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LUYE PHARMA GROUP LTD.

绿叶制药集团有限公司

(Incorporated in the Bermuda with limited liability)

(Stock Code: 02186)

UNAUDITED FINANCIAL INFORMATION OF YANTAI LUYE

The board of directors (the “**Board**”) of Luye Pharma Group Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) wishes to announce that Yantai Luye Pharma Holdings Co., Ltd. (烟台绿叶医药控股有限公司) (“**Yantai Luye**”), a wholly-owned subsidiary of the Company, has made an application (the “**Application**”) to the National Association of Financial Market Institutional Investors of the People’s Republic of China (中國銀行間市場交易商協會) (“**NAFMII**”) for the registration of the proposed issue by Yantai Luye of certain interest-bearing short term commercial paper for an aggregate principal amount of up to RMB1.8 billion. Besides, Yantai Luye also intends to make an application to NAFMII for the registration of a proposed issue by Yantai Luye of certain interest-bearing medium-term financing notes for an aggregated principal amount of up to RMB2 billion. It is still uncertain at the moment whether or not the applications will be approved and as to the timing of the release of the result of the applications. Further, even if any of the applications were successful, whether or not, the timing and the extent to which Yantai Luye will issue such paper or notes will ultimately depend on its capital requirements.

Draft documents relating to the Application will be disclosed on the website of NAFMII (<http://zhuce.nafmii.org.cn/>) as and when the Application process proceeds. Such documents will include unaudited financial information of Yantai Luye and its subsidiaries for the nine months ended 30 September 2016 and 2017 or as at 30 September 2017. Selected unaudited income statement items of Yantai Luye and its subsidiaries for the nine months ended 30 September 2016 and 2017 as contained in the Application documents are reproduced below:

	For the nine months ended 30 September	
	2017	2016
	RMB million	RMB million
Revenue	2,473.5	2,175.0
Operating profit	723.3	606.1
Net profit	663.1	564.4

Selected unaudited balance sheet items of Yantai Luye and its subsidiaries as at 30 September 2017 are reproduced below:

	As at 30 September 2017 <i>RMB million</i>
Current assets	5,710.2
Non-current assets	2,365.9
Total assets	8,076.1
Current liabilities	1,917.6
Non-current liabilities	171.6
Total liabilities	2,089.2
Total equity	5,986.9

Attention of the shareholders and potential investors of the Company is drawn to the fact that such unaudited financial information prepared pursuant to relevant PRC laws and regulations are for the purpose of the Application and the proposed issue only. Such unaudited financial information of Yantai Luye disclosed in this announcement above, have been prepared in accordance with the PRC Generally Accepted Accounting Principles, which may require adjustment during the course of review and auditing and under the International Financial Reporting Standards for preparation of the Group's consolidated financial statements. In addition, such unaudited consolidated financial information is limited solely to the operation of Yantai Luye and its subsidiaries, which does not reflect a full picture of the operation or status of the Group. **Shareholders of the Company and potential investors should not rely solely on such information in deciding whether or not to deal in the securities of the Company.**

Further, the Application and the proposed issue may or may not proceed. Information which will be disclosed on the website of the NAFMII may be subject to changes from time to time. Therefore, shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
LUYE PHARMA GROUP LTD.
Liu Dian Bo
Chairman

Hong Kong, 19 December 2017

As at the date of this announcement, the executive directors of the Company are Mr. LIU Dian Bo, Mr. YANG Rong Bing, Mr. YUAN Hui Xian and Ms. ZHU Yuan Yuan; the non-executive director of the Company is Mr. SONG Rui Lin; and the independent non-executive directors of the Company are Mr. ZHANG Hua Qiao, Professor LO Yuk Lam, Mr. LEUNG Man Kit and Mr. CHOY Sze Chung Jojo.