employer within one year without payment of compensation (other than statutory compensation).

#### 4. LITIGATIONS

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and, so far as the Directors were aware, no litigation or claims of material importance were pending or threatened against any member of the Group.

#### 5. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group as a whole since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up.

#### 6. QUALIFICATION OF EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Kingsway Capital Limited	A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Kingsway Capital Limited had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, Kingsway Capital Limited had no direct or indirect interest in any asset which had been, since 31 December 2024, being the date to which the latest published audited financial statements of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

Kingsway Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein a copy of its advice and references to its name, in the form and context in which they respectively appear. The letter of the Independent Financial Adviser contained herein was issued on 24 November 2025 and was made by Kingsway Capital Limited for incorporation in this circular.

#### 7. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

None of the Directors has any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2024, being the date up to which the latest published audited financial statements of the Group were made.

None of the Directors is materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

**8. DIRECTORS' COMPETING INTERESTS**

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors was interested in any business which competed, or was likely to compete, either directly or indirectly, with the businesses of the Group.

**9. MISCELLANEOUS**

This circular has been prepared in both English and Chinese. Save as otherwise specified, in the case of any discrepancy, the English text shall prevail.

**10. DOCUMENTS ON DISPLAY**

Copies of the following documents will be available on the website of the Stock Exchange (<https://www.hkexnews.hk>) and the website of the Company (<https://www.chmyy.com>) from the date of this circular up to and including the date of the EGM:

- (i) the New Framework Loan Agreement;
- (ii) the letter from the Independent Board Committee, the text of which is set out on pages IBC-1 of this circular;
- (iii) the letter from the Independent Financial Adviser, the text of which is set out on pages IFA-1 to IFA-11 of this circular;
- (iv) the written consent of Kingsway Capital Limited referred to in paragraph 6 of this Appendix; and
- (v) this circular.

## APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The details of the proposed amendments to the Articles of Association are set out below:

Original Articles	Amended Articles
<p>Article 1.9.2</p> <p>.....</p> <p>(III) to support the general meetings, the Board of Directors and the Board of Supervisors in exercising their functions and powers in accordance with the law;</p> <p>.....</p>	<p>Article 1.9.2</p> <p>.....</p> <p>(III) to support the general meetings, the Board of Directors and the <del>Board of Supervisors</del> <b>Audit Committee</b> in exercising their functions and powers in accordance with the law;</p> <p>.....</p>
<p>Article 3.7</p> <p>.....</p> <p>Upon the completion of aforesaid issuance of overseas-listed foreign shares, the overseas-listed foreign shares after the issuance represent approximately 25.93% of the total issuable ordinary shares of the Company (in the event that the Over-allotment Option is not exercised), and the capital structure of the Company will be as follows: among 108,000,000 ordinary shares, 70,000,000 shares held by Yao Chuanglong, 6,500,000 shares held by Yao Xizhen, 1,500,000 shares held by Shantou Meizhi Investment Management Limited Partnership* (汕頭市美智投資管理合夥企業 (有限合夥)), 1,000,000 shares held by Shantou Youran Investment Management Limited Partnership* (汕頭市悠然投資管理合夥企業 (有限合夥)), 1,000,000 shares held by Shantou Zhichuang Investment Management Limited Partnership* (汕頭市智創投資管理合夥企業 (有限合夥)) and they were paid up as at 25 May 2015. 28,000,000 shares will be held by shareholders of overseas-listed foreign shares and were paid up as at 16 December 2015. The abovementioned share capital was verified in the capital verification report issued by Shinewing Certified Public Accountants.”</p>	<p>Article 3.7</p> <p>.....</p> <p>Upon the completion of aforesaid issuance of overseas-listed foreign shares, the overseas-listed foreign shares after the issuance represent approximately 25.93% of the total issuable ordinary shares of the Company (in the event that the Over-allotment Option is not exercised), and the capital structure of the Company will be as follows: among 108,000,000 ordinary shares, <del>70,000,000 shares held by Yao Chuanglong, 6,500,000 shares held by Yao Xizhen, 1,500,000 shares held by Shantou Meizhi Investment Management Limited Partnership* (汕頭市美智投資管理合夥企業 (有限合夥)), 1,000,000 shares held by Shantou Youran Investment Management Limited Partnership* (汕頭市悠然投資管理合夥企業 (有限合夥)), 1,000,000 shares held by Shantou Zhichuang Investment Management Limited Partnership* (汕頭市智創投資管理合夥企業 (有限合夥))</del> <b>80,000,000 shares</b> were paid up as at 25 May 2015, while <del>28,000,000 shares will be held by shareholders of overseas-listed foreign shares</del> and were paid up as at 16 December 2015. The abovementioned share capital was verified in the capital verification report issued by Shinewing Certified Public Accountants.</p>
<p>Article 8.2</p> <p>The general meeting shall have the following functions and powers:</p> <p>(I) to elect and replace directors and to decide on matters relating to the remuneration of directors;</p> <p>(II) to elect and replace the supervisors who are not representatives of staff and workers, and to decide on matters relating to the remuneration of supervisors;</p> <p>(III) to examine and approve reports of the Board;</p> <p>(IV) to examine and approve reports of the board of supervisors;</p> <p>(V) to examine and approve the Company’s profit distribution plans and loss recovery plans;</p> <p>.....</p>	<p>Article 8.2</p> <p>The general meeting shall have the following functions and powers:</p> <p>(I) to elect and replace <b>non-employee</b> directors and to decide on matters relating to the remuneration of directors;</p> <p><del>(II) to elect and replace the supervisors who are not representatives of staff and workers, and to decide on matters relating to the remuneration of supervisors;</del></p> <p><del>(III)</del> <b>(II)</b> to examine and approve reports of the Board;</p> <p><del>(IV) to examine and approve reports of the board of supervisors;</del></p> <p><del>(V)</del> <b>(III)</b> to examine and approve the Company’s profit distribution plans and loss recovery plans;</p>

**APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

	.....
<p>Article 8.5</p> <p>.....</p> <p>(IV) whenever the Board deems necessary or whenever the board of supervisors so requests to convene;</p> <p>(V) other circumstances specified by laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>If shareholders individually or collectively holding 10% (including 10%) or more of the Company's issued shares with voting rights request the convening of an extraordinary general meeting, the Board of Directors and Board of Supervisors shall, within 10 days from the date of receipt of such request, make a decision on whether to convene the extraordinary general meeting and provide a written reply to the shareholders.</p>	<p>Article 8.5</p> <p>.....</p> <p>(IV) whenever the Board deems necessary or whenever the <del>board of supervisors</del> <b>Audit Committee</b> so requests to convene;</p> <p>(V) other circumstances specified by laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>If shareholders individually or collectively holding 10% (including 10%) or more of the Company's issued shares with voting rights request the convening of an extraordinary general meeting, the Board of Directors and <del>Board of Supervisors</del> <b>Audit Committee</b> shall, within 10 days from the date of receipt of such request, make a decision on whether to convene the extraordinary general meeting and provide a written reply to the shareholders.</p>
<p>Article 9.1</p> <p>The Company shall establish a board, which shall be accountable to and report to the general meeting. The Board shall consist of nine 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.</p> <p>The Board of Directors shall have one chairman and may have one vice chairman.</p>	<p>Article 9.1</p> <p>The Company shall establish a board, which shall be accountable to and report to the general meeting. The Board shall consist of nine 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.</p> <p><b>The Board of Directors may include employee representatives. Such representatives shall be democratically elected by the Company's employees through the employees' congress, general meeting of employees, or other forms, and shall not be subject to approval by the shareholders' general meeting.</b></p> <p>The Board of Directors shall have one chairman and may have one vice chairman.</p>
<p>Article 9.2</p> <p>Directors shall be elected at the general meeting for a term of three years from the date of the election. Upon the expiry of the term, a director shall be eligible for re-election.</p> <p>.....</p>	<p>Article 9.2</p> <p>Directors (<b>excluding employee directors</b>) shall be elected at the general meeting for a term of three years from the date of the election. Upon the expiry of the term, a director shall be eligible for re-election.</p> <p>.....</p>
<p>Article 9.6</p> <p>.....</p> <p>The chairman of the Board shall convene and preside over an extraordinary Board meeting within 10 days in one of the following situations when it is:</p> <p>(I) An extraordinary meeting of the Board may be convened when the Chairman thinks it is necessary or</p>	<p>Article 9.6</p> <p>.....</p> <p>The chairman of the Board shall convene and preside over an extraordinary Board meeting within 10 days in one of the following situations when it is:</p> <p>(I) An extraordinary meeting of the Board may be convened when the Chairman thinks it is necessary or</p>

**APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

<p>the general manager requests it;                  (II) When shareholders representing over 10% of voting rights so requests;                  (III) when over one-third of the Directors so request;                  (IV) when the Board of Supervisors so requests;                  (V) When relevant regulatory authorities requests to convene it.                  At the same time, the above proposers are entitled to propose motions to the Board and shall submit his proposal in writing while proposing to convene an extraordinary meeting.</p>	<p>the general manager requests it;                  (II) When shareholders representing over 10% of voting rights so requests;                  (III) when over one-third of the Directors so request;                  (IV) when the <del>Board of Supervisors</del> <b>Audit Committee</b> so requests;                  (V) When relevant regulatory authorities requests to convene it.                  At the same time, the above proposers are entitled to propose motions to the Board and shall submit his proposal in writing while proposing to convene an extraordinary meeting.</p>
<p>Article10.2                  .....                  (XI) to coordinate the provision of relevant information necessary for the Board of Supervisors of the Company and other auditing authorities to discharge their duties; and assisting in carrying out investigations on the performance of the Chief Financial Officer, directors and the general manager of the Company of their fiduciary duties;                  .....</p>	<p>Article10.2                  .....                  (XI) to coordinate the provision of relevant information necessary for the <del>Board of Supervisors</del> <b>Audit Committee</b> of the Company and other auditing authorities to discharge their duties; and assisting in carrying out investigations on the performance of the Chief Financial Officer, directors and the general manager of the Company of their fiduciary duties;                  .....</p>
<p>New</p>	<p><b>Article 11.4</b>  <b>The Company shall establish an Audit Committee under the Board of Directors, which shall exercise the powers and functions of the Board of Supervisors as set out in the <i>Company Law</i>.</b></p>
<p>New</p>	<p><b>Article 11.5</b>  <b>The Audit Committee shall consist of three members, all of whom must be non-executive directors, with independent non-executive directors forming the majority. At least one independent non-executive director shall possess appropriate professional qualifications as required under the <i>Hong Kong Listing Rules</i>, or have appropriate accounting or related financial management expertise.</b></p>
<p>New</p>	<p><b>Article 11.6</b>  <b>The Audit Committee shall be responsible for reviewing the Company’s financial information and its disclosure, and for overseeing and evaluating both internal and external audit work and internal controls. The following matters shall be submitted to the Board of Directors for consideration only after being approved by more than half of all members of the Audit Committee:</b>  <b>(I) The disclosure of financial information contained in financial statements and periodic reports;</b>  <b>(II) The appointment or dismissal of the accounting firm undertaking the Company’s audit work;</b></p>

**APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

	<p><b>(III) The appointment or dismissal of the person-in-charge of the Company’s finance department;</b>  <b>(IV) Changes to accounting policies or accounting estimates, or the correction of material accounting errors, other than those arising from changes in accounting standards; and</b>  <b>(V) Other matters stipulated by laws, administrative regulations, and these Articles of Association.</b></p>
New	<p><b>Article 11.7</b>  <b>The Audit Committee shall convene at least two meetings each year. An extraordinary meeting may be convened upon the proposal of two or more members or when the convener considers it necessary. The Audit Committee shall only meet when more than two-thirds of its members are present.</b>  <b>Resolutions of the Audit Committee shall be passed by a majority of its members. Each member shall have one vote.</b>  <b>The resolutions of the Audit Committee shall be duly recorded in meeting minutes, which shall be signed by the members present at the meeting.</b></p>
New	<p><b>Article 11.8</b>  <b>The rules of procedure for the Audit Committee shall be developed by the Board of Directors.</b></p>
CHAPTER 13 BOARD OF SUPERVISORS	<b>Deleted</b>
<p>Deleted the terms 'Board of Supervisors' or 'Supervisors' in Article 1.7, 3.13, 7.3, 7.5, 8.4, 8.9, 8.22, 8.27, 8.28, 14.1, 14.3, 14.4, 14.5, 14.6, 14.7, 14.8, 14.9, 14.10, 14.11, 14.12, 14.14, 14.16, 14.17, and 14.18 along with other wording modifications that do not affect the meaning. These are non-substantive changes, and due to their extensive scope, they will not be listed item by item.</p>	

