
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 Consun Pharmaceutical Group Limited (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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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)

**PROPOSALS FOR GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSED FINAL DIVIDEND,
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting of the Company (the “AGM”) to be held at United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on 31 May 2017 (Wednesday) at 10:00 a.m. is set out on pages 15 to 18 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete, sign and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Hong Kong, 28 April 2017

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DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened and held at United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong on 31 May 2017 (Wednesday) at 10:00 a.m., a notice of which is set out on pages 15 to 18 of this circular
“Articles of Association”	the articles of association of the Company as amended, modified or otherwise supplemental from time to time
“associates”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Companies Law”	the Companies Law (as revised) of the Cayman Islands
“Company”	Consun Pharmaceutical Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability with its Shares listed on the Stock Exchange
“connected person”	has the same meaning ascribed to it under the Listing Rules
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, collectively refers to Central Success Developments Limited, Mr. AN Yubao, Guidoz Limited, Mr. YOUNG Wai Po, Peter, Double Grace International Limited and Ms. LI Qian
“core connected person”	has the same meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of his delegates

DEFINITIONS

“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issuing Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuing Mandate”	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares up to a maximum of 20% of the total number of the issued Shares of the Company as at the date of passing the relevant resolution at the AGM
“Latest Practicable Date”	21 April 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Date”	19 December 2013, on which dealings in Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange as amended, modified or otherwise supplemental from time to time
“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
“PRC”	the People’s Republic of China which shall, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

DEFINITIONS

“Repurchase Mandate”	a general and unconditional mandate proposed to be granted to the Directors to enable them during the relevant period to repurchase Shares, the total number of which shall not exceed 10% of the total number of the issued Shares of the Company as at the date of passing the relevant resolution at the AGM
“Retiring Directors”	the Directors retiring at the AGM and, being eligible, are offering themselves for re-election at the AGM, in accordance with the Articles of Association
“RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Share Buy-back”	the proposed buy-back and cancellation of the 146,140,200 Shares by the Company from First Kind International Limited under the share buy-back agreement dated 6 February 2017 entered into between the Company and First Kind International Limited
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors

Mr. AN Yubao (*Chairman*)
Ms. LI Qian (*Chief Executive Officer*)
Professor ZHU Quan

Non-executive Directors

Mr. WANG Shunlong
Mr. LIN Sheng

Independent Non-executive Directors

Mr. SU Yuanfu
Mr. FENG Zhongshi
Ms. CHENG Xinxin

Registered office:

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

**Head office and principal place of
business in the PRC:**

71, Dongpeng Avenue
Eastern section, Guangzhou Economic
and Technological Development District
Guangzhou, PRC

To the Shareholders

Dear Sirs or Madam,

**PROPOSALS FOR GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSED FINAL DIVIDEND,
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The Company will propose resolutions at the AGM to, inter alia, (a) grant to the Directors the Issuing Mandate, the Repurchase Mandate and the Extension Mandate upon the expiry of the current general mandates to issue Shares and repurchase Shares granted to the Directors by ordinary resolutions passed at the annual general meeting of the Company held on 27 May 2016; (b) re-elect the Retiring Directors; and (c) approve the payment of final dividend for the year ended 31 December 2016.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information on the resolutions to be proposed at the AGM regarding (a) grant to the Directors the Issuing Mandate, the Repurchase Mandate and the Extension Mandate upon the expiry of the current general mandates to issue Shares and repurchase Shares granted to the Directors by ordinary resolutions passed at the annual general meeting of the Company held on 27 May 2016; (b) re-elect the Retiring Directors; and (c) approve the payment of final dividend for the year ended 31 December 2016, and to give you notice of the AGM at which the resolutions will be proposed to consider and, if thought fit, approve such matters.

