
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)

**(1) PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
(2) PROPOSED FINAL DIVIDEND,
(3) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE
NEW SHARES AND REPURCHASE SHARES,
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company (the “AGM”) to be held with the combination of a physical meeting at 22/F United Centre, 95 Queensway, Admiralty, Hong Kong and an online virtual meeting on 31 May 2024 (Friday) at 10:00 a.m. is set out on pages AGM-1 to AGM-6 of this circular.

Whether or not you intend to attend the AGM in person or via online platform, please 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 or any adjournment thereof. 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, 30 April 2024

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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 by the Company for the Shareholders with the combination of a physical meeting at 22/F United Centre, 95 Queensway, Admiralty, Hong Kong and an online virtual meeting on 31 May 2024 at 10:00 a.m., or where the context so admits, any adjournment thereof
“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
“business day(s)”	a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks are generally open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“close associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Companies Law”	the Companies Law of the Cayman Islands (as amended, supplemented or otherwise modified from time to time)
“Company”	Consun Pharmaceutical Group Limited, an exempted company incorporated under the laws of the Cayman Islands with limited liability with its Shares listed on the Stock Exchange
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“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

DEFINITIONS

“Group”	the Company and its subsidiaries
“HKD”	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”	23 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, modified or otherwise supplemental from time to time
“PRC”	the People’s Republic of China which shall, for the purpose of this circular, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“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
“RMB”	the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HKD0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs issued by the SFC
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. An Meng (*Chairman*)

Professor Zhu Quan

Mr. Xu Hanxing

Non-executive Directors:

Dr. Zhang Lihua

Independent Non-executive Directors:

Mr. Feng Zhongshi

Ms. Chen Yujun

Registered office:

Windward 3

Regatta Office Park

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 Sir or Madam,

- (1) PROPOSED RE-ELECTION OF RETIRING DIRECTORS,
(2) PROPOSED FINAL DIVIDEND,
(3) PROPOSED GRANT OF GENERAL MANDATES TO ISSUE
NEW SHARES AND REPURCHASE SHARES,
AND
(4) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information on the resolutions to be proposed at the AGM regarding (a) the re-election of the retiring Directors; (b) the proposed final dividend for the year ended 31 December 2023; and (c) the grant to the Directors of 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 31 May 2023, and to give you notice of the AGM at which the resolutions will be proposed to consider and, if thought fit, approve such matters.

LETTER FROM THE BOARD

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. Pursuant to article 111 of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director. Any Director so appointed shall be subject to retirement by rotation pursuant to article 108 of the Articles of Association.

Accordingly, Mr. An Meng and Mr. Xu Hanxing shall retire at the AGM and being eligible, offer themselves for re-election.

Ordinary resolutions will be proposed at the AGM, to re-elect Mr. An Meng and Mr. Xu Hanxing as Directors at the AGM. Particulars of the retiring Director proposed to be re-elected at the AGM which are required to be disclosed by the Listing Rules are set out in Appendix I to this circular.

The Opinion of the Board

Reference is made to the announcement of the Company dated 20 February 2024. It was disclosed that certain transactions between the Group and certain companies controlled by and associated to Mr. Xu Hanxing (an existing executive Director) and Ms. Li Qian (a former executive Director who resigned from directorship and all her other positions with the Group on 17 January 2024 due to her health reasons) (“**Ms. Li**”), which constituted connected transactions, were conducted, and the Company did not possess all information relating to such transactions. Accordingly, an investigation committee (the “**Investigation Committee**”) comprising all independent non-executive Directors, had been established to investigate the details of such transactions including the background, the reasons of entering into such transactions, and whether there was any misappropriation of the Company’s resources.

As the abovementioned transactions involved entities which are connected with Ms. Li and Mr. Xu Hanxing, as well as the sister and nephew of Ms. Li and the spouse of Mr. Xu Hanxing, the Board has communicated with Mr. Xu Hanxing and resolved to suspend Mr. Xu Hanxing from all his powers and duties as a Director with effect from 17 January 2024 until completion of the investigation by the Investigation Committee and determination of the corresponding remedial actions by the Board (other than Mr. Xu Hanxing). The independent non-executive Directors shall form a view on the suitability of Mr. Xu Hanxing to continue to act as Director when the investigation by the Investigation Committee is completed, and if considered appropriate, may resume Mr. Xu Hanxing’s powers and duties.