The details of the proposed amendments to the Rules of Procedures for General Meetings are set out below:

Original Articles	Amended Articles
<p>Article 3</p> <p>The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.</p> <p>(I) to elect and replace directors and to decide on matters relating to the remuneration of directors;</p> <p>(II) to elect and replace the supervisors who are not representatives of staff and workers, and to decide on matters relating to the remuneration of supervisors;</p> <p>(III) to examine and approve reports of the Board;</p> <p>(IV) to examine and approve reports of the board of supervisors;</p> <p>(V) to examine and approve the Company's profit distribution plans and loss recovery plans;</p> <p>.....</p>	<p>Article 3</p> <p>The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.</p> <p>(I) to elect and replace <b>non-employee</b> directors and to decide on matters relating to the remuneration of directors;</p> <p><del>(II) to elect and replace the supervisors who are not representatives of staff and workers, and to decide on matters relating to the remuneration of supervisors;</del></p> <p><del>(III)</del> (II) to examine and approve reports of the Board;</p> <p><del>(IV) to examine and approve reports of the board of supervisors;</del></p> <p><del>(V)</del>(III) to examine and approve the Company's profit distribution plans and loss recovery plans;</p> <p>.....</p>
<p>Article 6</p> <p>The Company shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:</p> <p>(I) Where the number of directors falls below the statutory minimum as required under the Company Law, or is less than two-thirds of the number of directors stipulated in the Articles of Association;</p> <p>(II) where the unrecovered losses of the Company amount to 1/3 of its total share capital;</p> <p>(III) where shareholder(s) individually or jointly holding 10% or more (including 10%) of the Company's issued and outstanding shares with voting rights request(s) in writing for the convening of an extraordinary general meeting;</p> <p>(IV) whenever the Board deems necessary or whenever the board of supervisors so requests to convene;</p> <p>(V) other circumstances specified by laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>The shareholding ratio referred to in item (III) above shall be calculated based on the date on which the shareholders submit their written request.</p>	<p>Article 6</p> <p>The Company shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:</p> <p>(I) Where the number of directors falls below the statutory minimum as required under the <i>Company Law</i>, or is less than two-thirds of the number of directors stipulated in the Articles of Association;</p> <p>(II) where the unrecovered losses of the Company amount to 1/3 of its total share capital;</p> <p>(III) where shareholder(s) individually or jointly holding 10% or more (including 10%) of the Company's issued and outstanding shares with voting rights request(s) in writing for the convening of an extraordinary general meeting;</p> <p>(IV) whenever the Board deems necessary or whenever the <del>board of supervisors</del> <b>Audit Committee</b> so requests to convene;</p> <p>(V) other circumstances specified by laws, administrative regulations, departmental rules or the Articles of Association.</p> <p>The shareholding ratio referred to in item (III) above shall be calculated based on the date on which the shareholders submit their written request.</p>
<p>Article 9</p> <p>If the Board of Directors fails to issue a notice convening a meeting within 30 days after receiving the written request as specified in Article 8, the shareholders who made such request may propose to the Board of Supervisors to convene an extraordinary general meeting. If the Board of Supervisors agrees to convene this meeting, it shall issue a meeting notice</p>	<p>Article 9</p> <p>If the Board of Directors fails to issue a notice convening a meeting within 30 days after receiving the written request as specified in Article 8, the shareholders who made such request may propose to the <del>Board of Supervisors</del> <b>Audit Committee</b> to convene an extraordinary general meeting. If the <del>Board of Supervisors</del> <b>Audit Committee</b> agrees to convene this meeting, it shall issue a meeting notice within five days</p>

