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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)

PROPOSED ADOPTION OF 2024 SHARE OPTION SCHEME

EXPIRY OF 2013 SHARE OPTION SCHEME

The Company adopted the 2013 Share Option Scheme on 2 December 2013. Under the terms of the 2013 Share Option Scheme, unless otherwise terminated or amended, the 2013 Share Option Scheme would remain in force for a period of 10 years from the date of its adoption and has expired on 1 December 2023. No further options can be offered or granted upon the expiration of the 2013 Share Option Scheme.

As at the date of this announcement, there are 50,463,932 outstanding options under the 2013 Share Option Scheme, which remain unexercised. Details of the said outstanding options are as follows:

Name or category of participant	Tranche number	Number of share options outstanding as at the date of this announcement	Date of grant of share options	Exercise period of share options ^(Note 1)	Exercise price HK\$
Mr. An Yubao ^(Note 2)	2016 T7	1,200,000	27 May 2016	1 April 2017 – 31 March 2026	4.01
	2016 T8	1,200,000	27 May 2016	1 April 2017 – 31 March 2026	4.01
	2016 T9	1,600,000	27 May 2016	1 April 2017 – 31 March 2026	4.01
	2019 T5	875,000	31 May 2019	1 April 2021 – 1 January 2029	4.476
	2019 T6	3,500,000	31 May 2016	1 April 2022 – 1 January 2029	4.476
	2020 T2	844,000	31 March 2021	1 April 2021 – 17 June 2030	3.44

Name or category of participant	Tranche number	Number of share options outstanding as at the date of this announcement	Date of grant of share options	Exercise period of share options ^(Note 1)	Exercise price HK\$
Ms. Li Qian ^(Note 2)	2016 T7	1,200,000	27 May 2016	1 April 2017 – 31 March 2026	4.01
	2016 T8	1,200,000	27 May 2016	1 April 2017 – 31 March 2026	4.01
	2016 T9	1,600,000	27 May 2016	1 April 2017 – 31 March 2026	4.01
	2019 T5	875,000	31 May 2019	1 April 2021 – 1 January 2029	4.476
	2019 T6	3,500,000	31 May 2016	1 April 2022 – 1 January 2029	4.476
	2020 T2	844,000	31 March 2021	1 April 2021 – 17 June 2030	3.44
Professor Zhu Quan ^(Note 3)	2016 T4	600,000	1 April 2016	1 April 2017 – 31 March 2026	4.01
	2016 T5	357,700	1 April 2016	1 April 2018 – 31 March 2026	4.01
	2016 T6	330,000	1 April 2016	1 April 2019 – 31 March 2026	4.01
	2019 T2	192,000	2 January 2019	1 April 2021 – 1 January 2029	4.476
	2019 T3	256,000	2 January 2019	1 April 2022 – 1 January 2029	4.476
Employees (In aggregate)	2016 T1	3,570,544	1 April 2016	1 April 2017 – 31 March 2026	4.01
	2016 T2	3,553,546	1 April 2016	1 April 2018 – 31 March 2026	4.01
	2016 T3	4,768,390	1 April 2016	1 April 2019 – 31 March 2026	4.01
	2019 T2	5,153,345	2 January 2019	1 April 2021 – 1 January 2029	4.476
	2019 T3	6,496,436	2 January 2019	1 April 2022 – 1 January 2029	4.476
	2020 T1	6,747,971	24 March 2020	1 April 2021 – 23 March 2030	3.28

Notes:

1. The applicable vesting periods of all share options outstanding as at the date of this announcement which have been granted under the 2013 Share Option Scheme have expired.
2. A substantial Shareholder of the Company.
3. A Director of the Company.

PROPOSED ADOPTION OF 2024 SHARE OPTION SCHEME

In view of the expiration of the 2013 Share Option Scheme, the Board proposes to adopt the 2024 Share Option Scheme in accordance with the amended Chapter 17 of the Listing Rules effective on 1 January 2023 to provide incentives or rewards to the Eligible Participants for their contribution to the Group.

To the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the proposed adoption of the 2024 Share Option Scheme. Accordingly, no Shareholder is required to abstain from voting on the resolution(s) in relation thereto.

The key terms of the 2024 Share Option Scheme are set out below:

Purpose and Objectives: The purpose of the 2024 Share Option Scheme is to enable the Group to grant Options to selected participants as incentives or rewards for their contribution to the Group, in particular, (i) to motivate them to optimize their performance and efficiency for the benefit of the Group; and (ii) to attract and retain or otherwise maintain ongoing business relationships with them whose contributions are or will be beneficial to the Group.

Duration: The 2024 Share Option Scheme shall be valid and effective for a period of ten (10) years commencing on the Adoption Date, after which period, no further Options may be offered or granted but the provisions of the 2024 Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the provisions of the 2024 Share Option Scheme.

Eligible Participants: An individual or a corporate entity (as the case may be), being any of the following:

- (a) Employee Participant(s);
- (b) Service Provider(s); and
- (c) Related Entity Participant(s),

in each case provided that the Board considers, in its sole discretion, have contributed or will contribute to the Group.

