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**康臣葯業集團有限公司**  
**CONSUN PHARMACEUTICAL GROUP LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1681)**

**(1) PROPOSED OFF-MARKET SHARE BUY-BACK  
AND CONNECTED TRANSACTION;  
(2) APPLICATION FOR WHITEWASH WAIVER; AND  
(3) PROPOSAL FOR DISTRIBUTION OF SPECIAL DIVIDEND**

**Financial Adviser to the Company**



**BNP PARIBAS**

**BNP Paribas Securities (Asia) Limited**

**SHARE BUY-BACK AGREEMENT**

On 6 February 2017, the Company entered into the Share Buy-back Agreement with First Kind pursuant to which the Company agreed to acquire and First Kind agreed to dispose of 146,140,200 Shares at the total consideration of HK\$560,739,947.40, equivalent to HK\$3.837 per Buy-back Share.

The Share Buy-back Agreement is conditional upon, among others, (a) the Executive having granted and not having withdrawn the approval of the Whitewash Waiver and the Share Buy-back; and (b) the Disinterested Shareholders approving (i) the Share Buy-back Agreement and the transactions contemplated thereunder; and (ii) the Whitewash Waiver, at the EGM. Completion will take place on a day before the Long Stop Date as agreed between First Kind and the Company in writing after fulfilment of the conditions precedent under the Share Buy-back Agreement.

The reasons for and benefits of the Share Buy-back and basis on which the terms of the Share Buy-back Agreement have been determined are set out in the section headed “Reasons for and benefits of the Share Buy-back” below.

## **PROPOSAL FOR DISTRIBUTION OF SPECIAL DIVIDEND**

Subject to (1) the Disinterested Shareholders approving (i) the Share Buy-back Agreement and the transactions contemplated thereunder; (ii) the Whitewash Waiver at the EGM; and (iii) the proposal for distribution of the Special Dividend; and (2) the completion of the Share Buy-back Agreement, the Board proposes the payment of a special dividend of HK\$0.1 per Share (the “**Special Dividend**”) in cash in the aggregate amount of approximately HK\$82,813,000 (assuming no further changes to the issued Shares from the date of this announcement to the date when the Special Dividend is paid and excluding the Buy-back Shares) as soon as practicable after the Completion.

As the Board proposes the record date for determining the entitlement of Shareholders to the Special Dividend will be a date after Completion, First Kind will not be entitled to the Special Dividend in respect of the Buy-back Shares.

## **REGULATORY REQUIREMENTS**

### **Buy-backs Code**

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company will make an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive’s approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders present in person or by proxy at a meeting to be held for such purposes.

### **Takeovers Code**

If a Shareholder’s proportionate interest in the voting rights of the Company increases as a result of the Share Buy-back, such increase will be treated as an acquisition of voting rights under Rule 32 of the Takeovers Code. As at the date of this announcement, the Concert Group is interested in 446,913,078 Shares, representing approximately 45.87% of the issued share capital of the Company. Save as the aforesaid, the Concert Group is not interested in any existing holding of voting rights or rights over the Shares. Assuming there are no changes to the shareholdings of the Concert Group and the issued share capital of the Company from the date of this announcement to Completion, immediately upon Completion, the percentage shareholding of the Concert Group will be increased to approximately 53.97% of the reduced issued share capital of the Company upon Completion as a result of the Share Buy-back. In the circumstances, an obligation on the part of the Concert Group to make a general offer for all the Shares not already owned or agreed to be acquired by the Concert Group may arise as a result of the Share Buy-back. An application will be made to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will also be subject to, among other things, the approval by a simple majority of the Disinterested Shareholders at the EGM by way of poll.

### **Listing Rules**

The Share Buy-back contemplated under the Share Buy-back Agreement constitutes a connected transaction (by virtue of First Kind being a Substantial Shareholder of the Company) for the Company under the Listing Rules and is therefore subject to the approval by the Disinterested Shareholders at the EGM.