PROPOSED GRANT OF ISSUING MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE

Pursuant to the ordinary resolutions passed at the annual general meeting of the Company held on 27 May 2016, the Directors were granted (a) a general and unconditional mandate to allot, issue and deal with Shares not exceeding 20% of the total number of the issued Shares of the Company on the date of passing of the relevant ordinary resolution; and (b) a general and unconditional mandate to repurchase Shares with an aggregate number not exceeding 10% of the total number of the issued Shares of the Company on the date of passing of the relevant ordinary resolution; and (c) the power to extend the general mandate mentioned in (a) above by an amount representing the total number of the issued Shares repurchased by the Company pursuant to the mandate to repurchase securities referred to in (b) above.

The above general mandates will expire at the conclusion of the AGM. At the AGM, the following resolutions, among other matters, will be proposed:

- (a) to grant the Issuing Mandate to the Directors to exercise the powers of the Company to allot, issue and otherwise deal with the Shares up to a maximum of 20% of the total number of the issued Shares of the Company on the date of passing of such resolution;
- (b) to grant the Repurchase Mandate to the Directors to enable them to repurchase the Shares up to a maximum of 10% of the total number of the issued Shares of the Company on the date of passing of such resolution; and
- (c) to grant the Extension Mandate to the Directors to increase the total number of Shares which may be allotted and issued under the Issuing Mandate by an additional number representing such number of Shares repurchased under the Repurchase Mandate.

The full text of above resolutions are set out in resolutions numbered 5 to 7 as set out in the notice of the AGM contained in pages 15 to 18 of this circular.

LETTER FROM THE BOARD

Each of the Issuing Mandate, the Repurchase Mandate and the Extension Mandate will expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the AGM; (b) the date by which the next annual general meeting is required by the Companies Law or the Articles of Association to be held; or (c) when the mandate given to the Directors thereunder is revoked or varied by ordinary resolution(s) of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Under the Listing Rules, the Company is required to give the Shareholders all information which is reasonably necessary to enable the Shareholders to make an informed decision as to whether to vote for or against the resolution in respect of the Repurchase Mandate at the AGM. An explanatory statement for such purpose is set out in Appendix I to this circular.

PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS

Pursuant to Article 108 of the Articles of Association, at least one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting provided that every Director shall be subject to retirement by rotation at least once every three years. A retiring director shall be eligible for re-election.

Accordingly, Mr. AN Yubao, Professor ZHU Quan and Mr. WANG Shunlong shall retire by rotation at the AGM. Except for Mr. WANG Shunlong who wants to devote more time to develop his own business will retire and does not offer himself for re-election, Mr. AN Yubao and Professor ZHU Quan are eligible and offer themselves for re-election.

Particulars of each of the Retiring Directors proposed to be re-elected at the AGM which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

PROPOSED FINAL DIVIDEND

As stated in the announcement issued by the Company dated 30 March 2017 relating to the annual results of the Group for the year ended 31 December 2016, the Board recommended that subject to Shareholders' approval in the AGM, the Company proposed to declare and distribute a final dividend of HK\$0.05 per Share for the year ended 31 December 2016, which, if approved, is expected to be paid on or about Friday, 16 June 2017, to the Shareholders whose names appear on the register of members of the Company on Friday, 9 June 2017.

To determine shareholders' entitlement to the proposed final dividend, the register of members of the Company shall be closed from Tuesday, 6 June 2017 to Friday, 9 June 2017 (both days inclusive), during which period no share transfer will be registered. In order to qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 5 June 2017.

AGM

A notice of the AGM is set out on pages 15 to 18 of this circular.

LETTER FROM THE BOARD

At the AGM, resolutions will be proposed to the Shareholders in respect of ordinary business to be considered at the AGM, including: (a) grant to the Directors the Issuing Mandate, the Repurchase Mandate and the Extension Mandate upon the expiry of the current general mandates to issue Shares and repurchase Shares granted to the Directors by ordinary resolutions passed at the annual general meeting of the Company held on 27 May 2016; (b) re-elect the Retiring Directors; and (c) approve the payment of final dividend for the year ended 31 December 2016.

