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康臣藥業集團有限公司
CONSUN PHARMACEUTICAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1681)

CANCELLATION AND GRANT OF SHARE OPTIONS

Cancellation of share options

Reference is made to the announcement of Consun Pharmaceutical Group Limited (the “**Company**”) dated 24 March 2014 in relation to the grant of 60,000,000 share options (the “**2014 Grant**”) to certain directors (the “**Directors**”) of the Company and employees (collectively, the “**2014 Grantees**”) of the Company and its subsidiaries (collectively the “**Group**”) to subscribe for the Company’s ordinary shares of HK\$0.1 each (the “**Shares**”) in accordance with the share option scheme of the Company adopted on 2 December 2013 (the “**Share Option Scheme**”). As at the date of this announcement, among the 2014 Grant, 12,854,000 share options have been lapsed and 20,936,000 share options are exercisable (referred to as “**vested**”) in accordance with the terms of the Share Option Scheme, and the remaining 26,210,000 share options are still subject to certain vesting conditions according to the terms of the share option agreements signed at the time of grant (referred to as “**unvested**”). As approved by the board of Directors (the “**Board**”) of the Company (including the approval of the independent non-executive Directors) and consented by each of the relevant 2014 Grantees, an aggregate of 24,790,000 unvested share options of the 2014 Grant were cancelled with effect from 1 April 2016 in accordance with the terms of the Share Option Scheme.

Among the 24,790,000 share options cancelled, 4,000,000 share options were part of the 2014 Grant granted to Mr. AN Yubao (“**Mr. AN**”), the chairman and a substantial shareholder of the Company, 4,000,000 share options were part of the 2014 Grant granted to Ms. LI Qian (“**Ms. LI**”), an executive Director, the chief executive officer and a substantial shareholder of the Company, and 1,200,000 share options were part of the 2014 Grant granted to Professor ZHU Quan (“**Professor ZHU**”), an executive Director of the Company.

Grant of share options

The Board further announces that the Company has granted in aggregate 52,000,000 share options to subscribe for the Company's Shares (the "2016 Grant") to certain Directors and employees of the Group (collectively, the "2016 Grantees"), subject to acceptance of the 2016 Grantees, in accordance with the Share Option Scheme.

Among the 52,000,000 share options of the 2016 Grant, 4,000,000 share options were granted to Mr. AN, 4,000,000 share options were granted to Ms. LI, and 2,000,000 share options were granted to Professor ZHU. The grant of share options to each of Mr. AN and Ms. LI is conditional upon independent shareholders' approval to be obtained at the forthcoming annual general meeting of the Company (the "AGM") to be convened.

A summary of the 2016 Grant is set out below:

Date of grant:	1 April 2016
Exercise price of share options granted:	HK\$4.01, which represents the higher of (i) the closing price of HK\$3.99 per Share as stated in the daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 1 April 2016; and (ii) the average closing price of HK\$4.01 per Share as stated in the daily quotations sheet for five business days immediately preceding 1 April 2016.
Number of share options granted:	52,000,000
Validity period of the share options:	Ten years from 1 April 2016 to 31 March 2026 subject to the following conditions: exercisable within a 3 years period after the performance targets are met: 30% of the 52,000,000 share options may be exercised on or after 1 April 2017; 30% of the 52,000,000 share options may be exercised on or after 1 April 2018; and 40% of the 52,000,000 share options may be exercised on or after 1 April 2019.

Save as disclosed above, the Board confirms that none of the 2016 Grantees (other than Mr. AN, Ms. LI and Professor ZHU) is a Director, chief executive or substantial shareholder (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”)) of the Company or their associates (as defined in the Listing Rules).

Pursuant to Rule 17.04(1) of the Listing Rules, the grant of share options by the Company to a Director, chief executive or substantial shareholder of the Company or any of their associates must be approved by the independent non-executive Directors of the Company (excluding independent non-executive Director who is the grantee of the share options concerned). On 1 April 2016, the independent non-executive Directors of the Company approved the grant of share options to Mr. AN, Ms. LI and Professor ZHU.

Further, pursuant to Rule 17.04(1) of the Listing Rules, where any grant of share options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates (as defined in the Listing Rules), would result in the Shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares on the date of each grant, in excess of HK\$5,000,000, such grant of share options must be approved by the shareholders of the Company in a general meeting at which the grantee, his associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

The 2016 Grant of share options to each of Mr. AN and Mr. LI (both being substantial shareholders) in the 12-month period up to and including the date of grant (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of the 2016 Grant, in excess of HK\$5,000,000, falls within the ambit of Rule 17.04(1) of the Listing Rules. The grant of share options to each of Mr. AN and Ms. LI is therefore subject to independent shareholders’ approval.