<p>within five days upon receipt of such request. Where the Board of Supervisors fails to convene the extraordinary general meeting within the prescribed time limit, the shareholders who individually or jointly hold 10% or more of the Company's ordinary shares (including preference shareholders whose voting rights have been restored) continuously for more than 90 days may convene and preside over the meeting on their own.</p> <p>If the shareholders call and convene a meeting by themselves since the Board cannot convene the meeting in accordance with the foresaid requirement, the expenses reasonably resulted therefrom shall be borne by our Company and deducted from the amounts owed to the Directors who have neglected their duties.</p>	<p>upon receipt of such request. Where the <del>Board of Supervisors</del> <b>Audit Committee</b> fails to convene the extraordinary general meeting within the prescribed time limit, the shareholders who individually or jointly hold 10% or more of the Company's ordinary shares (including preference shareholders whose voting rights have been restored) continuously for more than 90 days may convene and preside over the meeting on their own.</p> <p>If the shareholders call and convene a meeting by themselves since the Board cannot convene the meeting in accordance with the foresaid requirement, the expenses reasonably resulted therefrom shall be borne by our Company and deducted from the amounts owed to the Directors who have neglected their duties.</p>
<p>Article 10</p> <p>The Board of Supervisors shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting, and such proposal shall be submitted in writing. The Board of Directors shall, in accordance with applicable laws, administrative regulations, and the Articles of Association of the Company, provide a written reply stating its agreement or disagreement to convene the extraordinary general meeting within 10 days upon receipt of such proposal.</p> <p>Where the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a meeting notice within five days after the resolution of the Board of Directors is adopted. Any amendment to the original proposal in the notice shall be subject to the consent of the Board of Supervisors.</p>	<p>Article 10</p> <p>The <del>Board of Supervisors</del> <b>Audit Committee</b> shall have the right to propose to the Board of Directors the convening of an extraordinary general meeting, and such proposal shall be submitted in writing. The Board of Directors shall, in accordance with applicable laws, administrative regulations, and the Articles of Association of the Company, provide a written reply stating its agreement or disagreement to convene the extraordinary general meeting within 10 days upon receipt of such proposal.</p> <p>Where the Board of Directors agrees to convene the extraordinary general meeting, it shall issue a meeting notice within five days after the resolution of the Board of Directors is adopted. Any amendment to the original proposal in the notice shall be subject to the consent of the <del>Board of Supervisors</del> <b>Audit Committee</b>.</p>
<p>Article 11</p> <p>Where the Board of Directors disagrees with convening an extraordinary general meeting, or fails to provide a written reply within 10 days after receiving the proposal, it shall be deemed that the Board of Directors is unable or has failed to perform its duty to convene the general meeting. In such case, the Board of Supervisors may convene and preside over the meeting on its own.</p>	<p>Article 11</p> <p>Where the Board of Directors disagrees with convening an extraordinary general meeting, or fails to provide a written reply within 10 days after receiving the proposal, it shall be deemed that the Board of Directors is unable or has failed to perform its duty to convene the general meeting. In such case, the <del>Board of Supervisors</del> <b>Audit Committee</b> may convene and preside over the meeting on its own.</p>
<p>Article 12</p> <p>For general meetings convened by the Board of Supervisors or by the shareholders themselves, the Board of Directors and the secretary of the Board of Directors shall provide necessary cooperation. The Board of Directors shall provide the register of shareholders as of the record date. If the Board of Directors fails to provide the register of shareholders, the convener may, upon presenting the relevant announcement of the meeting notice, apply to the securities depository and clearing institution for access to such register. The register of shareholders thus</p>	<p>Article 12</p> <p>For general meetings convened by the <del>Board of Supervisors</del> <b>Audit Committee</b> or by the shareholders themselves, the Board of Directors and the secretary of the Board of Directors shall provide necessary cooperation. The Board of Directors shall provide the register of shareholders as of the record date. If the Board of Directors fails to provide the register of shareholders, the convener may, upon presenting the relevant announcement of the meeting notice, apply to the securities depository and clearing institution for access to such register. The register of shareholders thus</p>