Exercise price:	<p>The exercise price in respect of any Option shall, subject to any adjustments, be at the discretion of the Directors, provided that it must be at least the highest of:</p> <ul style="list-style-type: none"> (a) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Business Day; (b) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheet for the five (5) Business Days immediately preceding the date of grant; and (c) the nominal value of the Shares on the date of grant.
Maximum number of Shares available for subscription:	<p>Subject to the refreshment of the 2024 Share Option Scheme, the maximum number of Shares which all options and awards may be granted (including Shares in respect of which Options, whether exercised or still outstanding, have already been granted) under the 2024 Share Option Scheme and under any other share scheme(s) of the Company must not in aggregate exceed 10% of the total number of Shares in issue as at the Adoption Date, unless the Company has obtained separate approval by Shareholders.</p> <p>Subject to the refreshment of the 2024 Share Option Scheme, the maximum number of Shares which may be issued in respect of all options and awards involving issue of new Shares that may be granted under the 2024 Share Option Scheme and any other share scheme(s) of the Company to the Service Providers must not in aggregate exceed 1% of the total number of Shares in issue as at the Adoption Date, unless the Company has obtained separate approval by Shareholders.</p>
Maximum entitlement of each Eligible Participant:	<p>The total number of Shares issued and to be issued in respect of all options and awards granted under the 2024 Share Option Scheme and any other share scheme(s) of the Company to each Eligible Participant in any 12-month period shall not exceed 1% of the total number of Shares in issue.</p>
Time of exercise of options:	<p>An Option may be exercised during a period to be determined and notified by the Directors to the Grantee thereof, save that such period shall not be more than ten (10) years from the Offer Date.</p>

Vesting period:

Save for the circumstances stated below relating to Options granted to an Employee Participant, an Option must be held by the Grantee for at least twelve (12) months before the Option can be exercised: (a) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving their previous employers; (b) grants to an Employee Participant whose employment is terminated due to disability or occurrence of any out-of-control event; (c) grants that are made in batches during a year for administrative or compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for a subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted; (d) grants with a mixed or accelerated vesting schedule such as where the Options may vest evenly over a period of twelve (12) months, or where the Options may vest by several batches with the first batch to vest within twelve (12) months of the date of grant and the last batch to vest twelve (12) months after the date of grant; (e) grants with performance-based vesting conditions provided in this Scheme or as specified in the offer letter in lieu of time-based vesting criteria; and (f) grants with a total vesting and holding period of more than twelve (12) months.

ADOPTION CONDITIONS

The proposed adoption of the 2024 Share Option Scheme will take effect upon satisfaction of the following conditions:

- (a) the passing of ordinary resolution(s) by the Shareholders at a general meeting of the Company to approve the adoption of the 2024 Share Option Scheme, and to authorize the directors of the Company to grant Options under the 2024 Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options granted under the 2024 Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval to the listing of, and permission to deal in, the new Shares to be allotted and issued pursuant to the exercise of the Options to be granted under the 2024 Share Option Scheme.

APPLICATION FOR LISTING

An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options to be granted under the 2024 Share Option Scheme.

EGM

A circular containing, inter alia, (i) the details of the 2024 Share Option Scheme; (ii) the notice of the EGM; and (iii) other information in relation to the Company in accordance with the Listing Rules, will be despatched to the Shareholders as soon as practicable.

As at the date of this announcement, the adoptions of the 2024 Share Option Scheme are subject to the approval of the Shareholders. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“2013 Share Option Scheme”	the share option scheme adopted by the Company on 2 December 2013
“2024 Share Option Scheme”	the new share option scheme to be proposed for adoption by the Company at the EGM, the principal terms of which will be set out in the circular to be despatched
“Adoption Conditions”	the conditions for the adoption of the 2024 Share Option Scheme as disclosed in the paragraph headed “Adoption Conditions” in this announcement
“Adoption Date”	the date on which the last condition set out in the Adoption Conditions is fulfilled
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“Company”	Consun Pharmaceutical Group Limited, an exempted company incorporated in Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 1681)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held by the Company for the Shareholders to consider and, if thought fit, approve, amongst others, the adoptions of the 2024 Share Option Scheme

“Eligible Participant(s)”	<p>an individual or a corporate entity (as the case may be), being any of the following:</p> <p>(a) Employee Participant(s);</p> <p>(b) Service Provider(s); and</p> <p>(c) Related Entity Participant(s),</p> <p>in each case provided that the Board considers, in its sole discretion, have contributed or will contribute to the Group</p>
“Employee Participant(s)”	any director (including executive directors, non-executive directors and independent non-executive directors) and employee (whether full-time or part-time) of the Company or any of its Subsidiaries (including any persons who are granted Options under the 2024 Share Option Scheme as an inducement to enter into employment contracts with these companies), and provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“Grantee(s)”	any Eligible Participant who accepts the Offer in accordance with the terms of the 2024 Share Option Scheme or (where the context so permits) the person or persons who, in accordance with the laws of succession applicable in respect of the death of a Grantee, is or are entitled to exercise the Option granted to such Eligible Participant (to the extent not already exercised)
“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 People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	an offer for the grant of an Option made in accordance with the 2024 Share Option Scheme
“Offer Date”	the date on which an Offer is made to an Eligible Participant
“Option(s)”	an option to subscribe for Shares granted pursuant to the 2024 Share Option Scheme
“Related Entity Participant(s)”	directors, chief executives and employees of the holding companies, fellow subsidiaries or associated companies of the Company, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category

“Service Provider(s)”	any person (natural person or corporate entity) who provides services to the Group on a continuing and recurring basis in the ordinary course of business of the Group which are in the interests of the long term growth of the Group, including but not limited to person(s) who work(s) for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing research, development or other technological support and service providers of any member of the Group), but excluding any placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, and professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity, and provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“Share(s)”	ordinary share(s) of HK\$0.1 each (or of such other nominal amount as shall result from a sub-division, reduction, a consolidation, reclassification or reconstruction of such shares from time to time) in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Hong Kong, 28 March 2024

As at the date of this announcement, the Board comprises Mr. An Meng, Professor Zhu Quan and Mr. Xu Hanxing as executive Directors; Doctor Zhang Lihua as a non-executive Director; and Mr. Feng Zhongshi and Ms. Chen Yujun as independent non-executive Directors.