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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)

VOLUNTARY ANNOUNCEMENT BUSINESS UPDATES

This announcement is made by Consun Pharmaceutical Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide its shareholders and potential investors with the updates on the development of the business of the Group.

In response to the national strategy of the development of Xinjiang and the development of Horgos into the major port on the Eurasia Continental Bridge Corridor under the “Belt and Road” initiative and to cope with the current challenges arising from the complicated and ever-changing conditions such as domestic pharmaceutical market and policies, Consun Pharmaceutical (Inner Mongolia) Co., Ltd.* (康臣藥業(內蒙古)有限責任公司), a wholly-owned subsidiary of the Company, has established a wholly-owned subsidiary, Consun Pharmaceutical (Horgos) Co., Ltd.* (康臣藥業(霍爾果斯)有限公司), in Horgos, Xinjiang based on the preliminary on-site inspection, investigation and research study on Horgos Economic Development Zone in Xinjiang.

Through the establishment of a company and the construction of a production base in Northwest China, the Group can enhance, improve and optimize the deployment of its industrial bases, expand the product coverage in various provinces in Northwest China and foster a balanced layout of our production bases covering the entire country by shortening the transportation radius. Meanwhile, the Group can increase the local purchases by fully leveraging the advantages of the diverse and abundant supply of Chinese medicines in Northwest China. In addition, the vigorous efforts of China and Horgos in developing the industries of commerce, trade and logistics provide strong support for solving transportation and logistics efficiency problems in the border regions.

Apart from the abovementioned factors, according to the series of concessionary policies promulgated by the relevant authorities of China in favour of Horgos Special Economic Development Zone in Xinjiang, Consun Pharmaceutical (Horgos) Co., Ltd.* (康臣藥業(霍爾果斯)有限公司) is entitled to various supports including tax incentive policies, which will be conducive to the future development of Consun Pharmaceutical (Horgos) Co., Ltd.* (康臣藥業(霍爾果斯)有限公司) in the coming five to ten years and generate significant benefits for the return of its profits.

By Order of the Board
Consun Pharmaceutical Group Limited
An Meng
Chairman

Hong Kong, 17 August 2021

As at the date of this announcement, the board of directors of the Company comprises Mr. AN Meng, Ms. LI Qian, Professor ZHU Quan and Mr. XU Hanxing as executive directors; Ms. ZHANG Lihua as non-executive director; Mr. SU Yuanfu, Mr. FENG Zhongshi and Ms. CHEN Yujun as independent non-executive directors.

* *For identification purpose only*