A form of proxy for use at the AGM is enclosed herewith. Whether or not you are able to attend the AGM, you are requested to complete, sign and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the AGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules and Article 79 of the Articles of Association, all votes at the AGM 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.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes 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 misleading.

RECOMMENDATION

The Board (including all independent non-executive Directors) consider that the proposed resolutions set out in the notice of the AGM including (a) grant to the Directors the Issuing Mandate, the Repurchase Mandate and the Extension Mandate upon the expiry of the current general mandates to issue Shares and repurchase Shares granted to the Directors by ordinary resolutions passed at the annual general meeting of the Company held on 27 May 2016; (b) re-elect the Retiring Directors; and (c) approve the payment of final dividend for the year ended 31 December 2016, are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

GENERAL

Your attention is drawn to the additional information set out in the appendices to this circular.

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
By order of the Board
An Yubao
Chairman

Hong Kong, 28 April 2017

APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

This appendix serves as an explanatory statement, as required by the Listing Rules, to provide the requisite information to you for your consideration of the Repurchase Mandate.

LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase shares on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 974,268,000 Shares in issue.

The Repurchase Mandate will enable the Directors to repurchase the Shares up to a maximum of 10% of the total number of the issued Shares of the Company on the date of passing the relevant ordinary resolution at the AGM. Subject to the passing of the proposed resolution granting the Repurchase Mandate and assuming that other than the completion of the Share Buy-back and cancellation of the Buy-back Shares (details of which are included in the circular of the Company dated 20 March 2017 and the announcement of the Company dated 11 April 2017), no further Shares will be issued or repurchased prior to the AGM, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 82,812,780 Shares.

The Repurchase Mandate, unless revoked or varied by way of an ordinary resolution of the Shareholders in general meeting, will expire at the conclusion of the next annual general meeting of the Company, which is expected to be convened on or before 30 June 2018.

FUNDING OF REPURCHASE

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

REASONS FOR REPURCHASES

The Directors believe that the Repurchase Mandate is in the best interest of the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole.

EFFECT OF EXERCISING THE REPURCHASE MANDATE

There might be a material adverse impact on the working capital and/or gearing position of the Company as compared with the position disclosed in the most recent published audited

APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

accounts, in the event that the Repurchase Mandate were to be carried out in full at any time during the proposed repurchase period. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company under the Repurchase Mandate if the same is approved by the Shareholders.

No core connected person (as defined in the Listing Rules) has notified the Company that he/she/it has a present intention to sell Shares to the Company, or has undertaken not to do so if the Repurchase Mandate is approved by the Shareholders.

UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If, as a result of a Shares repurchase, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code.

Accordingly, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 or Rule 32 of the Takeovers Code. As at the Latest Practicable Date and insofar the Directors are aware of, Central Success Developments Limited, Mr. AN Yubao, Double Grace International Limited, Ms. LI Qian, and Guidoz Limited owned 446,913,078 Shares, representing 45.87% of the total number of issued Shares of the Company. Assuming that the Share Buy-back and cancellation of the Buy-back Shares are completed before the AGM, their interests in the Company will be increased to approximately 53.97%; subsequently in the event that the Repurchase Mandate was exercised in full, their interests in the Company will be further increased to approximately 59.96%. On the basis of the aforesaid increase of shareholding, the Directors are not presently aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in hands of public falling below the prescribed minimum percentage of 25%.

SHARE REPURCHASE MADE BY THE COMPANY

Other than the Share Buy-back which is expected to be completed before the AGM, the Company has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the previous six months preceding the Latest Practicable Date.