## **Voting**

As at the date of this announcement, First Kind is interested in 186,750,000 Shares, representing approximately 19.17% of the total number of issued Shares of the Company. The Concert Group together holds 446,913,078 Shares, representing approximately 45.87% of the total number of issued Shares of the Company. By reason of the requirements of the Buy-backs Code, the Takeovers Code and the Listing Rules, First Kind and its concert parties and the Concert Group and its concert parties will abstain from voting at the EGM. Save for the aforesaid, no other Shareholder is required to abstain from voting on the resolution(s) approving the Share Buy-back Agreement, the Share Buy-back, the Whitewash Waiver and the transactions contemplated thereunder.

## **GENERAL**

The Circular containing details of the Share Buy-back Agreement and the Whitewash Waiver, the proposal for distribution of Special Dividend, the letter from the Independent Board Committee giving its recommendation to the Disinterested Shareholders on the Share Buy-back Agreement and the Whitewash Waiver, the letter from the independent financial adviser containing its advice to the Independent Board Committee relating to the Share Buy-back Agreement and the Whitewash Waiver, the notice of the EGM and other information as required under the Listing Rules, the Takeovers Code and the Buy-backs Code will be despatched to the Shareholders on or before 27 February 2017.

**As completion of the Share Buy-back is subject to certain conditions, the Share Buy-back contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

**The distribution of Special Dividend is subject to the completion of the Share Buy-back Agreement. As such, the Special Dividend may or may not be paid. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **THE SHARE BUY-BACK AGREEMENT**

Date: 6 February 2017

Parties: (i) the Company  
(ii) First Kind

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, save for being a Substantial Shareholder of the Company, that Mr. LIN Sheng, being a non-executive Director and also managing director of Hony Capital, and that Mr. WONG Shunlong, being the former managing director of Hony Capital, First Kind and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

### **Number of the Buy-back Shares**

146,140,200 Shares, representing approximately 15.0% of the total number of issued shares of the Company being Shares owned by First Kind and as at the date of this announcement, including all rights to any dividends or other distributions declared, made or paid in respect of the Buy-back shares on or after the date of Completion.

## **Consideration**

The total consideration for the Share Buy-back is HK\$560,739,947.40, equivalent to HK\$3.837 per Buy-back Share, and is payable in cash. The Buy-back Price was determined following arm's length commercial negotiations between the Company and First Kind, taking into account the movements in the price of the Shares over a period of time and prevailing market conditions.

The Buy-back Price represents:

- (a) a premium of approximately 1.78% to the closing price of HK\$3.770 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 0.31% to the average closing price of approximately HK\$3.825 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a discount of approximately 5.14% to the average closing price of approximately HK\$4.045 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 60 consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a discount of approximately 8.71% to the average closing price of approximately HK\$4.203 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 180 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a discount of approximately 11.65% to the average closing price of approximately HK\$4.343 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 360 consecutive trading days immediately prior to and including the Last Trading Day; and
- (f) a premium of approximately 103.12% to the unaudited net asset value per Share attributable to Shareholders as at 30 June 2016 of approximately HK\$1.889 per Share.

The original average purchase cost to First Kind for each Buy-back Share is approximately HK\$1.55.

## **Highest and lowest Share prices**

During the six-month period immediately preceding and including the Last Trading Day, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$5.00 on 2 September 2016 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$3.71 on 2 February 2017.

## **Conditions to Completion**

Completion will be conditional upon the satisfaction of, amongst others, the following conditions:

- (a) the Executive having granted and not having withdrawn (i) the Whitewash Waiver; and (ii) the approval of the Share Buy-back under Rule 2 of the Buy-backs Code;
- (b) the passing of the resolutions at the EGM by at least three-fourths of the Disinterested Shareholders of the votes cast on a poll approving the Share Buy-back;

- (c) the passing of the resolutions at the EGM by a simple majority of the Disinterested Shareholders of the votes cast on a poll approving the Whitewash Waiver; and
- (d) the Company having complied with the applicable provisions of the Listing Rules, including those under Chapter 14A, the disclosure requirements and the requirement to obtain Disinterested Shareholders' approval in relation to the Share Buy-back.

None of the conditions above is capable of being waived by First Kind or the Company. If the above conditions precedent are not fulfilled on or before the Long Stop Date, the Share Buy-back Agreement shall become null and void.

