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**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)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**



**BNP PARIBAS**

**BNP Paribas Securities (Asia) Limited**  
Placing Agent

### **THE PLACING**

On 24 October 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which and subject to the terms and conditions therein, the Company has agreed to offer for subscription, and the Placing Agent has agreed to, as the sole placing agent of the Company, procure Placee(s) to subscribe for 43,585,680 Placing Shares at a price of HK\$6.60 per Placing Share. The Placees and their ultimate beneficial owners shall be third parties independent of the Group and its connected persons. The Placing Shares will be allotted and issued pursuant to the General Mandate. As at the date of this announcement, the Placing Agent has confirmed that all the Placing Shares will be placed to one Placee only, namely United Vantage Corporation Limited.

The 43,585,680 Placing Shares represent (i) approximately 5.26% of the existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 5.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there will not be any other change in the issued share capital of the Company from the date of this announcement to the date of completion of the Placing). The aggregate nominal value of the Placing Shares (assuming the Placing is fully completed) will be HK\$4,358,568.

Subject to the completion of the Placing and assuming all the Placing shares are fully placed, the gross proceeds from the Placing will be approximately HK\$287,665,000 and the net proceeds from the Placing (after deduction of placing fee and other expenses of the Placing) will be approximately HK\$284,439,000. It is expected that such net proceeds from the Placing will be utilized for general working capital and future investment of the Group as and when opportunities arise but no specific investment targets have been identified yet as at the date of this announcement.

**As completion of the Placing is subject to fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

On 24 October 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, the principal terms of which are summarized below.

## **THE PLACING AGREEMENT**

**Date:** 24 October 2017

**Issuer:** the Company

**Placing Agent:** BNP Paribas Securities (Asia) Limited

Subject to the terms and conditions of the Placing Agreement, the Placing Agent has agreed to, as the sole placing agent of the Company, procure Placee(s) to subscribe for 43,585,680 Placing Shares. The Placing Agent will receive a placing fee of 1.0% of the proceeds from the Placing (being the sum of the number of the Placing Shares multiplied by the Placing Price). Such placing fee was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Placees:**

The Placing Shares will be offered by the Placing Agent to Placee(s), who and whose ultimate beneficial owners shall be third parties independent of the Company and its connected persons. As at the date of this announcement, the Placing Agent has confirmed that all the Placing Shares will be placed to one Placee only, namely United Vantage Corporation Limited, who will not become a substantial shareholder (within the meaning ascribed to it under the Listing Rules) of the Company as a result of the Placing and who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Placing Price:**

The Placing Price of HK\$6.60 per Placing Share represents:

- (i) a discount of approximately 7.04% to the closing price of HK\$7.10 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 0.87% to the average closing price of approximately HK\$6.658 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other matters, the prevailing market prices of the Shares and the capital requirement for the future development of the Group.

The Directors consider that the terms of the Placing Agreement (including the Placing Price and the placing fee) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Subject to the completion of the Placing and assuming all the Placing shares are fully placed, the gross proceeds from the Placing will be approximately HK\$287,665,000 and the net proceeds from the Placing (after deduction of placing fee and other expenses of the Placing) will be approximately HK\$284,439,000. On such basis, the net issue price will be approximately HK\$6.53 per Placing Share.

### **Placing Shares:**

The 43,585,680 Placing Shares represent (i) approximately 5.26% of the existing issued share capital of the Company as at the date of this announcement, and (ii) approximately 5.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming that there will not be any other change in the issued share capital of the Company from the date of this announcement to the date of completion of the Placing). The aggregate nominal value of the Placing Shares (assuming the Placing is fully completed) will be HK\$4,358,568.

### **Ranking:**

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

### **Conditions of the Placing:**

Completion of this Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting or agreeing to grant listing of and permission to deal in the Placing Shares (subject only to the allotment and issue of such Shares and/or despatch of the relevant share certificates);
- (ii) such listing approval not being subsequently revoked or suspended at any time prior to 9:30 a.m. on the Completion Date;
- (iii) trading in the Shares on the Stock Exchange not being suspended for any single period of more than 2 consecutive Business Days during any time after the publication of this announcement but prior to the Completion Date;
- (iv) on the Completion Date, there being no breach of any of the warranties, representations and undertakings given by the Company under the Placing Agreement as if made on the Completion Date with reference to the then circumstances and the Company having performed in all of its obligations hereunder to be performed on or before Completion Date; and
- (v) delivery of a completion certificate in the form set out in the Placing Agreement.

Subject to the fulfillment of the above conditions to the Placing, completion of the Placing shall take place on the second Business Day immediately after the date of the written notice to be given from the Company to the Placing Agent of the fulfilment of the condition (i) above or such other date as the Company and the Placing Agent may agree in writing (the “**Completion Date**”).

If any of the above conditions has not been fulfilled on or before 7 November 2017 (or such other date as the Placing Agent may agree in writing with the Company), the obligations of the Company and the Placing Agent under the Placing Agreement shall cease and terminate and no party shall have any claim against any other party in respect of the Placing save for, among others, any rights and obligations of the parties in respect of any antecedent breaches of the Placing Agreement.