SHARE PRICES

The highest and lowest prices at which the Shares were traded on the Stock Exchange during each of the twelve calendar months immediately preceding (and including) the Latest Practicable Date were as follows:

	Share prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2016		
March	4.16	3.84
April	4.07	3.72
May	4.24	3.78
June	4.17	3.80
July	4.04	3.78
August	4.95	3.78
September	5.02	4.10
October	5.03	4.48
November	4.74	4.06
December	4.35	3.78
2017		
January	4.00	3.74
February	4.43	3.70
March	4.62	4.22
April (up to the Latest Practicable Date)	5.46	4.54

The particulars of Directors who are subject to re-election at the AGM and which are required to be disclosed under the Listing Rules are set out below:

Mr. AN Yubao

Mr. AN Yubao (安郁寶), aged 74, is our chairman and an executive Director and a Controlling Shareholder. He was appointed as our Director with effect from 24 January 2011. He is also the chairman of Guangzhou Consun Pharmaceutical Company Limited (“**GZ Consun**”) and Consun Pharmaceutical (Inner Mongolia) Co., Ltd. (“**Inner Mongolia Consun**”) and a director and the legal representative of Guangzhou Consun Pharmaceutical Research Company Limited (“**Consun Research**”). Mr. AN is primarily responsible for the overall management, operations, investment and the charting and reviewing of corporate directions and strategies of our Group.

Mr. AN has over 10 years of experience in medical education and approximately 20 years of experience in the business of the pharmaceutical industry. He has served various key positions, such as executive director, chairman and legal representative of GZ Consun since its establishment. Mr. AN served as the vice chairman of 廣東南方李錦記商貿信息中心 (Guangdong Southern Lee KumKee Commercial Information Centre) from November 1995 to February 1999. From July 1996 to December 1998, Mr. AN started his career in the pharmaceutical industry by serving as the chairman and legal representative of 廣東南方李錦記營養保健品有限公司 (Guangdong Southern Lee KumKee Nutrition Health Products Co., Ltd.) and representing 中國人民解放軍第一軍醫大學 (the First Military Medical University of the People’s Liberation Army of the PRC) as one of its shareholders. Mr. AN served as the minister and vice president respectively of 南方醫科大學(原中國人民解放軍第一軍醫大學) (Southern Medical University) (formerly known as the First Military Medical University of the People’s Liberation Army of the PRC) from November 1991 to August 2001 and served as the vice president of 中國人民解放軍濟南軍區總醫院 (Jinan Military General Hospital of the People’s Liberation Army of the PRC) from 1987 to 1988. Between 1981 and 1987, Mr. AN worked at various units of the PRC People’s Liberation Army and was mainly responsible for hygiene and hospital management.

Mr. AN graduated from 中國人民解放軍後勤學院 (the Logistics Engineering College of the People’s Liberation Army of the PRC) in 1981 and majored in commanding. Mr. AN also obtained a master’s degree in business administration from Asia International Open University (Macau) (now known as City University of Macau) in November 2007.

As at the Latest Practicable Date, 8,565,817 Shares are held by Mr. AN and 196,200,000 Shares are held by Central Success Developments Limited, our corporate Controlling Shareholder. Central Success Developments Limited is wholly owned by Mr. AN. Mr. AN is also interested in 10,000,000 share options under the SFO.

Mr. AN has entered into a service agreement with the Company with a term of three years commencing from the Listing Date and is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. He is entitled to RMB2,380,000 as annual salary. The remuneration committee of the Company will make recommendations to the Board on the remuneration and compensation packages with reference to his responsibilities, work load, the time devoted to the Group and the performance of the Group. The principal elements of his remuneration package include salary and allowance, but exclude discretionary bonus.

As disclosed in the circular of the Company dated 20 March 2017, Mr. AN, Ms. Li and Mr. Young have entered into an acting in concert agreement which was terminated by a deed of termination of the acting-in-concert arrangement entered into by them on 16 December 2016. As at the Latest Practicable Date, Mr. AN, Ms. LI and Mr. YOUNG are acting in concert and the Concert Group has not made a submission to obtain confirmation from the Executive that they are no longer acting in concert pursuant to note 3 to the definition of “acting in concert” of the Takeovers Code. Save as disclosed above, Mr. AN is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

Professor ZHU Quan

Professor ZHU Quan (朱荃), aged 77, is our executive Director. He was appointed as our Director with effect from 24 December 2012. Professor ZHU is also a director and the chief scientist of GZ Consun and the general manager of Consun Research. Professor ZHU joined our Group in August 2006 as the chief scientist of GZ Consun. Professor ZHU is primarily responsible for the product research and development of our Group.