<p>obtained shall not be used for any purpose other than convening the general meeting. Any reasonable expenses incurred in connection with general meetings convened by the Board of Supervisors or the shareholders shall be borne by the Company.</p>	<p>obtained shall not be used for any purpose other than convening the general meeting. Any reasonable expenses incurred in connection with general meetings convened by the <del>Board of Supervisors</del> <b>Audit Committee</b> or the shareholders shall be borne by the Company.</p>
<p>Article 14 The Board of Directors, the Board of Supervisors, and shareholders who individually or jointly hold 1% or more of the Company’s shares may bring forth a temporary proposal in written form and submit it to the convener no later than 10 days prior to the convening of the general meeting. The convener shall, within two days upon receipt of such proposal, issue a supplementary notice of the general meeting to disclose the contents thereof to all shareholders. Except as provided in the preceding paragraph, the convener shall not amend or add to the proposals listed in the original notice of the general meeting after it has been issued.</p>	<p>Article 14 The Board of Directors, the <del>Board of Supervisors</del> <b>Audit Committee</b>, and shareholders who individually or jointly hold 1% or more of the Company’s shares may bring forth a temporary proposal in written form and submit it to the convener no later than 10 days prior to the convening of the general meeting. The convener shall, within two days upon receipt of such proposal, issue a supplementary notice of the general meeting to disclose the contents thereof to all shareholders. Except as provided in the preceding paragraph, the convener shall not amend or add to the proposals listed in the original notice of the general meeting after it has been issued.</p>
<p>Article 43 ..... A general meeting convened by the Board of Supervisors shall be presided over by the Chairman of the Board of Supervisors. Where the Chairman of the Board of Supervisors is unable or fails to perform such duties, a supervisor jointly elected by more than half of the supervisors shall preside over the meeting. .....</p>	<p>Article 43 ..... A general meeting convened by the <del>Board of Supervisors</del> <b>Audit Committee</b> shall be presided over by the <del>Chairman of the Board of Supervisors</del> <b>convener of the Audit Committee</b>. Where the <del>Chairman of the Board of Supervisors</del> <b>convener of the Audit Committee</b> is unable or fails to perform such duties, a <del>supervisor</del> <b>member of the Audit Committee</b> jointly elected by more than half of the <del>supervisors</del> <b>members of this Committee</b> shall preside over the meeting. .....</p>
<p>Article 47 At the annual general meeting, the Board of Directors shall report to the meeting on the implementation of matters resolved at the previous annual general meeting that were to be undertaken by the Board of Directors. Each independent non-executive director shall also deliver an individual work report.</p>	<p>Article 47 At the annual general meeting, the Board of Directors shall report to the meeting on the implementation of matters resolved at the previous annual general meeting that were to be undertaken by the Board of Directors. <del>Each independent non-executive director shall also deliver an individual work report.</del></p>
<p>Article 48 At the annual general meeting, the Board of Supervisors shall present a special supervisory report on the Company’s activities during the preceding year, which shall include: (I) the results of its examination of the Company’s financial affairs; (II) an assessment of the diligence of the directors and senior management in performing their duties, and their compliance with applicable laws, regulations, the Articles of Association, and resolutions of the general meeting; and (III) any other significant matters that the Board of</p>	<p><b>Deleted</b></p>