## **Termination**

The Placing Agent may, by written notice to the Company, terminate the Placing Agreement, if at any time on or prior to 9:30 a.m. on the Completion Date:

- (a) there develops, occurs or comes into effect:
  - (i) any significant event, development or change or prospective change (whether or not permanent or forming part of a series of event, developments or changes occurring or continuing before, on and/or after the date hereof) in local, national or international monetary, economic, financial, fiscal, industrial, regulatory, political or military conditions, securities market conditions or currency exchange rates or foreign exchange rates or foreign exchange controls, including without limitation, any outbreak or escalation of hostilities, declaration by Hong Kong, the People's Republic of China, the United Kingdom, the United States, the European Union (or any member thereof) or any other jurisdiction(s) relevant to the Group and/or the Placing of a national emergency or other calamity or crisis;
  - (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise;
  - (iii) any material adverse change in conditions of local, national or international securities markets;
  - (iv) any new law or regulation or material change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group;
  - (v) a material change or development involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere;
  - (vi) the instigation of any litigation or claim of material importance by any third party against any member of the Group; or
  - (vii) any event, a series of events beyond the reasonable control of the Placing Agent (including acts of government, strikes, lock-outs, fire, flooding, acts of God, outbreak of diseases); or

- (b) it comes to the notice of the Placing Agent that any of the representations, warranties or undertakings of the Company contained in the Placing Agreement is untrue or inaccurate, or has been breached or not complied with or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of the representations and warranties untrue or incorrect in any respect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (c) any change or any development involving a prospective change in the general affairs, condition, results of operations or prospects, earnings, business, properties, management, stockholders' equity or in the financial or trading position of the Company and/or any other member of the Group which in the sole and absolute opinion of the Placing Agent is materially adverse to the success of the Placing or otherwise as to make it impracticable, inadvisable or inexpedient to proceed with the Placing.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

**As completion of the Placing is subject to fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

#### **GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES**

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorized to issue up to 165,625,560 Shares. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. The remaining balance of the General Mandate is therefore sufficient for the issue and allotment of the Placing Shares.

Accordingly, the allotment and issue of the Placing Shares are not subject to any Shareholders' approval.

#### **APPLICATION FOR LISTING**

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

#### **REASONS FOR THE PLACING AND USE OF PROCEEDS**

The Placee is a subsidiary of Far East Horizon Limited (HKEX stock code: 3360). Far East Horizon Limited is a leading innovative financial services organization with investments in different industries, including medical and healthcare. Currently Far East Horizon Limited has invested in many hospitals in the PRC, which are potential strategic partners/customers of the Group.

The Directors consider the Placing represents an opportunity to raise capital for the Company while broadening the shareholder base and capital base of the Company and enhancing the strategic relationship between the Group and Far East Horizon Limited. Accordingly, the Directors consider the Placing is in the interests of the Company and the Shareholders as a whole.

As discussed above, the net proceeds from the Placing are estimated to be approximately HK\$284,439,000. Upon completion of the Placing, it is expected that such net proceeds from the Placing will be utilized for general working capital and future investment of the Group as and when opportunities arise but no specific investment targets have been identified yet as at the date of this announcement.

## FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately before the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the existing shareholding structure of the Company as at the date of this announcement and the effect on the shareholding structure of the Company upon completion of the Placing (assuming that the Placing is fully completed and there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out as below:

	As at the date of this announcement		Immediately upon Completion of the Placing	
	No. of shares	Approximate %	No. of shares	Approximate %
Mr. AN and Central Success Developments Limited ( <i>Note 1</i> )	205,248,817	24.79%	205,248,817	23.55%
Ms. LI and Double Grace International Limited ( <i>Note 2</i> )	132,780,261	16.03%	132,780,261	15.23%
Guidoz Limited ( <i>Note 3</i> )	110,050,000	13.29%	110,050,000	12.63%
Other substantial shareholders	59,312,000	7.16%	59,312,000	6.80%
The Placee(s)	–	–	43,585,680	5.00%
Public Shareholders	320,736,722	38.73%	320,736,722	36.79%
<b>Total</b>	<b>828,127,800</b>	<b>100.00%</b>	<b>871,713,480</b>	<b>100.00%</b>

### Notes:

- (1) 196,674,000 Shares are held by Central Success Developments Limited, a company directly owned by Mr. AN, an executive Director and 8,574,817 Shares are held by Mr. AN directly;
- (2) 126,915,000 Shares are held by Double Grace International Limited, a company directly owned by Ms. LI, an executive Director and 5,865,261 Shares are held by Ms. LI directly;
- (3) 110,050,000 Shares are held by Guidoz Limited, a company directly owned by Mr. YOUNG; and
- (4) As at the date of this announcement, Mr. AN and Ms. LI are holders of respectively 10,000,000 and 10,000,000 share options of the Company (the exercise of which would entitle them to subscribe for 10,000,000 and 10,000,000 Shares respectively).

**As completion of the Placing is subject to fulfilment of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITION**

In this announcement, unless the context otherwise requires, the following expression have the following meanings:

“AGM”	the annual general meeting of the Company held on 31 May 2017 at which, among other things, the General Mandate was granted to the Directors;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“Business Day”	any day, excluding Saturdays, on which banks in Hong Kong are generally open for business;
“Company”	Consun Pharmaceutical Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by a resolution passed at the AGM 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 31 May 2017;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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;

“Mr. YOUNG”	Mr. YOUNG Wai Po, a former non-executive Director of the Company;
“Placee(s)”	The subscriber(s) of the Placing Shares pursuant to the Placing;
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to selected Placees upon the terms and subject to the conditions set out in the Placing Agreement;
“Placing Agent”	BNP Paribas Securities (Asia) Limited, a licensed corporation permitted to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO;
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 24 October 2017 in relation to the Placing;
“Placing Price”	HK\$6.60 per Placing Share;
“Placing Shares”	43,585,680 new Shares to be placed pursuant to the Placing Agreement, and each, a “Placing Share”;
“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;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules;
“subsidiary”	has the same meaning as ascribed to it under the Listing Rules;
“Trading Days”	means days on which the Stock Exchange is open for trading; and
“%”	Per cent.

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

Hong Kong, 24 October 2017

*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.*