Professor ZHU has over 30 years of experience in teaching and research at medical school and approximately 10 years of experience in the business of pharmaceutical industry. Professor ZHU has served as professor and Ph.D. candidate supervisor at 澳門科技大學 (Macau University of Science and Technology) since September 2003. He served various positions, such as a deputy director of medicine department, a director of 國家規範化中藥藥理實驗室 (National Standardization Laboratory for Chinese Herbal Pharmacology), a Ph.D. candidate supervisor at 南京中醫藥大學 (Nanjing University of Chinese Medicine) between October 1981 and November 2005. Professor ZHU also served as an expert for 國家教育部科學技術委員會 (Science & Technology Commission of Ministry of Education), an assessment expert for 國家自然科學基金生命科學部 (Department of Life Science of National Natural Science Foundation) and a drug evaluation expert in Jiangsu Province and in the PRC.

Professor ZHU graduated from 中醫科學院 (China Academy of Traditional Chinese Medicine) (now known as 中國中醫科學院 (China Academy of Chinese Medical Sciences)) in November 1981 with a master's degree in pharmacology of traditional Chinese medicine.

As at the Latest Practicable Date, save that Professor Zhu Quan is interested in 3,200,000 share options of the Company, he did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Professor Zhu Quan has entered into a service agreement with the Company with a term of three years commencing from the Listing Date and is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. He is entitled to RMB1,200,000 as annual salary. The remuneration committee of the Company will make recommendations to the Board on the remuneration and compensation packages with reference to his responsibilities, work load, the time devoted to the Group and the performance of the Group. The principal elements of his remuneration package include salary and allowance, but exclude discretionary bonus.

Professor Zhu Quan is not connected with any existing Directors, senior management, substantial Shareholders or Controlling Shareholders.

Save as disclosed above, each of the Retiring Directors proposed for re-election above does not hold any directorship in other listed company in the past three years prior to the Latest Practicable Date.

There is no information relating to each of the Retiring Directors proposed for re-election above that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. Saved as disclosed herein, there is no other matter that needs to be brought to the attention of the Shareholders and the Stock Exchange.

NOTICE OF AGM



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Consun Pharmaceutical Group Limited (the “**Company**”) will be held at United Conference Centre, 10th Floor, United Centre, 95 Queensway, Admiralty, Hong Kong, on 31 May 2017 (Wednesday), at 10:00 a.m. for the following purposes:

1. To receive and approve the audited consolidated financial statements together with the directors’ report and the independent auditor’s report of the Company for the year ended 31 December 2016.
2. To re-elect directors of the Company (the “**Directors**”) and to authorize the board of Directors to fix the Directors’ remuneration.
3. To declare and pay to the shareholders of the Company a final dividend of HK\$0.05 per ordinary share of the Company for the year ended 31 December 2016.
4. To re-appoint KPMG as auditors of the Company and to authorize the board of Directors to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

5. “**THAT:**
 - (a) subject to paragraph (c) below, and pursuant to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereinafter defined in this resolution) of all the powers of the Company to allot, issue and deal with any unissued shares in the capital of the Company and to make or grant offers, agreements and options (including but not limited to warrants, bonds and debentures convertible into shares of the Company) which might require the exercise of such power be and is hereby generally and unconditionally approved;
 - (b) the approval in paragraph (a) shall authorize the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including warrants, bonds and debentures convertible into shares of the Company) which might require the shares in the capital of the company to be issued either during or after the end of the Relevant Period (as hereinafter defined);