Due to the fact that the internal investigation by the Investigation Committee is still on-going and the matter concerns potential unsuitability of Mr. Xu Hanxing to continue to act as Director, the Board does not recommend or consider it appropriate to re-elect of Mr. Xu Hanxing as a Director at the AGM. Accordingly, Shareholders are recommended to vote against the resolution no. 2(b) as set out in the notice of AGM.

LETTER FROM THE BOARD

PROPOSED FINAL DIVIDEND

As stated in the announcement issued by the Company dated 28 March 2024 relating to the annual results of the Group for the year ended 31 December 2023, the Board recommended that, subject to Shareholders' approval in the AGM, the Company shall declare and distribute a final dividend of HKD0.3 per Share for the year ended 31 December 2023, which, if approved, is expected to be paid on or about Friday, 21 June 2024, to the Shareholders whose names appear on the register of members of the Company on Wednesday, 12 June 2024.

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, for registration not later than 4:30 p.m. on Wednesday, 12 June 2024.

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 31 May 2023, 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 AGM-1 to AGM-6 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 II to this circular.

AGM

A notice of the AGM is set out on pages AGM-1 to AGM-6 of this circular.

At the AGM, resolutions will be proposed to the Shareholders to be considered at the AGM, including: (a) the re-election of retiring Directors; (b) the proposed final dividend for the year ended 31 December 2023; and (c) the grant to the Directors of 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 31 May 2023.

The register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to determine the eligibility of the Shareholders who are entitled to attend and vote at the AGM, 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 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 27 May 2024.

A form of proxy for use at the AGM is enclosed herewith. Whether or not you intend to attend the AGM in person or via online platform, please 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 or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person or via online platform at the AGM or any adjournment thereof should you so wish.

In addition to physical attendance at the AGM, you may also opt to attend the AGM via online platform by visiting the website at https://meetings.computershare.com/CPGL_2024AGM. For details, please refer to the notice of the AGM set out in this circular.

LETTER FROM THE BOARD

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 (other than the resolution no. 2(b) as set out in the notice of AGM) including (a) the re-election of retiring Directors; (b) the proposed final dividend for the year ended 31 December 2023; and (c) the grant to the Directors of 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 31 May 2023, are in the interests of the Company and the Shareholders as a whole. For the opinion of the Board relating to the resolution no. 2(b) as set out in the notice of AGM, please refer to the paragraphs headed “PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS – The Opinion of the Board” in the Letter from the Board in this circular. Accordingly, the Board recommends the Shareholders to vote (i) in favour of the relevant resolutions (other than the resolution no. 2(b) as set out in the notice of AGM) to be proposed at the AGM; and (ii) against the resolution no. 2(b) as set out in the notice of AGM.

GENERAL

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

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

Hong Kong, 30 April 2024

The particulars of the retiring 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 Meng (“Mr. An”)

Mr. An Meng (安猛), aged 52, is our Chairman, Chief Executive Officer and an executive Director. He was appointed as our executive Director with effect from 24 March 2021, as our Chairman with effect from 9 July 2021, and as Chief Executive Officer with effect from 17 January 2024. He is also a director of Brilliant Reach Group Limited, Immense Value Holdings Limited, Century International Develop Limited, Grand Reach Company Limited, Guangzhou Consun Medicine Co., Ltd.* (“**Consun Medicine**”) (廣州康臣醫藥有限公司), Guangzhou Consun Health Technology Co., Ltd.* (“**Consun Health Technology**”) (廣州康臣健康科技有限公司), Guangzhou Consun Pharmaceutical Research Co., Ltd.* (“**Consun Pharmaceutical Research**”) (廣州康臣藥物研究有限公司), Consun Pharmaceutical (Inner Mongolia) Co., Ltd.* (“**Inner Mongolia Consun**”) (康臣藥業(內蒙古)有限責任公司), Consun Pharmaceutical (Horgos) Co., Ltd.* (“**Horgos Consun**”) (康臣藥業(霍爾果斯)有限公司) and Guangxi Yulin Pharmaceutical Group Co., Ltd.* (“**Yulin Pharmaceutical**”) (廣西玉林製藥集團有限責任公司), and the legal representative of Consun Pharmaceutical Research, Consun Medicine and Consun Health Technology, as well as the chairman of Guangzhou Consun Pharmaceutical Company Limited (“**Guangzhou Consun**”). Mr. An is primarily responsible for the comprehensive strategic planning and overall operational management of the Group.

