
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)

**PROPOSALS FOR GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSED FINAL DIVIDEND,
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting of the Company (the “AGM”) to be held at 9th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong on 30 May 2018 (Wednesday) at 10:00 a.m. is set out on pages 14 to 17 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete, sign and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s 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. 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, 27 April 2018

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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 at United Conference Centre, 9th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong on 30 May 2018 (Wednesday) at 10:00 a.m., a notice of which is set out on pages 14 to 17 of this circular
“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 of the Company
“Companies Law”	the Companies Law (as revised) of the Cayman Islands
“Company”	Consun Pharmaceutical Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability with its Shares listed on the Stock Exchange
“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
“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

DEFINITIONS

“Latest Practicable Date”	20 April 2018, 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, excludes 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
“Retiring Directors”	the Directors retiring at the AGM and, being eligible, are offering themselves for re-election at the AGM, in accordance with the Articles of Association
“RMB”	the lawful currency of the PRC
“senior management”	has the same meaning ascribed to it under the Listing Rules
“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 Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors

Mr. AN Yubao (*Chairman*)
Ms. LI Qian (*Chief Executive Officer*)
Professor ZHU Quan

Independent Non-executive Directors

Mr. SU Yuanfu
Mr. FENG Zhongshi
Ms. CHENG Xinxin

Registered office:

Clifton House
75 Fort Street
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 Sirs or Madam,

**PROPOSALS FOR GENERAL MANDATES TO
ISSUE AND REPURCHASE SHARES,
RE-ELECTION OF DIRECTORS,
PROPOSED FINAL DIVIDEND,
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The Company will propose resolutions at the AGM to, inter alia, (a) grant to the Directors 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 2017; (b) re-elect the Retiring Directors; and (c) approve the payment of final dividend for the year ended 31 December 2017.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further information on the resolutions to be proposed at the AGM regarding (a) grant to the Directors 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 2017; (b) re-elect the Retiring Directors; and (c) approve the payment of final dividend for the year ended 31 December 2017, and to give you notice of the AGM at which the resolutions will be proposed to consider and, if thought fit, approve such matters.

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 2017, 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 14 to 17 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 I to this circular.

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.

Accordingly, Mr. SU Yuanfu, Mr. FENG Zhongshi and Ms. CHENG Xinxin shall retire by rotation at the AGM and, being eligible, offer themselves for re-election.

Particulars of each of the Retiring Directors proposed to be re-elected at the AGM which are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

PROPOSED FINAL DIVIDEND

As stated in the announcement issued by the Company dated 21 March 2018 relating to the annual results of the Group for the year ended 31 December 2017, the Board recommended that, subject to Shareholders' approval in the AGM, the Company shall declare and distribute a final dividend of HKD0.10 per Share for the year ended 31 December 2017, which, if approved, is expected to be paid on or about Friday, 15 June 2018, to the Shareholders whose names appear on the register of members of the Company on Friday, 8 June 2018.

To determine shareholders' entitlement to the proposed final dividend, the register of members of the Company shall be closed from Tuesday, 5 June 2018 to Friday, 8 June 2018 (both days inclusive), during which period no share transfer will be registered. 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, not later than 4:30 p.m. on Monday, 4 June 2018.

LETTER FROM THE BOARD

AGM

A notice of the AGM is set out on pages 14 to 17 of this circular.

At the AGM, resolutions will be proposed to the Shareholders in respect of ordinary business to be considered at the AGM, including: (a) grant to the Directors 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 2017; (b) re-elect the Retiring Directors; and (c) approve the payment of final dividend for the year ended 31 December 2017.

A form of proxy for use at the AGM is enclosed herewith. Whether or not you are able to attend the AGM, you are requested to 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. 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.

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 including (a) grant to the Directors 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 2017; (b) re-elect the Retiring Directors; and (c) approve the payment of final dividend for the year ended 31 December 2017, are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

LETTER FROM THE BOARD

GENERAL

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

MISCELLANEOUS

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

Yours faithfully,
By order of the Board
An Yubao
Chairman

Hong Kong, 27 April 2018

APPENDIX I 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 Securities and Futures Commission of Hong Kong 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 873,676,180 Shares in issue.

The Repurchase Mandate will enable the Directors 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 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 87,367,618 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 2019.

FUNDING OF REPURCHASE

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company's memorandum of association, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

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.

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 accounts, 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) currently intends 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.

UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will 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 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 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 and insofar the Directors are aware of, Mr. AN Yubao is a discretionary beneficiary and the founder of a discretionary trust holding, via an intermediate holding company, 196,674,000 Shares, representing approximately 22.51% of the total number of issued Shares of the Company. Accordingly, Central Success Developments Limited, Mr. AN Yubao, Double Grace International Limited, Ms. LI Qian, Guidoz Limited, Mr. YOUNG Wai Po, Peter, and the trustee (and the intermediate holding company) of the discretionary trust in its capacity are taken to be a concert party group and interested in a total of 448,079,078 Shares, representing 51.29% of the total number of issued Shares of the Company for the purpose of the Takeovers Code. In the event that the Repurchase Mandate was

APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

exercised in full, their interests in the Company as a concert party group with respect to the Company will be further increased to approximately 56.99%. 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 has not purchased any of its Shares (whether on the Stock Exchange or otherwise) in the previous six months preceding the Latest Practicable Date.