<p>Supervisors considers should be reported to the general meeting. Where the Board of Supervisors deems it necessary, it may also issue opinions on proposals submitted for consideration at the general meeting and present a separate independent report.</p>	
<p>Article 54 The list of candidates for directors, supervisors, non-executive directors, and independent non-executive directors shall be submitted to the general meeting for voting in the form of a proposal. When voting on the election of directors and supervisors, the general meeting shall implement accumulative voting system according to the Articles of Association or the resolution of the general meeting. Accumulative voting system referred to in the preceding paragraph means a system whereby each share, in an election of directors or supervisors at a general meeting, carries the number of voting rights equivalent to the number of the directors or supervisors to be elected, and a shareholder may concentrate his/her voting rights. The Board shall make available to the shareholders the biographies and general information of the candidates for directors and supervisors.</p>	<p>Article 54 The list of candidates for <b>non-employee</b> directors, <del>supervisors</del>, non-executive directors, and independent non-executive directors shall be submitted to the general meeting for voting in the form of a proposal. When voting on the election of directors <del>and supervisors</del>, the general meeting <del>shall</del> <b>may</b> implement accumulative voting system according to the Articles of Association or the resolution of the general meeting. Accumulative voting system referred to in the preceding paragraph means a system whereby each share, in an election of directors <del>or supervisors</del> at a general meeting, carries the number of voting rights equivalent to the number of the directors <del>or supervisors</del> to be elected, and a shareholder may concentrate his/her voting rights. The Board shall make available to the shareholders the biographies and general information of the candidates for directors <del>and supervisors</del>.</p>
<p>Article 84 Resolutions adopted by the general meeting shall be implemented by the Board of Directors, which shall entrust the General Manager of the Company to organize the relevant personnel to carry out the specific execution in accordance with the resolutions. Matters that are required by the resolutions of the general meeting to be handled by the Board of Supervisors shall be organized and implemented directly by the Board of Supervisors.</p>	<p>Article 84 Resolutions adopted by the general meeting shall be implemented by the Board of Directors, which shall entrust the General Manager of the Company to organize the relevant personnel to carry out the specific execution in accordance with the resolutions. <del>Matters that are required by the resolutions of the general meeting to be handled by the Board of Supervisors shall be organized and implemented directly by the Board of Supervisors.</del> <b>The Audit Committee shall be responsible for supervising matters related to financial reporting, internal controls, and related-party transactions as resolved by the general meeting.</b></p>
<p>Article 85 The Chairman of the Board of Directors shall oversee and review the implementation of resolutions of the general meeting, except for those matters to be executed by the Board of Supervisors. When necessary, the Chairman may convene an extraordinary meeting of the Board of Directors to receive and consider reports on the implementation of such resolutions.</p>	<p>Article 85 The Chairman of the Board of Directors shall oversee and review the implementation of resolutions of the general meeting, except for those matters to be executed by the <del>Board of Supervisors</del> <b>Audit Committee</b>. When necessary, the Chairman may convene an extraordinary meeting of the Board of Directors to receive and consider reports on the implementation of such resolutions.</p>
<p>Deleted the terms 'Board of Supervisors' or 'Supervisors' in Articles 4, 19, 23, 25, 42, 50, 65, 72, 74, 77, and 78, along with other wording modifications that do not affect the meaning. These are non-substantive changes, and due to their extensive scope, they will not be listed item by item.</p>	

The details of the proposed amendments to the Rules of Procedures for Board Meetings are set out below:

Original Articles	Amended Articles
<p>Article 5</p> <p>The Board shall consist of nine 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.</p> <p>The Board of Directors shall have one chairman and may have one vice chairman.</p> <p>Directors shall be elected at the general meeting for a term of three years. Upon the expiry of the term, a director shall be eligible for re-election.</p> <p>The Chairman and the Vice Chairman of the Board of Directors shall be elected and removed by a majority vote of all directors. The term of office of the Chairman and the Vice Chairman shall be three years, and they may be re-elected upon the expiry of their term. Before the expiration of a director's term of office, the general meeting shall not remove such director from office without just cause.</p>	<p>Article 5</p> <p>The Board shall consist of nine 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. <b>The Board of Directors may include representatives of the Company's employees.</b></p> <p>The Board of Directors shall have one chairman and may have one vice chairman.</p> <p>Directors (<b>excluding employee directors</b>) shall be elected by the general meeting. <b>Employee directors on the Board of Directors shall be democratically elected by the Company's employees through the employees' congress, general meeting of employees, or other forms.</b> The term of office of a director for a term of three years. Upon the expiry of the term, a director shall be eligible for re-election.</p> <p>The Chairman and the Vice Chairman of the Board of Directors shall be elected and removed by a majority vote of all directors. The term of office of the Chairman and the Vice Chairman shall be three years, and they may be re-elected upon the expiry of their term. Before the expiration of a director's term of office, the general meeting shall not remove such director from office without just cause.</p>
<p>Article 7</p> <p>.....</p> <p>(XIII) Where the total value of the assets involved in a transaction exceeds 10% of the Company's total audited assets in the most recent financial period, and both book value and appraised value exist for such assets, the higher of the two shall be adopted for calculation purposes;</p> <p>.....</p>	<p>Article 7</p> <p>.....</p> <p>(XIII) <del>Where the total value of the assets involved in a transaction exceeds 10% of the Company's total audited assets in the most recent financial period, and both book value and appraised value exist for such assets, the higher of the two shall be adopted for calculation purposes;</del> <b>To review and approve the Company's material asset transactions involving purchases or sales with an aggregate amount exceeding RMB 10 million within one year but not more than 30% of the Company's total audited assets in the most recent financial period;</b></p> <p>.....</p>
<p>Article 40</p> <p>.....</p> <p>(III) when over one-third of the Directors so request;</p> <p>(IV) when the Board of Supervisors so requests;</p> <p>(V) When relevant regulatory authorities requests to convene it. At the same time, the above proposers are entitled to propose motions to the Board and shall submit his proposal in writing while proposing to convene an extraordinary meeting.</p>	<p>Article 40</p> <p>.....</p> <p>(IV) when the <del>Board of Supervisors</del> <b>Audit Committee</b> so requests;</p> <p>(V) When relevant regulatory authorities requests to convene it. At the same time, the above proposers are entitled to propose motions to the Board and shall submit his proposal in writing while proposing to convene an extraordinary meeting.</p>
<p>Deleted the terms 'Board of Supervisors' or 'Supervisors' in Articles 14, 36, 49, and 66, along with other wording modifications that do not affect the meaning. These are non-substantive changes, and due to their extensive scope, they will not be listed item by item.</p>	