### **Completion**

Completion will take place on a day before the Long Stop Date as agreed between First Kind and the Company in writing after fulfillment of the conditions precedent under the Share Buy-back Agreement.

### **Funding of the Share Buy-back**

The Company will fund the Share Buy-back from the Company's available cash flow, working capital facilities and/or external financing. Under the Companies Law, any Buy-back of Shares by the Company may only be funded out of the Company's profits, a fresh issue of Shares made for the purpose, the Company's share premium account, or if so authorised by its articles of association and subject to the Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. The Company has sufficient funds available as required under the Companies Law to effect the Share Buy-back.

### **PROPOSAL FOR DISTRIBUTION OF SPECIAL DIVIDEND**

Subject to (1) the Disinterested Shareholders approving (i) the Share Buy-back Agreement and the transactions contemplated thereunder; (ii) the Whitewash Waiver at the EGM; and (iii) the proposal for distribution of the Special Dividend; and (2) the completion of the Share Buy-back Agreement, the Board proposes the payment of a special dividend of HK\$0.1 per Share (the "**Special Dividend**") in cash in the aggregate amount of approximately HK\$82,813,000 (assuming no further changes to the issued Shares from the date of this announcement to the date when the Special Dividend is paid and excluding the Buy-back Shares) as soon as practicable after the Completion.

As the Board proposes the record date for determining the entitlement of Shareholders to the Special Dividend will be a date after Completion, First Kind will not be entitled to the Special Dividend in respect of the Buy-back Shares.

## REASONS FOR AND BENEFITS OF THE SHARE BUY-BACK

In considering to proceed with the Share Buy-back, the Company has taken into consideration that:

- (i) the Share Buy-back is a good opportunity for the Company to utilise its financial resources with aim to enhance the earning per Share;
- (ii) the Buy-back Price is within the range of closing share price from HK\$3.71 to HK\$5.00 during the six-month period immediately prior to and including the Last Trading Day, and close to the lowest closing share price of HK\$3.71 as quoted on 2 February 2017 during the same period. The Buy-back Price represents a discount of approximately 8.71% to the average closing price of approximately HK\$4.203 per Share based on the daily closing prices of the Shares as quoted on the Stock Exchange for the 180 consecutive trading days immediately prior to and including the Last Trading Day; and
- (iii) the average daily trading volume of the Shares for the 24 months up to and including the Last Trading Day was approximately 1,260,000 Shares per day, representing only approximately 0.13% of the issued Shares as at the date of this announcement. Given the thin trading volume in the Shares and the large volume of the Buy-back Shares, it is a good opportunity for the Company to Buy-back a significant block of Shares without affecting the normal trading of the Shares in terms of price and volume.

In view of the above, the Board (excluding the independent non-executive Directors who are also the members of the Independent Board Committee, will express their views after receiving advice from the independent financial adviser) is of the view that the Share Buy-back is entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming there are no changes in the shareholdings of the Concert Group and First Kind and the issued share capital of the Company from the date of this announcement to Completion):

	As at the date of this announcement		Immediately upon Completion	
	No. of shares	Approximate %	No. of shares	Approximate %
Mr. AN and Central Success Developments Limited	204,765,817	21.02%	204,765,817	24.73%
Ms. LI and Double Grace International Limited	132,097,261	13.55%	132,097,261	15.95%
Guidoz Limited	110,050,000	11.30%	110,050,000	13.29%
Concert Group ( <i>Note 1</i> )	446,913,078	45.87%	446,913,078	53.97%
First Kind	186,750,000	19.17%	40,609,800	4.90%
Other shareholders	340,604,922	34.96%	340,604,922	41.13%
<b>Total</b>	<b>974,268,000</b>	<b>100.00%</b>	<b>828,127,800</b>	<b>100.00%</b>



*Note:*

1. Among the 446,913,078 Shares held by the Concert Group
  - (i) 196,200,000 Shares are held by Central Success Developments Limited, a company directly owned by Mr. AN, an executive Director and 8,565,817 Shares are held by Mr. AN directly;
  - (ii) 126,232,000 Shares are held by Double Grace International Limited, a company directly owned by Ms. LI, an executive Director and 5,865,261 Shares are held by Ms. LI directly; and
  - (iii) 110,050,000 Shares are held by Guidoz Limited, a company directly owned by Mr. YOUNG.