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:

	Share prices	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2017		
March	4.445	4.180
April	5.269	4.562
May	5.650	5.122
June	6.060	5.600
July	6.500	6.000
August	6.780	6.140
September	6.880	6.400
October	7.490	6.290
November	7.550	6.970
December	7.260	6.800
2018		
January	9.380	7.270
February	9.150	8.170
March	9.210	8.020
April (up to the Latest Practicable Date)	9.190	8.240

The particulars of 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. SU Yuanfu

Mr. SU Yuanfu (蘇元福), aged 72, is our independent non-executive Director. He joined our Group on 2 December 2013 when he was appointed as an independent non-executive Director.

Mr. SU graduated from 中國人民解放軍第四軍醫大學 (the Fourth Military Medical University of the People's Liberation Army of the PRC) in December 1969 and obtained a master's degree in radiopathology at the same university in December 1982. Mr. SU served various positions at the People's Liberation Army of the PRC. From January 1970 to August 1979, he served as a doctor at 西藏軍區總醫院 (General Hospital of Tibet Military Region). Between January 1984 and November 1995, Mr. SU served as the director of science and research office, the dean of academic affairs, the deputy superintendent and superintendent of the first affiliated hospital respectively at the Fourth Military Medical University of the People's Liberation Army of the PRC. From November 1995 to June 1998, he served as the director general of 總後勤部衛生部科訓局 (Technology Training Bureau of the Department of Health of the General Logistics Department). Between June 1998 and June 2004, Mr. SU served as the director of the department of medical administration and the deputy superintendent respectively at 解放軍總醫院 (the General Hospital of the People's Liberation Army). Mr. SU has been a standing director of 中國醫院協會 (Chinese Hospital Association) since October 2004.

As at the Latest Practicable Date, Mr. SU did not have any interest or underlying interests in the Shares with the meaning of Part XV of the SFO.

Mr. SU has entered into a service agreement with the Company with a term of three years commencing from the date of appointment and is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. He is entitled to HKD150,000 as annual salary. The remuneration committee of the Company will make recommendations to the Board on the remuneration and compensation packages with reference to his responsibilities, work load, the time devoted to the Group and the performance of the Group. The principal elements of his remuneration package include salary and allowance, but exclude discretionary bonus.

Mr. SU is not connected with any existing Directors, senior management or substantial Shareholders or controlling Shareholders.

Mr. FENG Zhongshi

Mr. FENG Zhongshi (馮仲實), aged 59, is our independent non-executive Director. He joined our Group on 2 December 2013 when he was appointed as an independent non-executive Director.

Mr. FENG is a lawyer qualified in the PRC. He is currently a partner of 北京市高界律師事務所 (Beijing GaoJie Law Firm). He graduated from 中國政法大學 (China University of Political Science and Law) in July 1986 with a bachelor's degree in law. From July 1986 to January 1993, Mr. FENG worked at 內蒙古自治區司法廳 (the Department of Justice of Inner Mongolia Autonomous Region). He served as a lawyer at 內蒙古經濟律師事務所 (Inner Mongolia Jingji Law Office) (now known as 經世律師事務所 (Jingshi Law Office)) from 1993 to 1995. Between 1996 and 2002, Mr. FENG served as a partner at 內蒙古慧聰律師事務所 (Inner Mongolia Huicong Law Office). From 1996 to 2003, he also served as the head of legal department of 北京慧聰國際資訊有限公司 (Beijing Hui Cong International Information Co., Ltd.). Between 2002 and 2009, Mr. FENG served as a lawyer of 北京市中瑞律師事務所 (Beijing ZhongRui Law Firm). Between June 2011 and January 2013, he served as a partner of 北京市金勵律師事務所 (Beijing Jin Li Law Firm).

As at the Latest Practicable Date, Mr. FENG did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Mr. FENG has entered into a service agreement with the Company with a term of three years commencing from the date of appointment and is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. He is entitled to HKD150,000 as annual salary. The remuneration committee of the Company will make recommendations to the Board on the remuneration and compensation packages with reference to his responsibilities, work load, the time devoted to the Group and the performance of the Group. The principal elements of his remuneration package include salary and allowance, but exclude discretionary bonus.

Mr. FENG is not connected with any existing Directors, senior management or substantial Shareholders or controlling Shareholders.

Ms. CHENG Xinxin

Ms. CHENG Xinxin (成欣欣), aged 65, is our independent non-executive Director. She joined our Group on 2 December 2013 when she was appointed as an independent non-executive Director.