Mr. An has obtained an Executive Master of Business Administration (EMBA) degree from the China Europe International Business School and has over 30 years of experience in the property insurance and venture capital industries. From December 1992 to May 2007, Mr. An worked with the PICC Insurance Group* (中國人民保險集團), and served as the deputy director of market development division of PICC Property and Casualty Co., Ltd. Guangzhou Branch* (中國人民財產保險股份有限公司廣州分公司), as the general manager of its Guangzhou Haizhu Branch* (廣州海珠支公司) and as the general manager of its Guangzhou Yuexiu Branch* (廣州越秀支公司). From June 2007 to August 2014, Mr. An worked with China Taiping Insurance Group Ltd* (中國太平保險集團), and served as the general manager of Taiping General Insurance Co., Ltd. Guangdong Province Branch* (太平財產保險有限公司廣東省分公司), and served as the marketing general manager, the assistant general manager, the deputy general manager, the secretary of the disciplinary committee and the head of compliance of Taiping General Insurance Co., Ltd.* (太平財產保險有限公司). In November 2014, Mr. An co-founded Shenzhen Asclepius Technology Company Limited (“**Asclepius**”)* (深圳市亞希彼斯科技有限公司) and acted as its CEO, responsible for the development of an APP for children health management named “Yimiaobao”* (疫苗寶). In October 2015, Asclepius was sold as a whole to a company in the same industry and realised investment gains. Since March 2016, Mr. An has been serving as one of the partners of Huiyue Growth Investment Fund (limited partnership)* (慧悅成長投資基金企業(有限合夥)) since he joined Fibonacci VC* (深圳市千乘資本控股有限公司). Mr. An is the husband of Dr. Zhang Lihua, a non-executive Director.

Mr. An has entered into a service agreement with the Company with a term of three years, which is renewable upon the end of the term and may be terminated by either party giving not less than three months' prior notice in writing and is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. Mr. An is entitled to receive director's fee, salary, allowances and benefits in kind, statutory retirement scheme contributions, plus share-based payment and discretionary bonus, which will be determined by the Board based on recommendation made by the Board's remuneration committee with reference to his responsibilities, work load, the time devoted to the Group and the performance of the Group. Mr. An received a total of RMB19,793,000 as director's emoluments for the year ended 31 December 2023.

As at the Latest Practicable Date, 14,531,000 Shares were held by Mr. An and 197,324,000 Shares were held by Central Success Developments Limited ("**Central Success**"). The entire issued share capital of Central Success is owned by Aali Resources Limited. Aali Resources Limited is held in the name of BOS Trustee Limited as a trustee of a discretionary trust, of which Mr. An Yubao is the founder and Mr. An is one of the beneficiaries. Therefore, Mr. An is deemed to be interested in all the Shares held by Central Success under the provisions of SFO. Save as disclosed, as at the Latest Practicable Date, Mr. An did not have any interests in the Shares within the meaning of Part XV of the SFO.

Mr. An Meng is the son of Mr. An Yubao, a controlling shareholder of the Company, and the husband of Dr. Zhang Lihua, a non-executive Director. Save as disclosed, Mr. An Meng is not connected with any existing Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Xu Hanxing ("Mr. Xu")

Mr. Xu Hanxing (徐瀚星), aged 30, is our executive Director. He was appointed as our executive Director with effect from 24 March 2021. He is also a director of Guangzhou Consun, Inner Mongolia Consun, Horgos Consun and Yulin Pharmaceutical.