As at the date of this announcement, Mr. AN and Ms. LI are holders of respectively 10,000,000 and 10,000,000 share options of the Company (the exercise of which would entitle them to subscribe for 10,000,000 and 10,000,000 Shares respectively). Save as disclosed above, none of the Concert Group nor parties acting in concert with it has owned or had control or direction over any other voting rights or rights over the Shares, options, derivatives, warrants, other securities convertible into Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code).

## **INFORMATION ON THE COMPANY**

The Group is an integrated pharmaceutical group principally engaged in the research, manufacturing and marketing of modern Chinese medicines and medical contrast medium in the PRC. Upholding a product strategy based on specialties and complemented by generics, the Group's uremic clearance granule and gadopentetate dimeglumine injection have already become the leaders of chronic kidney diseases sector and MRI medical contrast medium sub-sector in the field of specialist medicines.

For the two years ended 31 December 2014 and 2015, the audited consolidated profits of the Group before taxation were approximately RMB264,159,000 and RMB314,782,000 respectively. For the same periods, the audited consolidated profits attributable to equity shareholders of the Company (after taxation) were approximately RMB211,200,000 and RMB249,689,000 respectively.

## **INFORMATION ON FIRST KIND**

First Kind is wholly owned by Hony Capital Fund III, L.P. as an investment vehicle holding approximately 19.17% equity interest in the Company.

As confirmed by First Kind, Hony Capital Fund III, L.P. is an investment fund which is structured as an exempted limited partnership established in the Cayman Islands. Hony Capital Fund III, L.P. is principally engaged in investments across a broad range of sectors including financial services, consumer industry, infrastructure, pharmaceuticals and franchising, as well as both light and heavy industries in the PRC. Hony Capital Fund III, L.P. is wholly owned by its sole general partner, Hony Capital Fund III GP, L.P. Hony Capital Fund III GP, L.P. is in turn wholly owned by its sole general partner, Hony Capital Fund III GP Limited. Hony Capital Fund III GP Limited is controlled by Hony Group Management Limited, which is in turn owned as to 80.0% by Hony Managing Partners Limited (which in turn is wholly owned by Exponential Fortune Group Limited) and as to 20.0% by Right Lane Limited (which is in turn wholly owned by Legend Holdings Corporation (stock code: 3396)). Exponential Fortune Group Limited is owned as to 49% by Mr. John Huan ZHAO and 51% by two independent third parties individuals equally (each holding 25.5%) who are third parties independent of and not connected with the Company.

## **REGULATORY REQUIREMENTS**

### **Buy-backs Code**

The Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-backs Code. The Company will make an application to the Executive for approval of the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. The Executive's approval, if granted, will normally be conditional upon, among other things, approval of the Share Buy-back by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders present in person or by proxy at a meeting to be held for such purposes.

As approval of the Executive of the Share Buy-back is a condition of the Share Buy-back Agreement, the Company will not proceed to Completion unless the Executive approves the Share Buy-back pursuant to Rule 2 of the Buy-backs Code. However, there is no assurance that such approval will be granted or that all the conditions precedent to the Share Buy-back Agreement will be fulfilled.

### **Takeovers Code**

#### ***Application for Whitewash Waiver***

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Share Buy-back, such increase will be treated as an acquisition of voting rights under Rule 32 of the Takeovers Code. As at the date of this announcement, the Concert Group is interested in 446,913,078 Shares, representing approximately 45.87% of the issued share capital of the Company. Save as the aforesaid, the Concert Group is not interested in any existing holding of voting rights or rights over the Shares. Assuming there are no changes to the shareholdings of the Concert Group and the issued share capital of the Company from the date of this announcement to Completion, immediately upon Completion, the percentage shareholding of the Concert Group will be increased to approximately 53.97% of the reduced issued share capital of the Company upon Completion as a result of the Share Buy-back. In the circumstances, an obligation on the part of the Concert Group to make a general offer for all the Shares not already owned or agreed to be acquired by the Concert Group may arise as a result of the Share Buy-back. An application will be made to the Executive for the Whitewash Waiver. The Whitewash Waiver, if granted by the Executive, will also be subject to, among other things, the approval of the Disinterested Shareholders at the EGM by way of poll.