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- (c) the total number of shares of the Company allotted or agreed conditionally or unconditionally to be allotted or issued (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as hereinafter defined); or (ii) an issue of shares upon the exercise of options which may be granted under any share option scheme or under any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries or any other person of shares or rights to acquire shares of the Company; or (iii) any scrip dividend schemes or similar arrangements providing for the allotment and issue of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (iv) a specific authority granted by the shareholders of the Company in general meeting, shall not exceed 20% of the total number of issued shares of the Company at the date of the passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purpose of this resolution,

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; or
- (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors by this resolution; and

“Rights Issue” means an offer of shares of the Company or issue of option, warrants or other securities giving the right to subscribe for shares of the Company, open for a period fixed by the Directors to holders of shares whose names appear on the register of members of the Company (and, where appropriate, to holders of other securities of the Company entitled to the offer) on a fixed record date in proportion to their then holdings of such shares (or, where appropriate, such other securities) (subject in all cases to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

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6. “THAT:
- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase shares of the Company on the Stock Exchange or on any other stock exchange on which the shares of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
 - (b) the total number of shares of the Company which the Company is authorized to repurchase pursuant to the approval in paragraph above during the Relevant Period (as hereinafter defined) shall not exceed 10% of the total number of issued shares of the Company at the date of the passing of this resolution, and the authority granted pursuant to paragraph (a) above shall be limited accordingly; and
 - (c) for the purposes of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
 - (i) the conclusion of the next annual general meeting of the Company; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws of the Cayman Islands to be held; or
 - (iii) the passing of an ordinary resolution by shareholders of the Company in general meeting revoking, varying or renewing the authority given to the Directors by this resolution.”
7. “THAT conditional upon the ordinary resolutions set out in paragraphs 5 and 6 of the notice convening this meeting being passed, the general mandate granted to the Directors to allot, issue and deal in any unissued shares pursuant to the ordinary resolution set out in paragraph 5 of the notice convening this meeting be and is hereby extended by the addition to the total number of shares of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the total number of shares of the Company repurchased by the Company under the authority granted pursuant to the ordinary resolution set out in paragraph 6 of the notice convening this meeting, provided that such extended amount shall not exceed 10% of the total number of issued shares of the Company at the date of the passing of this resolution.”

By Order of the Board
Consun Pharmaceutical Group Limited
AN Yubao
Chairman and Executive Director

Hong Kong, 28 April 2017

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Notes:

1. A member entitled to attend and vote at the above meeting (or at any adjournment thereof) (the “AGM”) shall be entitled to appoint another person as his proxy to attend and, on a poll, vote in his stead. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and, on a poll, vote on his behalf. A proxy need not be a member of the Company.
2. In order to be valid, a proxy form together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited at the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time for holding the meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Thursday, 25 May 2017 to Wednesday, 31 May 2017, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity of the shareholders who are entitled to attend and vote at the annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 24 May 2017.
4. To determine shareholders’ entitlements to the proposed final dividend relating to resolution no.3 in this notice, the register of members of the Company will be closed from Tuesday, 6 June 2017 to Friday, 9 June 2017 (both days inclusive), during which period no share transfer will be registered. In order to qualify for the proposed final dividend, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 5 June 2017.
5. According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at general meeting of the Company must be taken by poll. Therefore, all proposed resolutions put to the vote at the AGM will be taken by way of poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.
6. With regard to ordinary resolutions set out in paragraphs 2 and 5 to 7 of this notice, a circular giving details of the re-electing of Directors and general mandates to issue and to repurchase Shares will be despatched to Shareholders. The biographical details of the retiring Directors who are subject to reelection at the meeting are set out in Appendix II to the circular.
7. As at the date of this notice, the executive Directors of the Company are Mr. AN Yubao, Mr. LI Qian and Professor ZHU Quan; the non-executive Directors are Mr. WANG Shunlong and Mr. LIN Sheng; the independent non-executive Directors are Mr. SU Yuanfu, Mr. FENG Zhongshi and Ms. CHENG Xinxin.