Mr. Xu obtained a Bachelor of Business Administration (Public Accounting) and a Master of Financial Management from Lubin School of Business, Pace University in the United States. Mr. Xu joined the Group in November 2020 and is currently acting as a commercial director. From September 2018 to November 2020, Mr. Xu worked with PricewaterhouseCoopers, Hong Kong and served as a senior associate.

Mr. Xu has entered into a service agreement with the Company for a term of three years, which is renewable upon the end of the term and may be terminated by either party giving not less than three months' prior notice in writing and is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. Mr. Xu is entitled to receive salary, allowances and benefits in kind, statutory retirement scheme contributions, plus discretionary bonus, which will be determined by the Board based on recommendation made by the Board's remuneration committee with reference to his responsibilities, work load, the time devoted to the Group and the performance of the Group. Mr. Xu received a total of RMB774,000 as director's emoluments for the year ended 31 December 2023.

As at the Latest Practicable Date, Mr. Xu did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO. Mr. Xu is the son of Ms. Li Qian, a controlling shareholder of the Company and former executive Director. Save as disclosed, Mr. Xu is not connected with any existing Directors, senior management, substantial shareholders or controlling shareholders of the Company.

As set out in the paragraphs headed “PROPOSED RE-ELECTION OF THE RETIRING DIRECTORS – The Opinion of the Board” in the Letter from the Board in this circular and the announcement of the Company dated 20 February 2024, Mr. Xu Hanxing had been suspended from all his powers and duties as a Director with effect from 17 January 2024 until completion of the investigation by the Investigation Committee and determination of the corresponding remedial actions by the Board (other than Mr. Xu Hanxing).

There are no other matters relating to the re-election of the retiring Directors that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

APPENDIX II 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 SFC 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 815,665,719 Shares in issue.

The Repurchase Mandate will enable the Directors to repurchase 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 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 81,566,571 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 2025.

FUNDING OF REPURCHASE

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands, which may include distributable profits of the Company.

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.

APPENDIX II EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

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 financial statements, 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) has a present intention 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.

CONFIRMATION

The Company confirms that this explanatory statement contains the information required under Rule 10.06(1)(b) of the Listing Rules and that neither this explanatory statement nor the proposed share repurchase has any unusual features.

UNDERTAKING

The Directors will, so far as the same may be applicable, 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 Company confirms that the explanatory statement set out in this Appendix contains the information required under Rule 10.06(1)(b) of the Listing Rules and that neither the explanatory statement nor the Repurchase Mandate has unusual features.

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 of voting rights 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, to the best knowledge and belief of the Directors, Mr. An Yubao, (a substantial shareholder, together with a discretionary trust established by him, hold a total of 207,737,455 Shares), Ms. Li Qian (a substantial shareholder, together with Double Grace International Limited, a corporation controlled by her, hold a total of 136,143,899 Shares), Mr. Young Wai Po, Peter (a substantial shareholder, together with Guido Limited, a corporation controlled by him, hold a total of 110,050,000 Shares), were considered

APPENDIX II EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

as a concert party group the purpose of the Takeovers Code, and hold a total of 453,931,354 Shares, representing approximately 55.65% of the total number of Shares in issue of the Company. On the basis of 815,665,719 Shares in issue as at the Latest Practicable Date and assuming no further change in number of Shares in issue prior to the date of the AGM and assuming no further issue of Share afterward, in the event that the Repurchase Mandate was exercised in full, the concert party group's interests in the Company would be increased to approximately 61.84%. 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

The Company did not repurchase any Shares in the six months preceding the Latest Practicable Date, whether on the Stock Exchange or otherwise.

SHARE PRICES

The highest and lowest closed 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:

	Closed prices	
	Highest <i>HKD</i>	Lowest <i>HKD</i>
2023		
April	5.09	4.60
May	5.55	4.78
June	5.36	4.78
July	5.70	4.98
August	5.72	4.71
September	5.39	4.82
October	4.95	4.36
November	4.93	4.51
December	4.80	4.42
2024		
January	5.32	4.67
February	5.76	5.13
March	5.92	5.60
April (up to the Latest Practicable Date)	5.74	5.40

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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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting of Consun Pharmaceutical Group Limited (the “**Company**”) will be held with the combination of a physical meeting at 22/F United Centre, 95 Queensway, Admiralty, Hong Kong and an online virtual meeting on 31 May 2024 (Friday), 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 2023.
2. (a) To re-elect Mr. An Meng as an executive director of the Company.