It is one of the conditions of the Share Buy-back Agreement that the Whitewash Waiver be granted by the Executive and approved by the Disinterested Shareholders at the EGM. If the Whitewash Waiver is not granted by the Executive or not approved by the Disinterested Shareholders, the Share Buy-back Agreement will not become unconditional and cannot proceed.

As at the date of this announcement, the Company does not believe that the Share Buy-back gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver if the Share Buy-back does not comply with other applicable rules and regulations.



## **Other arrangements**

As at the date of this announcement, there is:

- (i) save as disclosed in the paragraph headed “Effects on Shareholding Structure of the Company” in this Announcement, no voting rights or rights over the Shares, options, derivatives, warrants, other securities convertible into Shares, or other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) owned or controlled or directed by the Concert Group or any parties acting in concert with it;
- (ii) no irrevocable commitment received by the Concert Group to vote for or against the resolution(s) approving the Share Buy-back Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver;
- (iii) save that Mr. AN and Ms. LI are holders of respectively 10,000,000 and 10,000,000 share options of the Company (the exercise of which would entitle them to subscribe for 10,000,000 and 10,000,000 Shares respectively), no outstanding derivatives in respect of securities in the Company entered into by any member of the Concert Group;
- (iv) no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of any member of the Concert Group and which might be material to the Share Buy-back or the Whitewash Waiver;
- (v) no other agreement or arrangement to which the Concert Group or any member of the Concert Group is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Share Buy-back Agreement or the Whitewash Waiver; and
- (vi) no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Concert Group has borrowed or lent.

## **Listing Rules**

The Share Buy-back contemplated under the Share Buy-back Agreement constitutes a connected transaction (by virtue of First Kind being a Substantial Shareholder of the Company) for the Company under the Listing Rules and is therefore subject to the approval by the Disinterested Shareholders at the EGM.

Mr. AN and Ms. LI, being members of the Concert Group, Mr. LIN Sheng, being non-executive Director and also managing director of Hony Capital and Mr. WONG Shunlong, being the former managing director of Hony Capital, have abstained from voting on the Board resolutions approving the Share Buy-back Agreement and the proposal for distribution of the Special Dividend. Save as disclosed above, none of the Directors has a material interest in the Share Buy-back Agreement and the proposal for distribution of the Special Dividend.

## Voting

As at the date of this announcement, First Kind is interested in 186,750,000 Shares, representing approximately 19.17% of the total number of issued Shares of the Company. The Concert Group together holds 446,913,078 Shares, representing approximately 45.87% of the total number of issued Shares of the Company. By reason of the requirements of the Buy-backs Code, the Takeovers Code and the Listing Rules, First Kind and its concert parties and the Concert Group and its concert parties will abstain from voting at the EGM. Save for the aforesaid, no other Shareholder is required to abstain from voting on the resolution(s) approving the Share Buy-back Agreement, the Share Buy-back, the Whitewash Waiver and the transactions contemplated thereunder and the proposal for distribution of the Special Dividend.

## GENERAL

The Independent Board Committee has been established to advise and give recommendation to the Disinterested Shareholders on the Share Buy-back Agreement, including the Whitewash Waiver and the Share Buy-back. An independent financial adviser will be appointed to advise the Independent Board Committee thereon. An announcement will be made by the Company when the independent financial adviser is appointed.

The Circular containing details of the Share Buy-back Agreement and the Whitewash Waiver, the proposal for distribution of the Special Dividend, the letter from the Independent Board Committee giving its recommendation to the Disinterested Shareholders on the Share Buy-back Agreement and the Whitewash Waiver, the letter from the independent financial adviser containing its advice to the Independent Board Committee relating to the Share Buy-back Agreement and the Whitewash Waiver, the notice of the EGM and other information as required under the Listing Rules, the Takeovers Code and the Buy-backs Code will be despatched to the Shareholders on or before 27 February 2017.

