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)

VOLUNTARY ANNOUNCEMENT

SIGNIFICANT PROGRESS IN APPLICATION FOR NEW MEDICINE REGISTRATION

This announcement is made by Consun Pharmaceutical Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") on a voluntary basis.

The Group is pleased to announce that, Consun Pharmaceutical (Inner Mongolia) Co., Ltd. and Guangzhou Consun Pharmaceutical Research Company Limited, both being wholly-owned subsidiaries of the Company, have been granted the "Clinical Trial Approval" (《藥物臨床試驗批件》) by the Center for Drug Evaluation of the China Food and Drug Administration to commence clinical trial for "Astragali powder pellet" (黃芪散微丸), a pipeline medicine.

While applying for clinical trial approval in China, application for clinical trial for "Astragali powder pellet" was also filed with the US Food and Drug Administration (the "**US FDA**"). On 18 October 2016, we attended and passed the pre-IND meeting held and convened by the US FDA at which the US FDA recognized the results of pre-pharmacy researches and animal trials, and agreed on the phase I clinical trial protocol and clinical trials will be conducted in due course.

The new medicine "Astragali powder pellet" is a kind of TCM compound medicine for the treatment of diabetic kidney disease self-developed by the Company, and it is registered as Class 6 New Chinese Medicine. The prescription of the medicine is a traditional formula originated from "General Records of Holy Universal Relief" (《聖濟總錄》) written in the Northern Song Dynasty. It is intended to be used for the treatment of qi-deficiency in stage 3 of diabetic kidney disease, and the Group considered it of significant social and economic benefits in relieving the current shortage of clinical specialty medicines for diabetic kidney disease.

This new medicine which has been granted approval for clinical trials is a pure Chinese herbal preparation that is self-developed by the Group with modern and advanced technology adopted in the systematic research on traditional Chinese medicines. With precise therapeutic efficacy, high safety and very high added value in terms of science and technology, patents have been registered for the new medicine. Positioning its clinical trials for stage 3 of diabetic kidney disease, the Group believes that the medicine is a domestically exclusive product with huge market potential. The Group believes that it will fill the gap of such treatment segment in the country if it is approved and launched to the market in the future. The Group believes that the granting of clinical trial approval marks a breakthrough of the Group in the independent research and development of

innovative medicines. The Group believes that, backed by our sophisticated marketing network and team, the new medicine will soon become another product that generates significant contribution to the results and profitability of the Company following the Uremic Clearance Granules (UCG) as a driver of developing the Group into a flagship enterprise in the area of kidney disease.

As the new medicine has not been officially launched and offered for sale in the market as at the date of this announcement, the board of directors of the Company hereby emphasizes that, shareholders and/or investors of the Company should exercise caution when dealing in the shares of the Company.

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

Hong Kong, 15 March 2018

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