(b) To re-elect Mr. Xu Hanxing as an executive director of the Company.

(c) To authorise the board of directors of the Company (the “**Directors**”) to fix the Directors’ remuneration.
3. To declare and pay to the shareholders of the Company a final dividend of HKD0.3 per ordinary share of the Company for the year ended 31 December 2023.
4. To re-appoint KPMG as auditors of the Company and to authorise 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;

NOTICE OF AGM

- (b) the approval in paragraph (a) shall authorise 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);
- (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 Memorandum and Articles of Association; 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 Memorandum and Articles of Association 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

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“**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).”

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 authorised 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 Memorandum and Articles of Association 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.”

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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 Meng
Chairman

Hong Kong, 30 April 2024

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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 branch 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 AGM or any adjournment thereof.
3. The register of members of the Company will be closed from Tuesday, 28 May 2024 to Friday, 31 May 2024, both days inclusive, during which period no transfer of shares will be registered. In order to determine the eligibility of the Shareholders who are entitled to attend and vote at the AGM, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 27 May 2024.
4. 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, for registration not later than 4:30 p.m. on Wednesday, 12 June 2024.
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. A form of proxy for use at the AGM is enclosed. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk. Whether or not a Shareholder is able to attend the AGM, he/she is requested to complete the form of proxy in accordance with the instructions printed thereon and return the same together with a power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, 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 holding the AGM or any adjournment thereof.
7. Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person or via online platform at the AGM or any adjournment thereof should he so wish.
8. The Company will conduct a hybrid AGM via online platform, which allows shareholders to participate in the AGM online in a convenient and efficient way from anywhere with an internet connection. Shareholders will be able to view the live video broadcast and participate in voting and submit questions in written form to the AGM by visiting the website at https://meetings.computershare.com/CPGL_2024AGM via smartphones, tablets, or computers. Please refer to the Online User Guide at <http://www.chinaconsun.com> for assistance. The live broadcast option can also broaden the reach of the AGM to shareholders who are unable to attend in person.
9. If you have any queries on the above, please contact the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, via their hotline at (852) 2862 8555 from 9:00 a.m. to 6:00 p.m. (Monday to Friday, excluding Hong Kong public holidays).

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10. Shareholders who wish to attend the AGM and exercise their voting rights can be achieved in one of the following ways:
- (1) attend the AGM in person and vote at the AGM venue; or
 - (2) attend the AGM via online platform which enables live streaming and interactive platform for Q&A and vote online; or
 - (3) appoint chairman of the AGM or other persons as your proxy to vote on your behalf. Your proxy's authority and instruction will be revoked if you attend and vote in person or via online platform at the AGM.

Non-registered shareholders who wish to attend and participate in the AGM via online platform should liaise with your bank(s), broker(s), custodian(s), nominee(s) or HKSCC Nominees Limited through which your shares are held (collectively, the “**Intermediaries**”) and provide your email addresses to your Intermediaries. Details regarding the arrangements of the AGM, including login details to access the online platform and online voting, will be sent by Computershare Hong Kong Investor Services Limited to the email addresses provided by the non-registered shareholders.

For corporate shareholders who wish to attend the AGM and vote online, please contact the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at (852) 2862 8555 on or before Wednesday, 29 May 2024 for arrangement.

11. With regard to proposed resolution nos. 2, 5 to 7 in this notice, a circular giving details of the re-election of retiring Directors and general mandates to issue and to repurchase Shares will be despatched to Shareholders. The biographical details of retiring Directors who are subject to re-election at the AGM and explanatory statement on the repurchase mandate are set out in Appendix I and Appendix II to the Circular, respectively.
12. As at the date of this notice, the Board comprises Mr. An Meng, Professor Zhu Quan, and Mr. Xu Hanxing as executive Directors; Dr. Zhang Lihua as non-executive Director; Mr. Feng Zhongshi and Ms. Chen Yujun as independent non-executive Directors.