**As completion of the Share Buy-back is subject to certain conditions, the Share Buy-back contemplated thereunder may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

**The distribution of Special Dividend is subject to the completion of the Share Buy-back Agreement. As such, the Special Dividend may or may not be paid. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## DEFINITION

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Board”	the board of Directors;
“Buy-back Price”	the proposed Buy-back price of HK\$3.837 per Buy-back Share;

“Buy-back Share(s)”	146,140,200 Share(s), owned by First Kind and to be transferred to the Company at Completion for cancellation pursuant to the terms of the Share Buy-back Agreement;
“Buy-backs Code”	the Hong Kong Code on Share Buy-backs;
“Circular”	a circular containing, amongst others, details of the Share Buy-back Agreement, the Share Buy-back and the Whitewash Waiver to be issued and despatched by the Company to the Shareholders;
“Company”	Consun Pharmaceutical Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“Companies Law”	Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Completion”	completion of the Share Buy-back in accordance with the terms and conditions of the Share Buy-back Agreement;
“Concert Group”	Mr. AN, Ms. LI and Mr. YOUNG, who 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;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disinterested Shareholders”	Shareholders other than (i) First Kind, Mr. AN, Ms. LI, Mr. YOUNG and their respective concert parties; and (ii) Shareholders who are interested or involved in the Share Buy-back and the Whitewash Waiver;
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fits, approve by the Disinterested Shareholders, (1) the Share Buy-back Agreement and the transactions contemplated therein, including the Share Buy-back and the Whitewash Waiver; and (2) the proposal for distribution of the Special Dividend;
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates;

“First Kind”	First Kind International Limited, a company incorporated under the laws of the British Virgin Islands, wholly owned by Hony Capital Fund III, L.P. as an investment vehicle holding approximately 19.17% equity interest in the Company;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hony Capital”	collectively, First Kind, Hony Capital Fund III, L.P., Hony Capital Fund III GP, L.P., Hony Capital Fund III GP Limited and Hony Group Management Limited;
“Independent Board Committee”	the independent committee of the Board comprising all the non-executive Directors, who have no direct or indirect interest in the Share Buy-back or the Whitewash Waiver, namely Mr. SU Yuanfu, Mr. FENG Zhongshi and Ms. CHENG Xinxin, established for the purpose of advising and giving recommendation to the Disinterested Shareholders on the Share Buy-back and the Whitewash Waiver;
“Last Trading Day”	6 February 2017, being the date of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	30 June 2017 (or such other date to be agreed by First Kind and the Company in writing);
“Mr. AN”	Mr. AN Yubao, the chairman and a Substantial Shareholder of the Company;
“Ms. LI”	Ms. LI Qian, an executive Director, the chief executive officer and a Substantial Shareholder of the Company;
“Mr. YOUNG”	Mr. YOUNG Wai Po, Peter, a former non-executive Director;
“PRC”	The People’s Republic of China, excluding for the purposes of this announcement only, Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	Renminbi, the legal currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;

“Share Buy-back”	the proposed Buy-back and cancellation of the Buy-back Shares by the Company from First Kind under the Share Buy-back Agreement, which constitutes an off-market share buy-back by the Company pursuant to Rule 2 of the Buy-backs Code;
“Share Buy-back Agreement”	the agreement dated 6 February 2017 entered into between the Company and First Kind in relation to the Share Buy-back;
“Special Dividend”	a special dividend of HK\$0.1 per Share in the aggregate amount of approximately HK\$82,813,000 (assuming no further changes to the issued Shares from the date of this announcement to the date when the Special Dividend is paid and excluding the Buy-back Shares);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Whitewash Waiver”	a waiver of the obligation of the Concert Group to make a mandatory offer for all the issued Shares not already owned or agreed to be acquired by the Concert Group which may otherwise arise as a result of the Share Buy-back, application for which will be made to the Executive pursuant to Note 1 to the Notes on Dispensations from Rule 26 of the Takeovers Code;
“%”	Per cent.

*For the purpose of this announcement, translations of RMB into HK\$ or vice versa have been calculated by using the exchange rate of RMB1.0000 = HK\$1.1314.*

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

Hong Kong, 6 February 2017

*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.*

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