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of Charmacy Pharmaceutical Co., Ltd. (the “**Company**”) will be held at the conference room, on 2nd Floor, No. 33, Liyu Street, Dongchong Town, Nansha District, Guangzhou City, Guangdong Province, the People's Republic of China (the “**PRC**”) at 3:00 p.m. on 12 December 2025 for the purpose of considering, and if thought fit, passing (with or without amendments) the following resolutions:

#### **Ordinary Resolutions**

1. To consider and, if thought fit, approve the framework agreement dated 20 October 2025 (the “**New Framework Loan Agreement**”) entered into between the Company and Jiangyao Group Co., Ltd.\* (江藥集團有限公司) (“**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 Company and its subsidiaries (the “**Group**”) for a term of three years, the transactions contemplated thereunder and the proposed annual caps for the transactions contemplated thereunder;
2. To consider and, if thought fit, approve the authorisation of Mr. Yao Chuanglong to (i) determine the relevant commercial terms arising from the New Framework Loan Agreement, including but not limited to the interest rate of each individual loan agreements, the specific ratio of inventories of the Company and its subsidiaries as a collateral and the relevant collateral agreements, (ii) sign or execute such other documents or supplemental agreements or deeds on behalf of the Company and (iii) do all such things and take all such actions as he/she may consider necessary or desirable for the purpose of giving effect to the New Framework Loan Agreement and completing the transactions contemplated thereunder with such changes as he may consider necessary, desirable or expedient;
3. To consider and, if thought fit, approve the appointment of Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)) as the auditors of the Company for the year ending 31 December 2025, for a term commencing from the date of approval at the EGM until the conclusion of the next annual general meeting of the Company, and authorise the management of the Company to fix their remuneration, sign the relevant service agreements, and handle other related matters; and

#### **Special Resolution**

4. To consider and, if thought fit, approve the proposed amendments to the articles of association of the Company (the “**Articles of Association**”), the rules of procedures for general meetings and the rules of procedures for board meetings; and that any executive Director be and is hereby authorised to proofread and 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, the rules of procedures for general meetings and the rules of procedures for board meetings.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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For and on behalf of the Board  
**Charmacy Pharmaceutical Co., Ltd.**  
**Yan Jingbin**  
*Chairman*

Shantou, the PRC, 24 November 2025

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Notes:

1. All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 Tuesday, 9 December 2025 to Friday, 12 December 2025 (both days inclusive), during which period no transfer of Shares can be registered. In order to be qualified to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17 Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 8 December 2025.

3. Shareholders who are entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a shareholder of the Company.

4. In order to be valid, the proxy form for the EGM must be deposited by hand or post to the 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 not less than 24 hours before the time for holding the EGM (i.e. not later than 3:00 p.m. on Thursday, 11 December 2025) (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 EGM 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 shares are transferred, 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 EGM.

6. In case of joint holders of 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.

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

*\*For identification purpose only*