Shareholding structure

The following table illustrates changes in the shareholdings of Mr. AN and his associates in the issued share capital of the Company upon exercise in full of the share options granted to Mr. AN. As at 31 March 2016, Mr. AN held 10,000,000 share options of the 2014 Grant. On 1 April 2016, after the cancellation of 4,000,000 unvested share options of the 2014 Grant, and the grant of 4,000,000 share options of the 2016 Grant (subject to approval at the AGM), Mr. AN holds 6,000,000 vested share options of the 2014 Grant and 4,000,000 unvested share options of the 2016 Grant.

	As at 1 April 2016		Upon exercise in full of the share options granted (subject to approval at the AGM)	
	No. of Shares	Approximate percentage shareholdings (%)	No. of Shares	Approximate percentage shareholdings (%)
Mr. AN	8,565,817	0.87%	18,565,817	1.75%
Central Success (Note 1)	196,200,000	19.85%	196,200,000	18.46%
Total shareholding of Mr. AN and his associates	204,765,817	20.72%	214,765,817	20.21%
Other shareholders	783,490,183	79.28%	847,846,183	79.79%
Total	988,256,000	100.00%	1,062,612,000	100.00%

Note:

- 1) Central Success Developments Limited (“**Central Success**”) is wholly owned by Mr. AN.
- 2) Mr. AN, Ms. LI and Mr. YOUNG Wai Po (“**Mr. YOUNG**”, a former non-executive Director) have a voting arrangement that Mr. YOUNG and Ms. LI shall exercise their shareholders’ right to vote and will continue to vote pursuant to the opinion of Mr. AN according to the acting in concert agreement entered into on 1 January 2002 and the acting in concert confirmation executed on 11 March 2013 between them.

The following table illustrates changes in the shareholdings of Ms. LI and her associates in the issued share capital of the Company upon exercise in full of the share options granted to Ms. LI. As at 31 March 2016, Ms. LI held 10,000,000 share options of the 2014 Grant. On 1 April 2016, after the cancellation of 4,000,000 unvested share options of the 2014 Grant, and the grant of 4,000,000 share options of the 2016 Grant (subject to approval at the AGM), Ms. LI holds 6,000,000 vested share options of the 2014 Grant and 4,000,000 unvested share options of the 2016 Grant.

	As at 1 April 2016		Upon exercise in full of the share options granted (subject to approval at the AGM)	
	No. of Shares	Approximate percentage shareholdings (%)	No. of Shares	Approximate percentage shareholdings (%)
Ms. LI	5,720,261	0.58%	15,720,261	1.48%
Double Grace (Note 1)	122,132,000	12.36%	122,132,000	11.49%
Total shareholding of Ms. LI and her associates	127,852,261	12.94%	137,852,261	12.97%
Other shareholders	860,403,739	87.06%	924,759,739	87.03%
Total	988,256,000	100.00%	1,062,612,000	100.00%

Note:

- 1) Double Grace International Limited (“**Double Grace**”) is wholly owned by Ms. LI.
- 2) Mr. AN, Ms. LI and Mr. YOUNG have a voting arrangement that Mr. YOUNG and Ms. LI shall exercise their shareholders’ right to vote and will continue to vote pursuant to the opinion of Mr. AN according to the acting in concert agreement entered into on 1 January 2002 and the acting in concert confirmation executed on 11 March 2013 between them.

General

The 2016 Grant of share options to each of Mr. AN and Ms. LI is conditional upon independent shareholders' approval to be obtained at the forthcoming AGM. Mr. AN and his associates shall abstain from voting at the AGM in respect of the resolution approving the grant of share options to Mr. AN. Ms. LI and her associates shall abstain from voting at the AGM in respect of the resolution approving the grant of share options to Ms. LI.

A circular containing further information in relation to the grant of share options to each of Mr. AN and Ms. LI as required under the Listing Rules, together with the notice of the AGM, will be dispatched in due course.

By order of the Board of
Consun Pharmaceutical Group Limited
AN Yubao
Chairman

Hong Kong, 1 April 2016

As at the date of this announcement, the Board comprises Mr. AN Yubao, Ms. LI Qian and Professor ZHU Quan as executive Directors; Mr. WANG Shunlong and Mr. LIN Sheng as non-executive Directors; Mr. SU Yuanfu, Mr. FENG Zhongshi and Ms. CHENG Xinxin as independent non-executive Directors.