Ms. CHENG is a senior accountant recognised by 廣東省人事廳 (Department of Human Resource of Guangdong Province). She has been a member of the Chinese Institute of Certified Public Accountants since October 1994, a registered financial planner since September 2002, a fellow of the Institute of Public Accountants of Australia since December 2004 and a member

of the Chartered Association of Business Administrators of the United Kingdom since March 2005. Ms. CHENG graduated from 暨南大學 (Jinan University) majoring in trade economy in July 1985. Ms. CHENG obtained a master's degree in business administration from Murdoch University in March 2000 and obtained a doctor of philosophy degree in management by distance learning from a joint degree programme with European University of Ireland, University of International Business and Economics and Institute of Cost and Executive Accountants in March 2005.

Ms. CHENG has been a director of 長城保險經紀有限公司 (Chang Cheng Insurance Brokers Limited) since June 2003, the chairman of 廣州市越秀區珠江文化教育培訓中心 (Pearl River Training Centre, Yuexiu district, Guangzhou City) since October 2003, a director of 廣州賽寶聯睿信息科技有限公司 (Guangzhou Saibao Lianrui Information Technology Company Limited) since November 2003 and had been the principal partner of 廣州興泰會計師事務所 (Guangzhou Xingtai Accounting Firm) from March 2005 to June 2014 and has been a salaried consultant of 瑞華會計師事務所 (Ruihua Certified Public Accountants) since July 2014. Ms. CHENG served as, from November 2000 to July 2016, served as a director of 康元國際管理有限公司 (Kang Yuan International Consultant Limited); from February 2002 to July 2016, a director and president of 廣州萬方興泰顧問有限公司 (Allwell Company Limited); from November 1994 to January 2001, successively as a deputy general manager in the department of enterprise management, financial department and department of strategic development of 香港粵海企業集團公司 (Yuehai Enterprise Group Company); from April 1993 to November 1994, as a deputy general manager of 香港飛龍國際投資有限公司 (Flying Dragon International Investment Limited); from July 1975 to April 1993, as deputy section chief, section chief and deputy director of 廣東省財政廳 (Department of Finance of Guangdong Province).

As at the Latest Practicable Date, other than 2,993,000 Shares held by Ms. CHENG, she did not have any interests or underlying interests in the Shares within the meaning of Part XV of the SFO.

Ms. CHENG has entered into a service agreement with the Company with a term of three years commencing from the date of appointment and is subject to retirement by rotation and re-election at the AGM in accordance with the Articles of Association. She is entitled to HKD150,000 as annual salary. The remuneration committee of the Company will make recommendations to the Board on the remuneration and compensation packages with reference to his responsibilities, work load, the time devoted to the Group and the performance of the Group. The principal elements of his remuneration package include salary and allowance, but exclude discretionary bonus.

Ms. CHENG is not connected with any existing Directors, senior management or substantial Shareholders or controlling Shareholders.

NOTICE OF AGM



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 at 9th Floor, The Center, 99 Queen’s Road Central, Central, Hong Kong, on 30 May 2018 (Wednesday), 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 2017.
2. To re-elect directors of the Company (the “**Directors**”) and to authorize the board of Directors to fix the Directors’ remuneration.
3. To declare and pay to the shareholders of the Company a final dividend of HKD0.10 per ordinary share of the Company for the year ended 31 December 2017.
4. To re-appoint KPMG as auditors of the Company and to authorize 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;
 - (b) the approval in paragraph (a) shall authorize 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);

NOTICE OF AGM

- (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 Articles of Association of the Company; 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 Articles of Association of the Company 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

“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).”

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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 authorized 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 Articles of Association of the Company 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.”
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 Yubao
Chairman and Executive Director

Hong Kong, 27 April 2018

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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 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 meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Thursday, 24 May 2018 to Wednesday, 30 May 2018, both days inclusive, during which period no transfer of shares will be registered. In order to determine the identity 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 23 May 2018.
4. To determine shareholders’ entitlements to the proposed final dividend relating to resolution no.3 in this notice, the register of members of the Company will be closed from Tuesday, 5 June 2018 to Friday, 8 June 2018 (both days inclusive), during which period no share transfer will be registered. 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, not later than 4:30 p.m. on Monday, 4 June 2018.
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. With regard to ordinary resolutions set out in paragraphs 2 and 5 to 7 of this notice, a circular giving details of the re-electing of Directors and general mandates to issue and to repurchase Shares will be despatched to Shareholders. The biographical details of the retiring Directors who are subject to reelection at the meeting are set out in Appendix II to the circular.
7. As at the date of this notice, the executive Directors of the Company are Mr. AN Yubao, Ms. LI Qian and Professor ZHU Quan; the independent non-executive Directors are Mr. SU Yuanfu, Mr. FENG Zhongshi and Ms. CHENG Xinxin.